

The political economy of alternative trade: social and environmental certification in the South African wine industry

Abstract

Despite recent critical analyses of the nature and impacts of social and environmental certification, the increasingly complex landscape of voluntary, industry and third-party codes and certification processes that have emerged in specific sectors is poorly understood. In particular, little is known about the potential threats posed by an increasingly complex and contested 'ethical' landscape in undermining radical initiatives designed to bring about improvements to material and social well-being. In response, this paper explores the current dynamics of social and environmental certification in the South African wine industry. Drawing on fieldwork in the UK and Western Cape, the paper analyses the overlapping and sometimes conflictual processes of social and environmental certification, and the role of key drivers in establishing them within the wine industry. It explores whether attempts to capture a portion of the expanding market for 'ethical' wines and the expansion of corporate interests in 'responsibility' and 'ethics' work to depoliticize the meaning and nature of transformation. The implications of the findings are that, in the absence of legislative requirements to transform the wine industry, social codes and civic conventions are likely to remain significant, but that greater understanding is required of the different meanings and outcomes of transformation and empowerment being deployed within the industry. The paper concludes that a significant problem facing transformation and alternative trade in the wine industry, and more broadly, lies in the growing gap between the abstract ethical

discourse of corporate actors, on the one hand, and the moral experience of workers on the other.

Keywords

Ethical trade, fair-trade, social certification, environmental certification, South Africa, wine industry, corporate governance

Introduction

A concern with business ethics has gained momentum in recent years, providing impetus, for example, to corporate social responsibility programmes and ethical supply chain management initiatives. The latter has led to a proliferation of voluntary codes of practice and independent social and environmental certification systems. The private sector is more explicitly engaging with the development agenda and using an increasingly developmental language, of which ethical practices form part. It exercises influence through multi-lateral linkages with, for example, national development and finance ministries, the World Bank, and corporate-funded foundations (Jones *et al.*, 2007). While some of this concern with business ethics has been driven by anti-corporate campaigning (Sadler, 2004) and various alternative trade movements, the business case has been established more rigorously than the development case. The gains for the company of having a good ethical reputation (attracting and retaining recruits, improving brand image, increasing influence with policy makers, and attracting investment), and of extending its markets beyond conventional supply chains through certification (Higgins *et al.*, 2008), are more obvious than, for example, than the extent to which workers are empowered by codes of practice or their conditions of work improved (Nelson *et al.*, 2002; 2005).

Recent studies have sought to investigate the impact of certification schemes on farmers and farm livelihoods, the inclusion and exclusion of specific actors from certification processes, and the possibilities of transforming markets (see, for example, Giovannucci and Ponte, 2005; Gomez Tavar *et al.*, 2005; Gonzalez and Nigh, 2005; Klooster, 2005;

Ponte and Gibbon, 2005). However, the increasingly complex landscape of voluntary, industry and third-party codes and certification processes that have emerged in specific sectors remains poorly understood. In particular, little is known about the potential threats posed by the complex and contested 'ethical' landscape in undermining radical initiatives designed to bring about improvements to material and social well-being. In response, this paper explores the current dynamics of social and environmental certification in the South African wine industry.

Since 1994, successive South African governments have faced the ethical and developmental challenges of post-apartheid transformation, and the political and moral imperatives to dismantle racially delineated socio-economic disparities that rank the nation amongst the most unequal in the world (Bek *et al.*, 2007). South Africa is playing a leading role in advancing new corporate strategies, changing trade regulations, and developing innovative ways of overseeing the globalized production and distribution of goods (Gibbon and Ponte, 2005). An array of processes is operating simultaneously that seek to effect socioeconomic transformation, aimed specifically at improving historically disadvantaged people's access to economic opportunities. The history of the South African wine industry is intertwined deeply with the social history of slavery, which long-continued to shape political, economic and cultural power relations (Kruger *et al.*, 2006) and appalling apartheid-era working conditions (Brown *et al.*, 2003). It received some of the worst anti-apartheid press, which exposed the infamous dop system¹ and has since been used to motivate transformation. Thus, recent years have seen wholesale restructuring (Ponte and Ewert, 2007), but the paternalistic, authoritarian and racialised

labour regime inherited from slavery persists. Both NGO reports and academic research continue to reveal high levels of exploitation, including low wages, poor working conditions, increasing use of casual labour, an absence of black people in managerial and ownership positions, and discrimination against women (Wijeratne, 2005; Barrientos *et al.*, 2005; Tallontire *et al.*, 2005; McEwan and Bek, 2006). In spite of legislation aimed specifically at black economic empowerment, the deeply conservative character of the wine industry, and the fact that it is capital and skills intensive, means that transformation still lags far behind other sectors (Kruger *et al.*, 2006).

Despite (or perhaps because of) this, the wine industry has witnessed a proliferation of numerous voluntary codes and standards aimed at driving transformation. These cover a wide spectrum of aspects of labour conditions, production, processing, and quality management (Ponte and Ewert, 2007). They include technical codes and standards, including ISO 9000 (quality management) and ISO 14000 (environmental management) and Hazard Analysis and Critical Control Point (HACCP) systems for food safety.² They also include social codes, such as the Wine and Agricultural Ethical Trade Association (WIETA) code (ref removed), fair-trade certification (Kruger and du Toit, 2007), internal industry-wide audits and ‘awards’, such as the Rural Development Network’s (RUDNET) Farm Health Award Programme, and the Wine Industry Charter. Voluntary standards also cover organic and biodynamic certifications.

This paper draws on fieldwork in the UK and Western Cape in 2006³ to analyse these overlapping and sometimes conflicting processes of social and environmental

certification, and the role of key drivers in establishing them within the wine industry. It explores whether attempts to capture a portion of the expanding market for ‘ethical’ wines and the expansion of corporate interests in ‘ethics’ work to depoliticize the meaning and nature of transformation. The research methodology was designed to cast light on the different roles of actors within wine commodity networks, the ways in which these actors are increasingly employing industrial and civic conventions such as codes and certification, and the effects of these shifts, both on producers and on broader processes of transformation within the industry. A multi-locale approach was used, tracking different institutional actors’ perceptions of social and environmental certification and its role in socio-economic transformation.

UK-based interviews were conducted with two CSR managers at major retailers of South African wines, three NGO and two corporate charity representatives involved in ethical trading initiatives, and an ethical produce importer/supermarket supplier. Twenty-four formal interviews were conducted with institutional actors involved in South African agri-industries using prior contacts and snow-balling techniques. Of these nine are directly involved in the management of WIETA, a not-for-profit, voluntary organisation formed in 2002 to promote ethical trading within the South African wine industry, with an expanded remit that now covers horticulture.⁴ Four are directly involved in the Flower Valley Conservation Trust, established in 1999 to promote biodiversity conservation and sustainable resource use. Six respondents are wine-grape growers, three represent other private sector interests, three are involved in farm-worker unions, and four represent NGOs associated with agri-business and rural development.⁵ Informal interviews were

held with farm workers at a union-sponsored training event in Stellenbosch,⁶ and with representatives from NGOs, unions and the private sector. Industry reports and audit materials were also analysed.

The paper is organized into three sections. The first outlines the key debates about the mainstreaming of social and environmental certification and the role of corporate agendas in driving these processes. The second examines the complex terrain of regulatory codes and certification emerging in the South African wine industry, specifically around food standards, environmental codes and social codes. The third examines the problems emerging in this increasingly complex ‘ethical’ landscape: the apparent and potential conflicts between various schemes; threats posed by convergence, especially around social and environmental certification; the threat of undermining reliable labels by corporate interests, the proliferation of competing certification processes and their use as a corporate governance tool. The paper considers whether burgeoning certification processes in the South African wine industry signal a growing gap between the abstract ethical discourse of corporate actors, on the one hand, and the moral experience of workers, on the other. It speculates on the consequences of separating an abstract debate over codified values, which is often conducted by global and local elites, from the everyday experience of workers (Kleinman 1999), and how this relates to transformation in the wine industry.

Corporate mainstreaming of codes and certification

Commodity network analysis has revealed the ways in which unequal distribution of power shapes relationships between consumers, producers and workers through networks that are increasingly decentralised, transnational and global. In buyer-driven networks, large retailers have tended to determine what is produced and at what price (Gereffi, 1994), but more recently a range of different actors have become significant in driving the governance of global commodity networks, focusing on standards, auditing and certification. A number of political-economic factors underpin this: increased private regulation of international trade; consumer concerns for social justice and environmental conservation helping to legitimise transnational regulation and certification systems; retailer desire to protect corporate reputations through robust certification and verification systems (Mutersbaugh, 2005: 396-9; Townsend and Townsend, 2004).

