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Deracializing Exploitation? 'Black Economic Empowerment' in the South African Wine Industry

ANDRIES DU TOIT, SANDRA KRUGER AND STEFANO PONTE

This paper considers the discourse and practice of 'Black Economic Empowerment' (BEE) in the South African wine industry. It argues that far from representing a decisive break with an inequitable past, BEE allows the industry to avoid potentially more uncomfortable options to redress current and past race-based imbalances – such as land redistribution, import boycotts, and better working conditions for grape pickers. An essentialist racial discourse, pivoting on ahistorical and dislocated notions of 'blackness,' has been used to displace the transformation agenda away from addressing the conditions faced by workers, to an ameliorism that allows a small cohort of black entrepreneurs to become the preferred beneficiaries of 'transformation' in the wine industry. The new terrain is characterized by branding, advertising, and image building on the one side; and by codes of conduct, a sectoral BEE charter, scorecards, and auditing on the other. These allow

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the standardization, legitimation and ostensible deracialization of exploitative labour and social relations in the wine industry.

Keywords: agro-food regulation, wine, Black Economic Empowerment, South Africa

INTRODUCTION

In November 2003, the South African press reported that the South African wine industry was at last entering 'the new South Africa'. The industry had long been a byword for white power and black exploitation, notorious for its grim working conditions, poor wages, degrading institutions like the *tot* system,[1] and authoritarian, racist white farmers. Now the South African Wine and Brandy Company (SAWB) – a body created by the Kooperatiewe Wijnmakers Vereniging (KWV), historically the conservative bastion of Afrikaner power in the industry – held a consultative conference on 'Black Empowerment' in the wine industry. In contrast to the past, when talk of change was the prerogative of white male industry insiders, a wide range of 'stakeholders' was invited, and the conference itself was dominated by new black faces and voices.[2] A Wine Industry Plan was presented, in which 'Black Empowerment' figured as a central element. The then Director General of Agriculture was present to welcome the plan and laud the new direction. It seemed that the leadership of an industry until then intimately entangled with racial oppression was about to break from the past.

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[1] The 'tot' (Afrikaans: *dop*) system refers to the practice of giving alcohol to workers as part payment; it was abolished in law in the 1960s, but survives until now on many farms.

[2] In South Africa, racial discourse commonly distinguishes between 'white', 'African' and 'coloured', the last a residual category referring to a creolized *cultural* (*not* 'mixed-race') grouping made up mostly of those descended from slaves, Khoi-san and other groupings. 'Black' is a broader term referring to all those excluded by the practices and discourses of racism and white supremacy.

In this article, we argue that, far from representing a decisive break with the past, 'Black Economic Empowerment' (BEE) in the wine industry is in important ways deeply continuous with it. We argue that the South African wine industry has for the most part reacted to pressures for equitable change by trying to contain or sideline them, and that recent shifts, for all their appearance of a radical departure, represent a continuation of this strategy. In particular, we argue that the adoption of a discourse of BEE has allowed an ideological sleight of hand by which the terms and conditions of debates about change in the industry have been placed on a conservative terrain.

The ways in which the racial terminology of BEE has been (mis)used has allowed the mostly white Afrikaner industry to form alliances with key black members of the South African urban elite to appropriate aspects of ostensibly transformative discourses to contain and capture the transformation agenda, and to marginalize issues that would address the fundamental structural relations of power that are at the root of black farm workers' poverty and marginalization. In a twist of irony, this is happening at the same time as Wines of South Africa (WOSA), the institution in charge of generic promotion of South African wine abroad, has embarked in a new marketing initiative based on the image of the Cape Peninsula as a biodiversity hot-spot. 'Diversity is in our nature', says the main slogan of this campaign, sitting rather uncomfortably with two facts: first, that the industry is not diverse in its human nature, especially at the managerial and ownership levels; and second, that grape growing is a mono-crop cultivation that destroys rather than enhances biodiversity.

None of this can be said without marking the space from which the authors themselves speak. It can be expected that questions will be raised about the agendas and (conscious and unconscious) motives of three *white* authors raising critical questions about a process as contentious and contested as BEE. Clearly, our perspectives are shaped by the fact that social judgment and the production of social knowledge is in South Africa a thoroughly 'raced' business: there is no space outside the contested terrain of transformation in South Africa where a 'neutral' and completely dispassionate judgment is possible. At the same time, this article is written from a standpoint that although all of us are racially-situated, affected by – and intervening in – the politics *of* race, race by itself does not constitute and cannot replace politics; nor should an essentialist discourse of identity replace critical debate and reflection. This article is written from a commitment to an anti-essentialist and democratic politics that critically interrogates the practices and discourses of transformation in the context of the history of political struggle to which these discourses appeal for their legitimacy.