Increasingly, both retailers and NGOs have attempted to use the market to exert social and environmental values on production processes (Hughes, 2001; Ponte and Gibbon, 2005). Convention theory provides one means of understanding these shifts. Originating in French economic theory (e.g. Boltansky and Thévenot 1991; Thévenot 1995), this has been applied to analysis of agro-food (Ponte 2007; Freidberg 2003a; Renard 2003). It introduces sociological considerations to economic analysis, perceiving concepts such as quality as key, both in the analysis of economic life but also in contemporary competitive strategies (Renard 2003). It also allows consideration of how, in the context of de-regulation in the agricultural sector, re-regulation is occurring around concerns about food, environment and health (Watts and Goodman 1997).

As Ponte (2007) argues, the wine industry is framed by numerous quality conventions (see Table 1). Retailers increasingly employ industrial conventions, using technical codes and standards, and civic conventions, using processes of certification (organic, fair-trade, ethical trade and environmental) (Renard, 2003; Ponte, 2007). However, it is now widely held that as these interventions become more visible and influential in markets, they also become compromised by commercial market values (Renard, 1999; Raynolds, 2004; Klooster, 2005; Taylor, 2005). Thus, while NGOs have been successful in using retailer-focused strategies to promote certification, and to create space for participation in the governance of buyer-driven commodity networks, once mainstreamed these processes often become strongly influenced by retailer dominance. This is particularly the case within food and other agricultural commodity networks (Klooster, 2005).

Table 1 Quality conventions in the wine industry (source: adapted from Ponte 2007: 13)

Quality convention	Instrument of verification of ‘quality’ (general)	Instrument of verification of ‘quality’ (in wine)
inspiration	personality	unique wine; cult winemaker or property
domestic	proximity, trust and repetition	brand/varietal, <i>terroir</i> , indication of geographic origin
opinion	external non-objective judgment	endorsement by wine critic, judge, publication
civic	impact on society and the environment	assessment of food safety, environmental and social impact, labels and certifications
market	price	price and promotion
industrial	external objective measurement	laboratory tests, codification of procedures

One consequence of this is that while social and environmental values promoted by NGOs and activists are increasingly mainstreamed, these values can be eroded by the commercial values of driving firms, who condition the acceptance of certification upon crossing hurdles such as price and volume, thus limiting spread and impact (Klooster, 2005: 405). In addition, retailers influence the social and environmental values expressed and increasingly use socio-environmental certification for their own governance purposes. Many are using third party certification for external parameter setting and enforcement in order to shift the costs of monitoring and quality control to suppliers, thus achieving ‘control at a distance’ (Ponte and Gibbon, 2005: 18). In developing countries, the dual pressures of retailer-set pricing and the costs of ensuring compliance to codes and standards creates a cost-price squeeze for producers and suppliers. These new governance structures and the difficulties they create are epitomised by the South African wine industry, where competing certification schemes can create potentially negative effects, not only on workers who ultimately bear the burden of retailer-imposed constraints (ref removed), but also by depoliticizing social and economic transformation.

Regulatory codes and certification schemes in the wine industry

As Table 2 illustrates, the South African wine industry is subject to numerous international and national regulatory codes and certification schemes. These are broadly concerned with food safety, environmental protection and social protection. Of particular significance is that as food safety and ethical concerns become increasingly embedded within Northern markets, there is increasing evidence of convergence between previously distinctive systems. These trends have already been noted in alternative trade, where

convergence between ethical and fair-trade is increasingly likely within some supermarket value chains (Smith and Barrientos 2005). In the Cape Winelands, social and environmental issues appear also to be undergoing significant convergence.

Table 2 Codes in the South African wine industry

Code	Type	Date of Inception	Primary Actors	Guiding Principles	Auditing and Monitoring Procedures
ISO 9000	Industrial/ Technical: quality management	2001; revised 2005	ISO, service sector (especially food industry)	Quality management systems (procedures cover all processes in business, monitoring, keeping adequate records, checking for deficits, regular review of processes, continual improvement).	Third party auditors; external objective measurement
ISO 14000	Industrial/ Technical: environmental	Emerged 1992	ISO, organisations	To help organizations minimize how their operations negatively affect the environment (cause adverse changes to air, water, or land) and comply with applicable laws and regulations.	Third party auditors; external objective measurement
ISO 22000	Industrial/ Technical: environmental& food safety	2005	ISO, food industries (processing and marketing)	Food safety and quality management must be in place (interactive communication , system management, prerequisite programmes, HACCP principles).	Third party auditors and use of Hazard Analysis and Critical Control Point (HACCP) system (risk management tool); external objective measurement
HACCP	Industrial/ Technical: environmental & food safety	1960s (USA) but international mainly from 1994	Food industry, national government departments, FAO/WHO	Conduct hazard analysis, identify critical control points, establish critical limits for critical control points, establish critical control point monitoring requirements, establish corrective actions, establish record keeping procedures, establish procedures for ensuring proper working of HACCP system.	Implementation by organisations and businesses; requirement of EU food hygiene legislation; external objective measurement

BRC Global Standard - Food	Industrial/ Technical: environmental & food safety	1998; revised 2008	UK government, but becoming international; widely used by wine retailers	Implementation of HACCP, documented and effective quality management system, control of factory environmental standards, products, processes and personnel.	External objective measurement by third party organisations (must be accredited by ISO/IEC Guides)
WIETA	Civic/ Social	2002 (pilot 1999)	Wine industry corporations, NGOs, trade unions.	No child labour; freely chosen employment; the right to a healthy and safe working environment; the right to freedom of association; non-excessive working hours; the right to a living wage; prohibition of unfair discrimination; rights to worker's housing and tenure security.	WIETA social auditing inspection process; assessment of working conditions, health and safety; certification.
Fair trade	Civic/ Social and environmental	2003 in South African wine	FLO/fair trade organisations, grape farmers, wine retailers.	Sustainable development; fair trade premium paid for community development purposes.	FLO certification processes; labelling
RUDNET	Civic-Opinion Social	2002	Black Association of the Wine and Spirits Industry	To facilitate socio-economic empowerment and skills training of farm workers, to promote the social inclusion of farm workers in civil organs, and to address social problems such as poverty, alcoholism, limited education and poor health on farms.	Farm Health Awards based on audit (interview with producer, tick-box questionnaire and site visit), but largely through endorsement
Wine Industry Charter	Civic/ Social	2007	South African Wine Industry Council	Based on Broad-Based Black Economic Empowerment legislation (2003) and establishment of Codes of Good Practice (2007) covering ownership, management, employment equity and skills development)	Scorecard audit by Wine Industry Council

Biodiversity and Wine Initiative (BWI)	Civic/ Environmental	2005	Wines of South Africa (independent export company), World Bank.	No further loss of habitat in critical sites; positive contribution to biodiversity conservation through setting aside natural habitat in contractual protected areas; changes in farming practices to enhance the suitability of vineyards as habitat for biodiversity, reduction in farming practices that have negative impacts on biodiversity.	First-party botanical audit and conservation plan. Compliance with biodiversity guidelines 'where appropriate'. 'Champions' must pass external IPW audit; certification; labelling from 2008.
Integrated Production of Wine (IPW)	Civic/ Environmental	1998	Wine industry, especially growers, BWI	Guidelines for Good Agricultural Practice on Farms and Good Manufacturing Practices for Cellars	Self-evaluation and monitoring; low compliance scores (50%); external audits becoming increasingly common (see BWI).
SANS64	Industrial/ social and environmental	In progress	South African government	Holistic, combines food quality, food safety, traceability, worker safety, environmental protection and Good Agricultural Practices.	Not yet approved, but will need external audit; unlikely to be accepted internationally as it duplicates ISO 22000.

Food standards and environmental codes

Food standards have become particularly important in the wake of food scares and, although far removed from the agro-industries at the centre of these, growers have become increasingly subject to retailers' efforts to reassure consumers about food safety and quality (Freidberg, 2003a; 2004). Consequently, most British supermarkets – which purchase over a third of South Africa's wine exports and constitute its biggest single market (Ponte and Ewert, 2007; SAWIS, 2006) – now demand that fresh produce is 'traceable', as well as adherence to strict codes concerning on-farm hygiene, environmental protection, and worker welfare. This is reflected in increased levels of certification of South African wine, using both international and nationally-devised systems. Until recently, only a few cellars had been certified against ISO 9000, ISO 14000 and HACCP systems, but producers and exporters are keen to improve quality and their reputation with buyers. HACCP compliance is becoming more important (and externally driven) because it is embedded in the British Retailer Consortium (BRC) Global Food Standard, which UK retailers favour. According to Ponte and Ewert (2007: 44), the most significant technical standards within the South African wine industry are the BRC, plus the national Integrated Production of Wine (IPW) Scheme.

In contrast to the BRC Standard, IPW is a semi-regulatory system providing guidelines that conform to international standards for 'Good Agricultural Practices' for farms and 'Good Manufacturing Practices' for cellars to produce wines that are 'healthy, clean and environmentally friendly' (IPW 2004, cited in Ponte and Ewert, 2007: 45).⁷ The scheme

is voluntary, but registered IPW actors harvest 97% of South African grapes. The proportion of actually audited farms and cellars is much smaller, however, since the system is regulated via self-monitoring. Compliance can be achieved by scoring a minimum of 50% of the total score, a low threshold by international standards. All IPW cellars should be audited within a 5-year period, but farm visits remain at 36 per annum, a tiny proportion of over 4400 wine farms (SAWIS, 2006). In future it is likely that conformity certificates will be awarded to cellars only if an external audit has been passed (Ponte and Ewert, 2007: 45). IPW illustrates that where initiatives have emerged from within the local industry, the main imperative is conformity with Northern-defined international standards. They eventually become technical codes - essentially market-based instruments, which reinforce a systems management approach to food safety and environmental and social protection, monitored using technical appraisal with no local stakeholder oversight.

The South African wine industry is also developing regulatory practices to protect biodiversity. One of the key drivers is the independent export company Wines of South Africa (WOSA). Part of WOSA's decision to market on the basis of biodiversity arises from the difficulties in establishing a unique identity for South African wines on the basis of varietals and *terroir*⁸ (in contrast to Old World wines). This is because of the use of modern winemaking techniques in both vineyard and cellar, which purists argue obscure or even eliminate the influence of *terroir* in making different regions unique. WOSA's idea is that the rich biodiversity of the Western Cape can be translated into a great variety of wines and that appropriate stewardship of the Winelands can preserve this

biodiversity. Notably, some organic producers (e.g. Stellar Organics) are now marketing on the basis of ‘organic *terroir*’. Commitment to biodiversity is embedded in the Biodiversity and Wine Initiative (BWI),⁹ and in the guidelines of IPW.

As a partnership between the wine industry and the conservation sector, the BWI aims to minimise further loss of unique and threatened natural habitat and to contribute to sustainable wine production through the adoption of biodiversity guidelines (see Table 2). It aims to use the biodiversity of the Cape Floral Kingdom (CFK) and the wine industry’s proactive stance on implementing biodiversity guidelines as unique selling points to differentiate ‘Brand South Africa’ (*Wineland* 2005, in Ponte and Ewert, 2007: 69), thus taking advantage of ‘green’ market opportunities. The CFK is a World Heritage Site, over 80% of which is privately owned, and conservation requires convincing landowners of the value of biodiversity. The BWI is the first project in this conservation strategy, working directly with producers. Around 90% of wine production is located in the CFK and any expansion could endanger areas of natural habitat (especially *renosterveld* and lowland *fynbos*). The BWI brings benefits to the wine industry, in terms of a marketing strategy to create competitive advantage, and to the conservation sector in pioneering biodiversity best practice in agribusiness and conserving threatened habitats (*Wineland* 2005, in Ponte and Ewert, 2007: 69).

As of January 2009, the BWI has thirteen ‘champions’, ten cooperative cellar members and 114 regular members, representing the entire Cape Winelands (<http://www.bwi.co.za/members/>). BWI has expanded rapidly and already uses label-

based certification. Before planting new vineyards, member producers ‘carry out a botanical audit and draw up a plan to preserve endangered and significant species’; some producers set aside natural areas that will remain ‘undeveloped in perpetuity’ (Ponte and Ewert, 2007: 68-9). Membership is gained through scrutiny of farming conservation practices to ensure that the farmer is not simply ‘greenwashing’ when making conservation or biodiversity claims, but fully compliant with guidelines. However, requirements for membership are not particularly stringent since applicants are asked to comply with biodiversity guidelines ‘where appropriate’ and ‘to the best of the company’s ability’ and to ‘responsibly conserve’ the demarcated biodiversity area to obtain the IPW certificate. Biodiversity ‘champions’, however, need to score 85% of the total points in the self-assessment biodiversity form and comply with additional demands. Vergelegen (now owned by Anglo-American) became the first champion in March 2005 (Ponte and Ewert, 2007).

The response from producers to biodiversity has been good because ‘they get it’ (wine industry executive, interview 21/09/06). However, this requires a long-term vision often working against the aims of marketing, which are much more short-term. Interviews suggest that producers are aware of the potential future importance of creating a market niche, generating sustainable farming and water use, and developing potential links to tourism. However, BWI does not offer guidelines on how small farms could become sustainable in terms of biodiversity and it is difficult to see how many, apart from wine tourism complexes owned by mining companies, could be included.

Social codes

Technical codes concerned with food safety and environments make no attempt to address social development outcomes of employment. In contrast, South African legislative and moral imperatives requiring transformation have played a role in the proliferation of wine industry certification schemes based on social codes. Again, the requirements of Northern retailers are significant, since South African produce is still vulnerable to consumer sensitivities towards survival of apartheid working practices. WIETA, with the support of UK retailers, is the prime driver. Fair-trade initiatives also require social auditing by the Fair-trade Labelling Organisation (FLO). Local social auditing initiatives include RUDNET's Farm Health Awards and the Wine Industry Charter.

WIETA originated as a UK government Ethical Trade Initiative pilot project in 1999 and operates via a tripartite alliance comprising corporations, NGOs and trade unions. Despite the history of bitter antagonism, the pilot was pivotal in bringing these stakeholders together for the first time and assisting South African partners in developing and refining inspection methodologies for monitoring on-farm labour standards. Its success led to local actors devising a home grown model in 2002 – the first of its type in the world – setting the parameters for implementing and auditing ethical labour practices and working conditions in the Winelands. It is managed through an executive committee comprising individuals representing different interest groups, including WOSA, organised labour, NGOs and the Department of Labour. Key principles of its code of good practice (see Table 2) reflect both the ETI base-code and issues specific to South

African agriculture (WIETA, 2003; Bek *et al.*, 2007). These are monitored through a social auditing inspection process (ref removed; Lewis, 2005), and complemented by efforts to educate producers and workers about the content of the code and its practical implementation. The imperative is to establish a dynamic upward trajectory of improvement in social conditions on farms rather than to ‘fail’ or shame producers.

WIETA currently has 199 members of whom 103 are wine producers,¹⁰ including major co-operatives (KWV, Distell, Vinfruco, Western Wines), individual farms and estates, and major export bodies (Fruitways, Capespan). Audits began in early 2004 and, to date, 33 producer members have been accredited. This represents a modest impact. It also appears that recruitment from the wine sector has stalled, perhaps as a consequence of both the cost of compliance and the harsh international context for wine production, which makes any commitment to social improvements difficult. The absence of a labelling system, in contrast to the BWI and fair-trade and organic production, could also be a factor. While retailers have been supportive there is little evidence of changes in procurement practices. However, WIETA has recently expanded into fruit and flower production, largely at the behest of UK retailers, which could provide significant impetus within the wine sector. Unlike fruit and flowers, the wine industry has a complicated supply chain that involves growers, cellars, co-operatives, bottling operations, packhouses and export marketing companies; there is thus comparatively less reputational risk for retailers. As one WIETA executive explains, supermarkets are ‘very hard and prescriptive on their own label fruit, less so with wine’ (interview 14/09/06); they rarely produce own-label wines and do not perceive it their business if suppliers are

not compliant. Despite this, expansion into horticulture is viewed optimistically by wine industry representatives who predict that WIETA will grow, ‘have more teeth’ (*ibid.*), and greater energy and finance.

UK retailers were instrumental in WIETA’s emergence and are critical to its ability to maintain momentum in transforming working conditions within the industry.

Membership is seen as important only when it is linked to securing an export contract with UK retailers. The costs of achieving compliance are high, sites are rarely compliant after the initial audit, and implementing corrective actions can be expensive (one producer reported costs of R200-250,000 (£14-19,000)). For retailers, codes of conduct are a necessary business protocol offering a relatively inexpensive measure to protect corporate reputations. Ensuring that suppliers meet acceptable standards is simpler if managed through a single organisation. Thus, some observers believe that retailers may seek to source all South African wines from WIETA members. Significantly, Sweden (through its monopoly agency Systembolaget) is seeking South African suppliers of ‘ethical’ wines. It appears likely that all exports will be sourced from WIETA members, helping maintain momentum in transforming working conditions on farms.