The wine industry is an important contributor to the economy of the Western Cape. Even more important than its direct economic impact on employment and foreign exchange earnings is the unique position of wine and wine tourism in generating images of South Africa abroad. Other than tourism, available to only a few, and fresh fruit, often an anonymous product lacking an identity of place, South African wine is probably one of the few ways in which consumers of the wealthy North encounter South Africa. In the context of the charged history of *apartheid* and the international struggle against it – a struggle in which the call to boycott South African products played a key part – 'Black Economic Empowerment' (BEE) can potentially reposition South Africa in the Northern 'consumer imaginary', and is part and parcel of the creation and recreation of marketing images. One would thus expect both a careful rendition of 'diversity' by the wine industry and a related interest by scholars in examining the BEE process. It is therefore surprising that the current dynamics of the South African wine industry are the subject of a relatively limited literature. Much of this has been generated by sociologists (and some geographers) examining how the restructuring of the wine and fruit industries (deregulation of marketing and regulation of labour) has impacted on labour practices at the farm level (du Toit and Ewert 2002; Ewert and du Toit 2005; Ewert and Hamman 1999; Kritzinger *et al.* 2004). A sub-component of this literature explicitly concerns the impact of ethical trade initiatives and other 'empowerment' processes on both the conditions of labour on farms and the space for manoeuvre for more radical policy options (du Toit 2002; McEwan and Bek 2006; Bek, McEwan and Bek 2007). Only one contribution, in this *Journal*, has examined 'Black

Economic Empowerment' in the wine industry in any detail through a case study of KWV (Williams 2005).

Some of the authors cited argue that processes of 'empowerment' (through farmer equity schemes) and of ethical sourcing (through the Wine Industry Ethical Trade Initiative or WIETA) are unlikely to address the plight of farm workers in the Western Cape (du Toit 2002; McEwan and Bek 2006). Indeed, they claim that such initiatives provide tools of depoliticization, allowing the industry to avoid more radical solutions in land reform and economic policy-making more generally (McEwan and Bek 2006).[3] McEwan and Bek (2006) highlight how ethical labour practices (and sourcing) and worker equity projects may represent further readjustments of the neo-paternalist order, as self-serving charitable projects that have limited actual mentoring and training effects, and that provide a 'halo' effect to their promoters. They also argue that 'empowerment' in this context is based on a new notion of citizenship, in which previously-disadvantaged individuals are '"trained" to see themselves as stakeholders with choice and voice' (2006, 1031). This discourse may lead to symbolic inclusion while relying on processes of material exclusion that appear to be depoliticized and 'divorced from the structures of oppression' (Ibid.). As du Toit and Ewert (2002, 87) argue, new corporate ideologies of consumption and governance operate through metanarratives and discourses of 'stakeholders', 'empowerment', 'excellence', 'clients', 'rights' and 'entitlements'. They result in the incorporation of 'ethical and moral project into modes of operations and strategizing that privilege technical judgement' (Ibid.).

In an earlier article in this *Journal*, du Toit (2002) argued more generally that the 'technologies of ethics' embedded in codes of conduct normalize and regularize power relations between North and South, and fail to address the structural conditions that underpin exploitation on farms. In other words, 'technologies

[3] Interestingly, in a more recent contribution, Bek, McEwan and Bek (2007) paint a more optimistic picture of WIETA and grassroots initiatives, highlighting the potential they bring to promote further transformation in the South African wine industry.

of ethics' construct worker welfare as a problem of the supplier, not of the 'normal conduct' of business in agro-food value chains (du Toit 2002, 369-70). These technologies comprise bodies of knowledge, organizational and institutional forms, conceptual strategies, recording systems and socio-technical know-how that are 'specific in their application, but which can be borrowed, stolen or adapted for use from context to context' (Du Toit 2002, 366). These technologies result in an 'ethics effect' for retailers: a heightened credibility and defensibility in retailers' home market and an increased ability to deflect questions about the politics and power relations involved in the production of fruit and wine. Yet this effect derives not from the actual impact of retailer codes on working conditions, but from the mere fact of participation by retailers in consultations about codes (du Toit 2002; for similar observations in different industries and contexts see Klooster 2005; Ponte 2007).