Although currently less significant to retailers, a potential local competitor to WIETA is RUDNET’s Farm Health Awards. RUDNET is the NGO arm of the Black Association of the Wine and Spirits Industry (BAWSI), which aims to make the wine industry fully representative and able to play a meaningful role in empowering black South Africans to become farmers and farm owners. RUDNET was established in 2002 to facilitate socio-

economic empowerment and skills training of farm workers, to promote the social inclusion of farm workers in civil organs, and to address social problems such as poverty, alcoholism, limited education and poor health on farms. It has run the FHA since 2003, successfully recruiting over 100 producers and receiving much positive local publicity. The FHA, unlike WIETA, is an enterprise initiative from within the local industry. It has two elements: the nomination of farm workers who have acted as a source of inspiration to their communities, and an auditing system examining various aspects of working conditions on farms (RUDNET, 2006). The audit takes the form of an interview with the farmer, completion of a largely tick-box questionnaire, and a site visit. Farms are given a score (not reported publicly except for the winners in each size category) and advice on areas for improvement. The winners receive awards at an annual gala event. Although based largely on a social code, the FHA is completely producer-driven and, as discussed subsequently, other wine industry stakeholders have expressed concern about the superficial audits. Despite this, one FHA source claims that producers are using FHA survey results to convince buyers that they can be assured of on-farm standards, that problems are being identified and steps taken to rectify these (interview 06/09/06).

Even so, it is difficult for the FHA not to reflect the entrenched paternalistic attitudes of farmers towards their workers, evident in its aim to ‘both motivate and acknowledge farm working communities and individuals’ (RUDNET 2005: 1). Farmers themselves report on levels of alcohol abuse, violence and foetal alcohol syndrome, which can distort realities. There appears to be no contact with farm workers or any third-party verification, apart from by the FHA co-ordinator. RUDNET audit reports reveal that poor conditions

persist – ‘the age group 14-28 is prone to alcohol abuse;’ ‘family violence is still rife amongst worker communities’, ‘there is poverty due to farm workers spending their income on debt’ (RUDNET 2005: 6) – but imply that blame lies with workers themselves. There is no analysis of historical and structural causes of such problems, of current working and living conditions, or of structural measures that might be put in place to transform these. Preventative measures are in the form of ‘life skills training’ and education of workers. Moreover, ‘criteria aren’t enforced, but merely serve as guidelines’.¹¹ There are significant questions, therefore, about what impact FHA can have on the status quo.

As with ethical trade, the South African wine industry has played a pioneering role in fair-trade wines. Wine certification was designed and implemented for the first time in South Africa and includes brands that have had notable success (Thandi, Fairhills, Stella Organics). FLO certification and labelling began in South Africa in 2003. It has not been without controversy, since large estates have received fair-trade status following audits of wage levels, health and safety, worker housing, structures for negotiation and collective bargaining. One wine cellar Managing Director claims that FLO certification is expensive and a farm would need to harvest and sell around 100 tonnes of grapes to be able to afford the €500 registration fee (interview 04/09/06). As part of the fair-trade agreement, the estate is required to set up a Joint Body controlled by representatives of the estate management and farm workers. This body decides how to use the fair-trade premium, usually for community development purposes (EMG 2005). The labelling system guarantees to consumers that wine was produced and traded under fair conditions,

including the payment of a minimum price and a social premium for socio-economic development.

In comparison to other food and drink commodities, fair-trade wine has been slow to grow, primarily because wine is considered a luxury product and consumer preferences are often driven by inspiration, domestic and opinion quality conventions rather than civic conventions (see Table 1). However, since 2006 the market has expanded significantly, with 22 FLO-certified South African wine producers providing the UK and other European markets at the time of writing. More than 3 million bottles were sold in 2006 compared with 800,000 in 2004 (Langton, 2007).

Fair-trade community development initiatives have some synergies with South African government policy concerning Black Economic Empowerment (BEE), which also includes a potentially significant wine industry social code. BEE emerged in the early 1990s as a way of redressing the structured economic inequality. It is not affirmative action, although employment equity forms part of it, nor does it aim to redistribute wealth. It is essentially a growth strategy. Its original intention was the creation of a black middle class to broaden the economic base and facilitate upliftment of the black majority. However, this focus on the black middle class, rather than dealing directly with mass poverty, has been extremely controversial. Critics accusing it of merely enriching an already powerful black elite, without effecting broad socio-economic change, and of depoliticising transformation (Kruger *et al.*, 2006).

In response, the government passed the Broad-based BEE Act in 2003, which seeks to counter criticisms by generating a wider process of social and economic upliftment.¹² However, the Codes of Good Practice for Broad-based BEE were only gazetted by the government in February 2007 and their potential impact is still unclear. The main challenges facing BEE in the wine industry are the highly skewed ownership regime, advancing women in the industry, mobilising knowledge, business acumen, capital and social capital, and rural development and poverty alleviation. The South African Wine Industry Council, representing all industry stakeholders, was created in 2006 to deliver the Wine Industry Transformation Charter. The Charter aims to, ‘open paths of opportunity for those previously excluded under apartheid; and to provide a decent way of life and human dignity to those who work on the wine farms’ (*ibid.*: 1). It is ‘based on and substantially aligned with the Codes of Good Practice on BEE’ (WIC, 2007: 1). It uses a scorecard to assess enterprises on a points-based system. The scorecard awards points on the creation of growth and new business opportunities, the creation of investor confidence through a focus on equity and transparency, the focus on human development as a key driver of sustainable empowerment, the establishment of partnerships between business and government, and enhanced recognition for black women and black designated groups (disabled, youth, rural and unemployed) (WIC, 2007: 2-3).

Critics of BEE point out that it allows a conservative agenda to be embedded in official frameworks such as the Charter and the technical monitoring tools associated with it (Kruger *et al.*, 2006: 1). As discussed subsequently, such processes lock socio-economic concerns in standards, scorecards, codes and certification schemes, which shifts the

nature of the debate about transformation from the political to the technical (Klooster, 2005) and, in turn, fails to transform structural, racial and power imbalances (Kruger *et al.*, 2006: 26). Significantly, micro enterprises (those with turnover below R5 million), are exempt from the 2007 BEE Codes. Based on estimated turnover and available statistics, approximately 80% of wine farms are exempt. The Charter states that all producers, including those not *required*, should strive to comply. However, while Wine Charter Steering Committee surveys in 2004 and 2005 revealed 60% of industry participants to be in favour of BEE, 80% said they lacked the capacity to be involved. Only 5% have become involved in shareholder schemes for BEE or profit-sharing programmes (WIC, 2007: 12). Without a legislative requirement to adopt BEE codes, therefore, market-driven transformation based on social and environmental codes is likely to remain important in generating change within the industry.

Assessing the complex terrain of certification systems

The South African wine industry is currently replete with competing technical, social and environmental certification schemes, some of which (e.g. food standards, fair-trade and WIETA) are driven by external agents (primarily Northern retailers) and involve third-party certification, and others (e.g. FHA and BWI) that have emerged from within the local industry and are largely self-certifying systems. These operate within the context of progressive labour laws (enforced – or not – by a seriously under-resourced Department of Labour) and a largely conservative BEE business agenda. This complexity raises a number of issues around three specific areas: conflict, convergence and corporate governance.

Conflict and turf wars

Certification initiatives are ‘shaped by competition among participating parties as they seek to control the rules of the game in pursuit of often-conflicting interests’ (Mutersbaugh *et al.*, 2005: 381). There is thus potential for ‘turf wars’ between different ‘ethical’ systems. Interviews with diverse constituents in the wine industry hint at areas of conflict, specifically the prickly politics between WIETA and FLO and the general scepticism of both towards FHA. The latter illustrates the complex politics within the industry. Some respondents either refused to talk about FHA or at least were very uncomfortable. Although it appears to be white farmer-oriented and organised, it also appears to have supporters amongst other stakeholders, notably BAWSI. However, BAWSI also divides opinion, with one former member accusing it of being a vehicle for BEE self-enrichment (interview 22/09/06). Other respondents felt that because FHA does not have international recognition and its audits are superficial it would not achieve a great deal. As a WIETA representative argues, ‘An award is an award. It should not go through an audit process... If you call it an audit you cannot bullshit. If you call it self-assessment it is totally different’ (interview 14/09/06).

While representatives of labour unions are largely positive about WIETA (Women on Farms Representative, interview 30/08/06), they are equally dismissive of FHA. A former union representative, now on the WIETA Board, suggests that ‘white people are never going to change the [industry]... the poor man getting the crumbs from the rich man’s table. That sums up FHA’ (interview 15/09/06). Some respondents suggest FHA and

WIETA would be better served by co-operation, with WIETA providing more robust auditing procedures and code of practice, but this seems unlikely. Claims by an FHA source that some producers are dropping WIETA in favour of FHA audits are plausible given significant differences in requirements (interview 06/09/06). Despite being impossible to verify, such claims highlight concerns about the implications for substantive on-farm improvements in working conditions.