In this article, we take these observations one step further in two ways: (1) empirically, by examining BEE as part of a portfolio of more general 'technologies of ethics'; and (2) conceptually, by examining the political processes whereby ideological agendas for coding are created, and by explaining how marketing and codification technologies – branding, advertising, image building on one side, codes of conduct, a sectoral BEE charter, scorecards, and auditing on the other – shift restructuring from a political to a managerial terrain. We argue that this eventually allows a (cosmetic) deracialization of labour and social relations in the wine industry that leaves intact the basis of exploitation.

In the next section, we outline briefly the development of the South African wine industry in its historical contexts of colonial settlement, slavery and *apartheid*. This is followed by a detailed discussion of the political economy of transformation in the wine industry today, and of how the BEE process has been shaped by the different agendas of the 'established' white industry, black business, unions, government, and NGOs representing (or claiming to represent) black workers. The following section examines examples of different land reform and empowerment models to show how the focus of restructuring has shifted away from workers' rights and relations of power in the 'workspace' to a concern with 'black empowerment'. In the final section, we assess 'transformation' to date, examine the implications of its standardization and de-politicization, and highlight the possibilities and limitations that BEE offers for social and economic change in the South African wine industry.

HISTORICAL BACKGROUND

Much has been written on the history of the South African wine industry and its key institutions. A few key points bear re-emphasis here. Firstly, and most centrally, the history of the South African wine industry is intricately linked with the social history of slavery, and the world the slaves and slave-owners made (Ross 1983; Watson 1990; Crais 1992; Rayner 1986). Above all, slavery thoroughly shaped the habits and expectations of the tiny, tightly-integrated white elite that owned most of the farms of the Western Cape – an elite bound closely together by ties of family, intermarriage, political affiliation and culture, and whose identity was closely tied to their notions of themselves as farmers and owners of land. Landownership was imbricated in a racialized and authoritarian discourse of mastery which linked blackness and servility, and which reduced black people to the status of minor children (du Toit 1993; 1998). This was entrenched on wine farms in a myriad of institutions that worked to ensure the powerlessness, subjection and dependency of slaves and, after the abolition of slavery, of farm servants. The underpinnings of white mastery existed not only on farms. White power was embodied in the structures of local government and in economic and social institutions, exercised and reproduced through membership and control of local cellars, producer co-operatives, the boards of credit institutions and banks, schools, estate agencies and other circuits of white rural civil society. So deep were the linkages between political, economic and cultural power that, for more than 150 years after the end of slavery, this white landed elite continued comfortably to perceive both the wine industry and the farmed and settled landscape that was its setting as its special property – an economic and geographical domain over which others had little say.

One important legacy was the development of an elaborate regulatory system in the wine industry, dominated by the Kooperatiewe Wijnmakers Vereniging (KWV). Besides using planting quotas, mechanisms for surplus removal, floor prices, a complex 'pool system' and other instruments to protect growers from price pressures and the vagaries of the market, the KWV was also a powerful and conservative political voice, closely connected to the structures of National Party and Afrikaner power. A second legacy was the perpetuation of the paternalistic, authoritarian and racialized labour regime inherited from slavery, which saw black workers as minors subject to the sovereign authority and protection of white masters, and denied them any but the most limited rights.

This is a familiar story, but one central point perhaps deserves particular emphasis. The authoritarian and deeply racialized nature of this labour regime has often prompted commentators to depict its survival as an atavism, as the persistence of essentially pre-capitalist social and labour relations essentially ill-suited to modern capitalism. As one of the authors has elsewhere pointed out, this is a misunderstanding (du Toit 1993; 1998). Although the present-day institutions of farm paternalism hark back to the time of slavery, there is nothing about them that is essentially incompatible with modernization and capitalist development. Neither, in turn, is the figure of the 'enlightened' farmer very much of a break with this past. The notion that farmers needed to be benevolent, and that they had to rescue their workers from the bad habits they acquired as slaves, is perhaps as old as slavery itself.