WIETA has also had a fraught relationship with FLO. It appears there have been aborted attempts to work collaboratively, which have fuelled antagonisms (WIETA representative, interview 01/09/06). Interviews with various constituencies within the wine industry reveal local dissatisfaction with fair-trade, specifically that it is not delivering (at least in the South African context) all that it promises. One WIETA source maintains that FLO is bureaucratic, uses Eurocentric systems, and is more profit-making organisation than public interest company (interview 14/09/06). Other respondents suggest it has ring-fenced supply chains in an anti-competitive manner, providing particular retailers with exclusive access to specific products without effecting meaningful transformation. One producer commented that he had to change nothing to meet FLO criteria, but had received several non-compliances in a WIETA audit (interview 04/09/06).

Respondents working within competing alternative trade initiatives also question whether the FLO premium-funded community projects would have been funded by the farmer anyway, especially in more remote areas where municipal services are lacking. If so, they

allege that FLO may have saved the farmer money and produced no net improvement. However, this tends to ignore the fact that prevailing market conditions, in which up to 50% of producers are struggling (ref removed), do not provide a climate conducive to investing resources into social projects. As a union representative puts it, 'The neoliberal agenda has made things tough. No duty on goods has made things tough. The playing field is not level... and then people talk about fair-trade and ethical trade' (interview 15/09/06). Concerns are also raised by respondents about the compatibility of fair-trade in the wine industry and consumer expectations. For example, the premium is paid to farmers with turnovers in excess of R50 million, in part a consequence of the atypical nature of the local supply chain. Citrusdal Cellars, for example, source their grapes from several farms, each of which has to be fair-trade certified. Some farms produce several commodities (grapes, rooibos, citrus fruit), all of which can be sold on as fair-trade because the farm is certified as a single unit. It is perhaps unsurprising that it appears odd to some within competing ethical initiatives that farms with such huge turnovers could benefit from fair-trade status and associated price guarantees. Some respondents from fair-trade initiatives are also aware of these contradictions. In addition, Co-op's own brand fair-trade wine is bottled in Germany to save money, enabling it to be sold at under £5 a bottle. This increases market share but also reduces employment opportunities for South African workers through downstreaming (wine cellar Managing Director, interview 04/09/06).

A wine industry executive (interview 21/09/06) highlights the problems concerning the complex auditing terrain, the failure by other constituencies to work with WIETA, and the conflict and inertia that this is producing:

[WIETA] has stalled in terms of recruitment. The industry is in a mess. No one will do anything unless they have to. People who have been through the audit have acknowledged the benefits - communication, what happens in farms, development of labour. But there are so many audits. The big problem is fair-trade – it is selling well in key markets but is no longer a public benefit organisation. A war is going on within auditing. WIETA should be doing their [FLO's] auditing. Fair-trade has been a big disappointment, the way they have behaved. Because UK supermarkets are behind fair-trade it is in a strong position. It is shame. If ethical purchasing managers had more clout they could say 'come on, sort it out. You are causing huge problems.' WIETA standards are higher than FLO. WIETA have done all they can to challenge things [but] the producer would rather have a fair-trade audit, get a label and space in a UK shop.

There is a sense within the industry, therefore, that better cooperation would actually have greater impact on effecting transformation. Despite fraught and often bitter politics, there are some signs of increasing convergence across different schemes. However, this also raises potential problems.

Convergence: the dangers of 'greenwashing'

The Cape wine industry is currently witnessing important convergences between social and environmental concerns. Northern consumer pressure has required sustainability to encompass both social and environmental sustainability, with the latter also being closely linked with organics (Brown *et al.*, 2000). Ethical, organic and environmentally-sustainable trading is beginning to overlap and some South African observers see the BWI as a major way forward in linking together ethical production and environmental issues. Thus, WIETA and the BWI have begun discussions about whether ‘you can actually look at so-called ethical issues without also looking at the environment’ (wine industry executive, interview 21/09/06). This echoes the call from some commentators for greater integration of social and environmental issues (Blowfield, 1999; Momsen, 2007), and reflects business imperatives that require goods and services to be produced under conditions that are both socially and environmentally responsible. Some respondents believe it would be ideal to have a single symbol or label that ties together ethics and environment across the whole of South African agri-industries.

The FLO, through its involvement in the Flower Valley Conservation Trust, is also showing signs of greater convergence with environmental issues. Moore *et al.* (2006) argue that fair-trade has promoted an anthropocentric over an ecocentric view of the world. However, while fair-trade generally remains committed to its primary focus on the social and economic development of marginalised producers, environmental sustainability is included in FLO Generic Standards (http://www.fairtrade.net/generic_standards.html) and there is a long-standing relationship between fair-trade and organic production. There have been some problems

with this; for example, Raynolds *et al.* (2007) suggest that some fair-trade coffee producers have used the social premiums to pay for the expensive conversion process to organic production and for organic certification, rather than investing the premium back into communities. In the Cape, however, there appears to be greater scope for combining human and environmental concerns because of the moral and economic imperatives that prioritise social transformation. Stellar Organics, for example, markets wines that are both organic and fair-trade; organic farming preceded fair-trade certification and the fair-trade premium is used to fund the Stellar Fairtrade Workers Trust. This has delivered improvements to workers' housing and a local school. Current projects include purchasing a 26% shareholding in Stellar Winery and an adjacent farm, which will be owned and managed by the workers. Organic grapes grown on this land will be sold to the winery as part of the Trust's aim to empower workers. Furthermore, schemes such as the BWI have been very successful in providing a model in which new initiatives can be at once environmentally appropriate (maintaining biodiversity, productivity and ecological processes), socially beneficial (local people benefit and incentives are provided to maintain resources and long-term management), and economically viable (profitable but without generating profit at expense of resources, ecosystem or affected communities).

Developing countries have been generally reluctant to participate in ecolabelling initiatives, highlighting protectionist elements and naiveté in assuming that Northern-devised standards and models of environmental management can be exported *tout court*

to the South (Ponte, 2006). This reluctance has been countered by assurances of transparency, non-discrimination and technical assistance:

In essence, ecolabels are assumed to be ‘good for the global commons’ and their justification has been offered within a discourse of science, objectivity, independent certification, transparency and systems management. As long as market-based mechanisms of ensuring sustainability, such as ecolabels, are seen as ‘neutral’, larger politico-economic factors, market structures and the role of special interests and expert knowledge will remain in the twilight. (*Ibid.*: 48)

However, these processes are rarely neutral or equal. One concern in South Africa is the way in which environmental values can be used to stymie social and economic transformation. Ponte (2006) cites the case of the Marine Stewardship Council certification to demonstrate that, although couched in the discourse of conservation, this was used as a tool *against* the redistribution of fishing quotas away from larger, mainly white-owned fisheries to black-owned, smaller enterprises and new entrants. Some observers fear that similar arguments might be used with regard to empowerment measures within agri-businesses. Therefore, local politics and the situated political economy of conservation matter for environmental certifications.

There are specific problems with the concept of biodiversity in the wine industry. WOSA’s motto is ‘diversity is in our nature’, yet viticulture is a monoculture that destroys rather than enhances biodiversity. Only large producers, of which there are few

in South Africa, could afford to set aside large tracts of land for conservation; meanwhile, the expansion of the wine industry since 1994 has already destroyed large areas of *fynbos*. Moreover, the industry is hardly diverse, especially at ownership and managerial levels (Kruger *et al.*, 2006; McEwan and Bek, 2006; Williams, 2005). Farm workers and cellar hands are entirely invisible in BWI promotional literature (Ponte and Ewert 2007). Prevailing market conditions limit the capacity of farmers to invest resources into conservation; the costs of environmental stewardship may in turn prohibit the promotion of distributive justice priorities. Emphasis on biodiversity thus might be accused of corporate ‘greenwashing’ that masks the true nature of the environmental costs of viticulture and the deep-seated inequalities that it perpetuates. Focusing on ‘nature’ for the export market arguably allows the industry to avoid facing potentially more uncomfortable options (e.g. land redistribution, import boycotts, and better working conditions) to redress enduring race-based inequalities (Kruger *et al.*, 2006: 25). It is perhaps telling that the BWI attempts to recruit members and champions on the basis of corporate image, positive marketing and media exposure benefits. Indeed, it states directly that members ‘can proudly market your wines or farming operation..., without running the risk of being accused of “greenwashing”’ (<http://www.bwi.co.za/member-option/> accessed 20/01/09).

There are additional dangers that the persistent and historically-rooted inequities in South African wine production are erased in ‘sanitised’ accounts that foreground the unique CFK environment. Critics allege that the business community is a key player in promoting these sanitised images for international consumption (Lewis, 2000: 46) and it

is clear that, as far as BWI and WOSA are concerned, ‘biodiversity is being actively conserved as part of promoting the new Brand South African image’ (<http://www.bwi.co.za/member-option/> accessed 20/01/09). The apparent convergence between social and environmental issues also gives rise to concerns about the dilution of influence of ethical and fair-trade through mainstreaming, and any attempt at prioritising environmental concerns over human needs is likely to meet stiff opposition in South Africa. The uniqueness of reliable labels, such as fair-trade, and social auditing schemes, such as WIETA, is at risk of being undermined by corporate interests ‘washing the market in claims of philanthropic largesse, ethical treatment of producers, labor codes, and sustainability-certifying labels’ (Fridell *et al.*, 2008: 29).

Certification as a technical governance tool

Environmental and social standards, such as fair-trade, WIETA and biodiversity, are beginning to resemble industrial conventions, such as the BRC, ISO standards and HACCP. As the South African wine industry expands, civic and domestic conventions become more difficult to maintain and new standards are required; Ponte (2007: 22) refers to these as ‘civic/industrial’:

In mid-range quality wines, social and environmental certifications (such as organic, or WIETA) are still considered a ‘plus’, not a demand that is considered as a ‘given’. Therefore, although they are operationalised through instruments that are ‘industrial’ in nature, they still maintain traits of civic convention.

One concern arising from this apparent convergence is the way in which certification becomes embedded as a governance tool, with emphasis on technical regulatory mechanisms rather than processes that can deliver radical change. As discussed previously, embedding social and environmental concerns in standards, codes of conduct and certification schemes shifts the nature of the debate from the political to the technical, meaning that only marginal corrections can be made subsequently (Klooster, 2005; Ponte, 2006). Klooster (2005) identifies four phases in which this emptying out of politics takes place. First, activist groups organize boycotts, direct actions and media campaigns against corporate culprits of misbehaviour. Second, advocacy groups devise guidelines for good behaviour and facilitate the creation of an organisation or stakeholder group (e.g. WIETA, BWI) that includes important representatives of the culprits. Third, advocacy groups aggressively promote the increasingly standardized, codified and technically complex instrument they have developed in the stakeholder forum among a larger group of culprits and government. Grassroots initiatives thus become mainstreamed, document-intensive, managerialised and explicitly concerned with commercial feasibility and marketing. Activists pressure retailers to commit to buying only certified wine; retailers pressure their suppliers to certify. Consequently, certification mainstreams activist concerns about detrimental social and environmental impacts into a 'document-intensive, buyer-driven preoccupation' for delivering large quantities of certified wine to market (Klooster, 2005: 412). The fourth phase usually addresses resultant problems, unintended consequences, and excluded and marginalized groups through correctives measures to the now concretised system.

As Kruger *et al.* (2006: 26) argue, there is currently plenty of evidence from various sectors to suggest that this is occurring in South Africa. Structural, racial and power imbalances are not being addressed before stage four is reached (BEE is currently between phases two and three), and transformation is thus likely to be technical and apolitical. Thus the abilities of WIETA, fair-trade and FHA to achieve meaningful transformation are restricted by the conservative BEE context in which they operate. However, there are differences between BEE, FHA and WIETA codes, and between WIETA and fair-trade. WIETA compliance is more demanding than its competitor schemes and it is also most heavily-invested in by European retailers. There are thus differences in how the wine has been produced and the labour conditions that underpin production. WIETA has raised standards of working conditions on participating farms, particularly in the area of health and safety (ref removed). While these differences are important, ‘the politics of transforming the industry should be more than a choice of social brands’ (Kruger *et al.* 2006: 28). Rather, the gaze should remain squarely on power relations – between supermarkets and cellars; between cellars and farmers; between farmers and workers.

A further problem, then, emerges from bureaucratisation of ethical and fair-trade initiatives in the wine industry and their failure to explicitly problematise and politicise power relations. While fair-trade addresses some of the inequalities of the trading system and the organic movement questions the very nature of an industrial approach to agriculture, both are perceived to be becoming more bureaucratic (Raynolds 2004; Taylor 2005), and there are problems with mainstreaming and convergence around international

standards. The FLO's efforts to enhance compatibility with ISO labelling standards, for example, has led to internal restructuring of its certification activities and financing policies, moves which have elicited complaints of increased distance from producer participants (Renard, 2005). As Ponte (2006: 49) argues, 'this has happened in parallel to a general move from a holistic and hands-on engagement with suppliers and towards more hands-off, auditable, systemic and managerial approaches to sustainability'. Expert knowledge becomes privileged and if shortcomings arise they can be fixed technically and managerially. Moreover, conformity to systems performance and specific rules becomes more important than achieving the stated objectives of 'sustainability' or 'fairness'. Verification becomes a pedagogical tool, not meant to exclude but to teach management and better conformity. There is a need, therefore, to promote a movement away from rules and scorecards back to principles, which entails a 'less managerialist approach and more room for judgment on how principles can be achieved in specific political economies and local conditions' (Ponte, 2006: 52) Yet evidence from the Winelands suggests that on some farms even fair-trade, supposedly less managerialist, is moving in the opposite direction with the separation of producer support functions from certification, driven by the need to comply with international codes and standards.

The threat to the radical potential of social and environmental certification schemes lies in the distinction between corporate ethical discourse and the moral experience of workers. Ethical discourse is, 'an abstract articulation and debate over codified values... conducted by elites, both local and global... [It] is usually principle-based, with

metatheoretical commentary on the authorization and implication of those principles’ (Kleinman, 1999: 363). In contrast, moral experience is:

[Always] about practical engagements in a particular local world, a social space that carries cultural, political and economic specificity. It is about positioned views and practices: a view from somewhere... [and]... the actualities of specific events and situated relationships. [It] is the medium of engagement in everyday life in which things are at stake and in which ordinary people are deeply engaged stakeholders who have important things to lose, to gain, and to preserve. (*Ibid.*: 365; 362)

The complex landscape of social and environmental certification emerges from retailer discourses that are positioned squarely in the realm of the ethical (Dovey, 2003). In contrast, farm worker experiences are located in the realm of moral experience. In the South African wine industry, and in agri-business more broadly, the lived experience of workers appears to be in danger of becoming ever more distanced from the increasingly contested and conflictual corporate ethical realm. The consequence of this is that despite proliferation of codes, standards and certifications, very little is likely to change in the lives and conditions of work for farm workers.

The South African wine industry is shaped by twin drivers – the power of international retailers and the conservative national business context through which BEE is translated into practice. This context is also significant, since it sets the parameters of what might

reasonably be expected from WIETA's efforts and those of others in the 'ethical' sector. In many ways, they are part a 'repackaging of ethical/equity/race concerns that takes place in the wine industry through technologies of self-governance' (Kruger *et al.*, 2006: 25). This is not unique in its kind or to South Africa. Private regulation is now well established in areas of social and environmental concern that used to be the domain of the state. Both public and private regulation are emerging through self-governance mechanisms (development of codes of conduct, standards, certification/auditing, labelling, accreditation systems) that are the implementing arm of 'stakeholder' capitalism (Ponte and Gibbon, 2005). As Freidberg (2003b: 35) argues, UK retailers' demands on suppliers have become the basis of a new set of workplace surveillance and hygienic practices, which allow retailers to 'come clean' in more than one sense: 'they can provide safer, greener, more certifiably ethical food, and boast in detail about it'.

In addition, conventions and certificates themselves have become fetishised commodities in ways that are politically dangerous (Freidberg, 2003b). The majority of South African wine producers are not engaged with any form of ethical labelling scheme, but they are aware of the power of labels on their products. Any label is likely to sell wine and producers are now copying the style of ethical labelling. Representatives of both WIETA and FHA mention possible labelling schemes in the belief that consumers will respond favourably. A wine industry executive suggests that retailers (specifically Waitrose) have held preliminary discussions about ethical labelling (interview 21/09/06). However, consumers are compelled increasingly to navigate the distinctions between products branded as 'organic...', shade grown, sustainable, fair trade, fairly traded, or fair traded'

(Fridell *et al.* 2008: 30), or ethically sourced, ethically traded and bio-friendly. The creators of the labels have substantially more information about the actual production processes represented by the label than the consumers. The increasing complexity of ‘ethical’ wine production in South Africa threatens to obfuscate the realities of conditions for workers and the potential impact of ethical initiatives, and to fetishise ethical labelling. WIETA-compliant and fair-trade wine, which delivers some improvements for workers and producer-communities (ref removed), thus becomes threatened as it struggles to differentiate itself from the proliferation of ‘ethical’, environmentally-friendly and award-winning brands and competing labelling schemes.