There are many examples in the history of twentieth-century farm paternalism of reformist or 'enlightened' innovators: perhaps the most important of these is the development in the 1980s of the Rural Foundation, which imported Taylorist practices and management discourse to the farms and enjoined farmers to invest in the 'development' of their workers. Though this did mark a significant shift in management practices, these innovations never jettisoned the central racial and political tenets of farm paternalism. A fundamental aspect of the innovations of the Rural Foundation, after all, was fear of the spectre of rural trade unionism (Mayson 1990). Above all, these 'developmental' initiatives still essentially cast workers as 'minors', childlike subjects essentially unable to act independently, as members of an *agtergeblewene gemeenskap* (a left-behind community) that needed to be 'lifted up' by their betters. The endemic alcoholism created by centuries of the *tot* system became, in this discourse, an important referent. The political and social powerlessness effected by the institutionalization of white power in the discourses of management and local government could now be medicalized and pathologized: farm workers were the victims, not of white power, but of the *bottle*. The legacy of the past was held to be visible, not in the cultural legacy of a creolized identity that had to survive in the shadows and deploying the weapons of the weak, but in a suddenly-urgent new medical problem – foetal alcohol syndrome. This representation of coloured farm workers – that their essential problem was *drunkenness* – was of course heavily indebted to the notion of *die heppie hotnot (*'the merry Hottentot') identified by Jakes Gerwel (1988) as a key motif of coloured identity in his analysis of racism in Afrikaans literature (Gerwel 1988). Thus the discourses of development segued seamlessly from the legitimization of slavery, and continued drawing powerfully on the ideological vocabulary of racism for their persuasive hold.

The end of *apartheid* brought major changes in the wine industry – such as the opening of the export market, the adoption of new methods and technologies, more attention to marketing, more demand-driven product design – but is also characterized by important continuities, especially in labour relations. According to Ewert and Hamman (1999), by 1997 farmers had already adopted new technologies as a result of industry deregulation and the opening of the export market, but labour practices remained unchanged. They also found that employment had grown in wine farms, due to major new plantings in the 1990s) with no apparent decrease in the size of the permanent labour force, despite new labour legislation. Wine farms were said to be still stuck in a low productivity and low wage model, with no formal employment contracts, no middle management (except in larger farms), and very low levels of unionization. However, the first signs of labour restructuring had emerged in some farms, where owners reduced their permanent workforce, adopted technologies that minimized the need for permanent workers, and were restricting job security on farms by hiring younger workers (Ewert and Hamman 1999).

These practices were to become the norm of labour management in wine farms in just a few years of market restructuring which, Ewert and du Toit (2005) have argued, has created a 'double divide' in the industry: between 'winners' and 'losers' among cellars and farmers, depending on how they were positioned to take advtange of export opportunities, and between permanent workers and casual or outsourced labourers. The movement towards the minimization of a permanent labour force and the casualization of unskilled and low-skilled labour is part of a wider process in the Western Cape and elsewhere in South Africa, especially in labour-intensive branches of farming (du Toit and Ewert 2002; Kritzinger et al. 2004; Mather and Greensberg 2003). Casual workers are excluded from the basic entitlements that permanent workers have gained. Despite reporting wages that may not be lower than those of permanent workers, casual workers face greater employment insecurity (Kritzinger et al. 2004).

'Black Economic Empowerment' (BEE) could be used as a political tool to address the plight of farm workers in the wine industry. This would entail appropriate representation of their interests in the BEE process, and the design of outcomes that seek to improve their situation. But, as we see below, this has not happened so far — and the increasing managerialization of the BEE process does not bode well for the future.

PRESSURES FOR CHANGE AND EARLY 'TRANSFORMATION' EFFORTS

New legislation and the South African Wine Industry Trust (SAWIT)

The political transition of the 1990s brought about important changes in the political and economic position of the white Afrikaner elite that had benefited from National Party patronage for so long. With the democratically-elected ANC government in power, labour and employment legislation was changed to comply with or exceed ILO provisions for basic human and social rights for workers.[4] The extension of the Labour Relations Act of 1995 and the freedom to organize of trade unions led to bursts of union activity in agriculture. Tenure reform and the extension of basic human, social and economic rights to farm workers resulted, *inter alia*, in an uneven process whereby white farm owners restructured paternalist labour regimes. This often involved increasing levels of casualization and externalization (out-sourcing of labour recruitment) to off-set increased wages and the direct and indirect costs of compliance. An increasing reliance on third party labour brokers effectively enabled many farmers to wash their hands of accountability for the conditions under which harvesting teams laboured, and ensured that significant portions of the labour force worked outside the realm of effective regulation. The industry is experiencing increased differentiation while large corporate, including international, companies are investing to try to establish high-value, big-volume production, and a diversity of brands to compete in changing international markets.