Conclusions

This paper has sought to cast light on the complex ethical terrain of alternative trade and social and environmental certification in the Cape wine industry, and on the drivers behind these. It has suggested that, despite internationally-respected schemes such as ISO, WIETA and fair-trade, there is some opacity of auditing processes through which retailer and producer guarantees of labour standards, working environments and environmental protection are articulated. It has also highlighted the limited role currently played by the South African government in enforcing labour standards in the wine industry through BEE legislation, since most wine farms are exempt. In the absence of legislative requirements to transform the industry, social and environmental codes and civic conventions are likely to remain of significance. However, greater interrogation is required of the differing meanings and outcomes of transformation, empowerment, and upliftment that are being deployed in the wine industry, the material realities of

contestations between differing forms of ethical processes, and the issues raised for advocacy groups about the best ways to engage consumer activism through campaigns.

The different certification schemes within the wine industry face significant pressure from interests located in state agencies, dominant market players, and social and environmental interest groups, and their voluntary nature is thus diminished (Mutersbaugh *et al.*, 2005). Certification becomes a site of social struggle over who defines quality standards and how these become codified in conventions, who determines certification practices through which qualities are ratified, and who controls commercial channels through which certified goods are distributed to consumers. National and regional struggles are increasingly governed by transnational institutions (e.g. ISO) that have contradictory goals of trade liberalisation and environmental conservation. It remains to be seen whether locally-based initiatives, such as WIETA and BWI, can maintain sufficient distance and impetus to effect meaningful transformation in workers' lives and sustainable production in the wine industry. Producers have very little power in comparison with large retailers (ref removed; see also Freidberg, 2003a). Thus, rearranging commodity networks around social and environmental values does not necessarily make them less exploitative.

Certification is a governance tool used by powerful actors in commodity networks to discipline less powerful actors by exerting 'control at a distance' (Ponte and Gibbon, 2005: 22). Transnational wine retailers dominate networks to 'subsume the social and environmental goals of certification under their profitable strategy of selling high

volumes at low prices' (Klooster, 2005: 415). There is thus a fundamental need to question the relationships of power in commodity networks and to challenge the assumption that markets can provide producers with the means to cover the costs of environmental and social improvements. In addition, certification schemes can marginalise smaller producers (Klooster, 2005; Ponte, 2006). They are mechanisms of market entry and exclusion and a source of power for those who control them (Renard, 2005). This is beginning to have an effect in the South African wine industry, with the vast majority of small producers struggling to compete with certified large estates. The only way to counter this is through the development of approaches able to 'identify and reflect the ethical values of the South, particularly of the marginalised people ethical trade is intended to assist' (Blowfield, 1999: 753). While third party locally-based certifications like WIETA are less open to manipulation by powerful external actors, they are still embedded in political economies and power relations (DuPuis and Goodman, 2005). Other actors within the wine industry, particularly large farmers, estates and cellar owners, can stymie efforts at change. Some observers (particularly within labour unions) have also suggested that schemes such as FHA have been established to undermine more transformative schemes like WIETA, and to give the impression of change whilst maintaining the status quo. In addition, by externalising functions such as social and environmental sustainability, powerful retailers are able to pass on responsibility and costs to producers while outsourcing 'trouble-solving'; 'Northern consumers and corporations rarely foot the bill' (Ponte, 2006: 48).

The radical potential of some social and environmental certification schemes in the wine industry is threatened by expansion of the gap between elite, ethical discourses and the lived, moral experience of workers. In the South African wine industry, alternative trade initiatives do not appear to be closing this gap. Multiple codes, standards and certifications have yet to deliver material improvement in the lives and conditions of work for most farm workers. Casualisation and use of labour brokers has, in fact, worsened conditions of labour on many farms (Bek *et al.* 2007). The implications of this are that while more research is required to understand the evolving complexities of certification in the wine industry, more is also needed to investigate the lived experiences of farm workers within these regulatory contexts. In particular, there is a need to understand farm workers' own perceptions of the changing nature of labour relations, of their role (potential or actual) in certification regimes, and their own ethical understandings of social and environmental sustainability.

References:

- Barrientos S, Kritzinger A, Opondo M and Smith S. (2005) Gender, work and vulnerability in African horticulture. *IDS Bulletin*, 38, 2, 2005, 74-9.
- Bek D, McEwan C and Bek, K. (2007) Ethical trading and socio-economic transformation: critical reflections on the South African wine industry. *Environment and Planning A*, 39, 301-19.
- Blowfield, M. (1999) Ethical trade: a review of developments and issues. *Third World Quarterly* 20, 4, 753-70.
- Boltansky, L. and Thévenot, L. (1991) *De la Justification. Les économies de la grandeur*. Nrf essays, Gallimard.
- Browne, A.W., Harris, P.J.C, Hofny-Collins A.H., Pasiecznik N., and Wallace, R.R. (2000) Organic production and ethical trade: definition, practice and links. *Food Policy* 25, 69-89.
- Brown M, du Toit A and Jacobs L, (2003) Behind the Label: A workers' audit of the working and living conditions on selected wine farms in the Western Cape. Labour Research Service, Women on Farms Project and the Programme for Land and Agrarian Studies, University of the Western Cape.
- Dovey, C. (2003) Land, lives and labels: empowerment projects on South African wine farms. Unpublished thesis, Visual and Environmental Studies/Anthropology, Harvard University.
- DuPuis, M. and Goodman, D. (2005) Should we go 'home' to eat? Toward a reflexive politics of localism. *Journal of Rural Studies* 21, 3, 359-71.
- Environmental Monitoring Group (EMG) (2005) *A Beginner's Guide to Alternative Trade*

and Trade in South Africa. EMG, Cape Town.

Freidberg, S. (2003a) Culture, conventions and colonial constructs of rurality in north-south horticultural trades. *Journal of Rural Studies* 19, 1, 97-109.

Freidberg, S. (2003b) Cleaning up down South: supermarkets, ethical trade and African horticulture. *Social and Cultural Geography* 4, 1, 27-43.

Freidberg, S. (2004) The ethical complex of corporate food power. *Environment and Planning D: Society and Space* 22, 513-31.

Fridell, M., Hudson, I. and Hudson, M. (2008) With friends like these: the corporate response to Fair Trade coffee. *Review of Radical Political Economics* 40, 8, 8-34.

Gereffi, G. (1994) The organization of buyer-driven global commodity chains: how US retailers shape overseas production networks. In *Commodity Chains and Global Capitalism*, pp. 95-122, Gereffi, G. and Korzeniewicz, M. (eds). Westport, CT: Greenwood Press.

Gibbon, P. and Ponte, S. (2005) *Trading Down: Africa, Value Chains and the Global Economy* Philadelphia: Temple University Press.

Giovannucci, D. and Ponte, S. (2005) Standards as a new form of social contract? Sustainability initiatives in the coffee industry. *Food Policy* 30, 284–301.

Gómez Tovar, L., Martín, L., Gómez Cruz, M.A. and Mutersbaugh, T. (2005) Certified organic agriculture in Mexico: market connections and certification practices in large and small producers. *Journal of Rural Studies* 21, 461–474.

González, A.A. and Nigh, R. (2005) Smallholder participation and certification of organic farm products in Mexico. *Journal of Rural Studies* 21, 449–460.

- Higgins, V. Dibden, J. and Cocklin, C. (2008) Building alternative agri-food networks: certification, embeddedness and agri-environmental governance. *Journal of Rural Studies* 24, 1, 15-27.
- Hughes, A. (2001) Global commodity networks, ethical trade and governmentality: organising business responsibility in the Kenyan cut flower industry. *Transactions of the Institute of British Geographers* 26, 4, 390-406.
- Jones, I., Pollit, M. and Bek, D. (2007) *Multinationals in their Communities: A Social Capital Approach to Corporate Citizenship Projects*. London, Palgrave.
- Kleinman, A. (1999) Experience and its moral codes: culture, human conditions and disorder. In *The Tanner Lectures on Human Values*, 20, 357-420, Peterson, G.B. (ed). Salt Lake City: University of Utah Press.
- Klooster, D. (2005) Environmental certification of forests: the evolution of environmental governance in a commodity network. *Journal of Rural Studies* 21, 403-17.
- Kruger, S. and du Toit, A. (2007) Reconstructing fairness: Fair Trade conventions and worker empowerment in South African horticulture. In *Fair Trade: The Challenges of Transforming Globalization*, Raynolds, L.T., Murray, D. and Wilkinson, J. (eds). London and New York: Routledge.
- Kruger, S., du Toit, A. and Ponte S. (2006) De-racialising exploitation: 'Black Economic Empowerment' in the South African wine sector. DIIS Working Paper 2006/34, Copenhagen: Danish Institute for International Studies.
- Langton, P. Grape expectations. *The Guardian* [online], April 26. Available: <http://www.guardian.co.uk/g2/story/0,,2065510,00.html>
- Lewis, S. (2000) Sanitising South Africa. *Soundings*, 16, 44-55.

- McEwan C and Bek D (2006) (Re)Politicising empowerment: lessons from the South Africa wine industry. *Geoforum*, 37, 7, 1021-1034.
- Momsen, J.H. (2007) Gender and biodiversity: a new approach to linking environment and development. *Geography Compass* 1, 2, 149-62.
- Moore, G., Gibbon, J. and Slack, R. (2006) The mainstreaming of Fair Trade: a macromarketing perspective. *Journal of Strategic Marketing* 14, 4, 329-52.
- Mutersbaugh, T. (2005) Just-in-space: certified rural products, labor of quality, and regulatory spaces. *Journal of Rural Studies* 21, 389–402.
- Mutersbaugh T., Klooster D., Renard M-C., and Taylor, P. (2005) Certifying rural spaces: quality-certified products and rural governance. *Journal of Rural Studies* 21, 381–388.
- Nelson, V., Ewert, J. and Martin, A. (2002) Assessing the impact of codes of practice in the South African wine industry and Kenyan cut flower industry. Phase 1 report, DFID: Natural Resources and Ethical Trade Programme.
- Nelson, V., Martin, A. and Ewert, J. (2005) What difference can they make? Assessing the social impact of corporate codes of practice. *Development in Practice* 15, 3/4, 539-45
- Ponte, S. (2006) Ecolabels and fish trade: Marine Stewardship Council (MSC) certification and the South African hake industry. Tralac Research Paper, Stellenbosch, Trade Law Centre for Southern Africa.
- Ponte, S. (2007) Governance in the value chain for South African wine. Tralac Working Paper No. 9 [Online]. Available: www.tralac.org.
- Ponte, S. and Ewert, J. (2007) South African Wine – An Industry in Ferment. Tralac Working Paper No. 8 [Online]. Available: www.tralac.org.

- Ponte, S. and Gibbon, P. (2005) Quality standards, conventions and the governance of global value chains. *Economy and Society* 34, 1, 1-31.
- Raynolds, L.T. (2004) The globalization of organic agro-food networks. *World Development* 32, 5, 725-43.
- Raynolds, L.T., Murray, D. and Heller, A. (2007) Regulating Sustainability in the Coffee Sector: A Comparative Analysis of Third-Party Environmental and Social Certification Initiatives. *Agriculture and Human Values* 24, 2, 147-163.
- Renard, M.-C. (1999) The interstices of globalisation: the example of fair coffee. *Sociologia Ruralis* 39, 4, 484-500.
- Renard, M.-C. (2003) Fair trade: quality, market and conventions. *Journal of Rural Studies* 19, 87-96.
- Renard, M.-C. (2005) Quality certification, regulation and power in fair trade. *Journal of Rural Studies* 21, 419-31.
- Robinson, J. (2006) (ed) *The Oxford Companion to Wine*, Third Edition. Oxford University Press.
- RUDNET (2005) Farm Health Award findings and interpretations 2005. Available at <http://www.rudnet.org.za>.
- Sadler, D. (2004) Anti-corporate campaigning and corporate 'social' responsibility: towards alternative spaces of citizenship? *Antipode* 36, 5, 851-70.
- SAWIS (South Africa Wine Industry Information and Systems) (2006) *South African Wine Industry Statistics 2006*, Paarl, SAWIS.
- Smith, S. and Barrientos, S. (2005) Fair trade and ethical trade: are there moves towards convergence? *Sustainable Development* 13, 190-8.

Tallontire A, Dolan C, Smith S and Barrientos S, (2005) Reaching the marginalised? Gender value chains and ethical trade in African horticulture. *Development in Practice*, 15, 559-571.

Taylor, P.L. (2005) In the market but not of it: fair trade coffee and Forest Stewardship Council certification as market-based social change. *World Development* 33, 1, 129-47.

Thévenot, L. (1992) Des marches aux norms. In: Allaire, G. and Boyer, R. (eds), *Régulation et conventions dans lagriculture et l'agro-alimentaire*, INRA Economica.

Townsend, J.G., Townsend, A.R. (2004) Accountability, motivation and practice: NGOs North and South. *Social & Cultural Geography* 5, 2, 271-284.

Watts, M. and Goodman, M. (1997) Agrarian questions: global appetite, local metabolism: nature, culture and industry in fin-de-siècle agro-food systems. In Goodman, D. and Watts, M. (eds) *Globalizing Food Agrarian Questions and Global Restructuring*. London, Routledge, pp. 1-34.

Wijeratna, A. (2005) Rotten fruit: Tesco profits as women workers pay a high price. ActionAid, http://actionaid.org.uk/doc_lib/14_1_rotten_fruit.pdf, accessed 10/01/08

Wine Industry Council (WIC), *The Wine Industry Transformation Charter*. Stellenbosch, Wine Industry Council, 2007.

Williams, G. (2005) Black economic empowerment in the South African wine industry. *Journal of Agrarian Change* 5, 4, 476-504.

WOSA (Wines of South Africa) (2005) *The wines of South Africa: variety is in our nature*. Stellenbosch, WOSA.

¹ The ‘dop’ system was payment in kind (poor quality wine) in lieu of wages. Outlawed in 1961, the practice endured into the 1990s; crude sweet wine continues to be cheaply available on wine farms (http://wine.wosa.co.za/uk/page_detail.aspx?PAGEID=130).

² The Geneva-based NGO International Organisation for Standardisation comprises 157 member countries and sets standards on a range of products and services (<http://www.iso.org/iso/about.htm>). HACCP is the main platform for international legislation and good manufacturing practices for all sectors of the food industry. It forms a key component of many certified compliance standards. It is a risk management tool that identifies hazards affecting food safety and establishes control limits at critical points during the production process (<http://www.bsi-global.com/en/Assessment-and-certification-services/management-systems/Standards-and-Schemes/HACCP/>).

³ Research was conducted between April and September, supported by a British Academy research grant (SG-43017). Most South African wine production is located in Western Cape province.

⁴ In January 2009, WIETA was renamed Agricultural Ethical Trade Initiative (AETI(SA)) to reflect this broader remit and now has a new CEO (Anthea Flink, pers. comm.. 30/01/09).

⁵ Some informants represent more than one stakeholder group.

⁶ Access to farm workers is extremely difficult and often impossible because of restrictions imposed by farmers and increasing use of seasonal and temporary workers. When access is gained, workers are often reluctant to voice their opinions because of concerns about job security. Therefore, while it was desirable to interview workers formally, the research was limited to formal interviews with union representatives and

off-farm informal interviews with labourers. Due to the politically and commercially sensitive nature of much of the information the identity of all sources is protected.

⁷ See <http://www.ipw.co.za/>. For farms, these include conservation, soil and terrain, cultivars, vineyard layout, cultivation practices, nutrition, irrigation, crop management, integrated pest management, handling of chemicals and record-keeping. For cellars, these include energy use and carbon emissions, maintaining equipment, SO₂ levels, additives, fermentation, cooling, waste water management, disinfectants, management of solid waste, noise and air pollution, packaging materials and bottling facilities.

⁸ *Terroir* describes the unique aspects of a place (climate, soil type, topography) that influence the quality of wine made from it. The concept underpins the French *Appellation d'origine contrôlée* (AOC) system. Despite debate about its definition – especially whether any human interference negates *terroir* and thus lessens the distinctions between Old World wines and the modern techniques of New World wines – and controversy over its level of influence in gauging quality (Robinson, 2006: 693-95), the AOC system is a model for international appellation and wine laws.

⁹ See <http://www.bwi.co.za>.

¹⁰ Figures are accurate at the time of writing, based on WIETA statistics (www.WIETA.org.za/qa.html).

¹¹ Lesley Fillis, RUDNET CEO, quoted in a WOSA report, (http://www.wosa.co.za/sa/news_article.php?id=771)

¹² The 2003 Act contains the following definitions: “black people” is a generic term which means Africans, Coloureds and Indians; “broad-based black economic empowerment” means the economic empowerment of all black people including women,

workers, youth, people with disabilities and people living in rural areas through diverse but integrated socio-economic strategies that include, but are not limited to, (a) increasing the number of black people that manage, own and control enterprises and productive assets; (b) facilitating ownership and management of enterprises and productive assets by communities, workers, cooperatives and other collective enterprises; (c) human resource and skills development; (d) achieving equitable representation in all occupational categories and levels in the workforce; (e) preferential procurement; and (f) investment in enterprises that are owned or managed by black people’.