The promise of democratic transformation posed a serious challenge to the historic elite and its organizations, in particular KWV which had long controlled the wine industry, and seemed to hold out significant promise to black workers. In order to protect the economic assets it had built up since 1924, and to pre-empt transformation, the KWV tried to use amendments to the Cooperative Act in 1993 to convert to a private company outside direct government control.[5] In 1997, the chairman of KWV Lourens Jonker announced that the KWV would apply to the Supreme Court to convert to a public company. Derek Hanekom, Minister of Agriculture and Land Affairs, challenged this on the grounds that the assets accumulated by KWV under *apartheid* statutory regulation of the wine industry should be considered as

[4] Among these are the Basic Conditions of Employment Act, 1998; the Occupational Health and Safety Act, 1993; the Compensation for Occupational Injuries and Diseases Act, 1993; the Labour Relations Act 66 of 1995; and the Skills Development Act of 1999, and the Extension of Security of Tenure Act of 1997 (Ewert and du Toit 2005).

[5] For parallel manoeuvres in the (very different) maize industry, see Bernstein (1996).

public property and benefit the entire industry (*Cape Business News*, Archive September 1997).[6] The dispute was settled out of court in September 1997, with the agreement that the KWV would fund an industry trust to provide services to the industry as a whole and to support its transformation.

In February 1999, the South African Wine Industry Trust (SAWIT) was established and a board of trustees appointed by the Minister of Agriculture and Land Affairs and by KWV. The Trust was to act mainly as the custodian of funds paid into it by KWV. Its functions were separated into two Section 21 (not for profit) companies, called respectively Busco (apparently simply a shorthand for 'Wine Industry Business Support Company') and Devco ('Wine Industry Development Company'). The objective of Busco was to support research, development and competitiveness in the industry; it was allocated 54.56 percent of SAWIT's funds. Busco funds were used to finance Winetech, the research institution to support human resource development and technology transfer; the South African Wine industry Information System (SAWIS); and Wines of South Africa (WOSA),[7] a generic marketing organization. Busco funds were also used to fund the provision of services previously provided by KWV. The objective of Devco was, in equal measure, the development and support of new entrants to the industry, and the support and upliftment of farm workers and their communities, with part of its budget also committed to the marketing of wine products and access to related extension services. By 2001 Devco had only a limited number of successful projects in its books, and was significantly underspending on its budget. Funds spent were allocated mainly to education, the development of training material, literacy programmes and health programmes (*Wineland,* January 2001).

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[6] See <http://www.cbn.co.za/archive/97-sep/cbnkwv.htm> [accessed 29 April 2006].

[7] The South African Wines & Spirits Exporters Association (SAWSEA) established in 1990 was renamed Wines of South Africa (WOSA) in 2000 with the main objective of generic marketing of Brand South Africa in export markets. With the establishment of SAWIC (South African Wine Industry Council) in 2006, WOSA also took over promotion efforts in domestic markets and wine tourism as well.

Devco's agenda was familiar : 'uplifting' members of the 'left behind' community, and educating farm workers about 'responsible alcohol usage'. Uncritically taking over the racialized paternalist discourses that reduced farm worker development to the task of weaning workers from the bottle, Devco at one point reportedly considered funding research that would trace whether farm workers had a genetic predisposition to foetal alcohol syndrome. Farm worker upliftment had been collapsed into the benevolent conservativism pioneered by the Rural Foundation, and without even its commitment to an organized on-farm presence. An ambitious proposal to involve NGOs in a baseline study of farm workers' living conditions came to naught, with little explanation of why it was abandoned. Little was done to support new entrants into the industry in comparison to the support provided to established industry through Busco. Most notably, there was no comprehensive post-transfer support to the beneficiaries of the land reform projects started in the wine industry through the Department of Land Affairs' land reform program. By 2003 Devco had only spent 21 percent of its budget allocation (Williams 2005).

In other words, Devco fell well short of its mission to act decisively in the interests of farm workers. The Chairperson of SAWIT at the time, wine industry expert and writer Michael Fridjhon, argued that '[a]t the heart of Devco's delays has been the problem of structures for funding – unlike the Busco funds. Devco's funds cannot easily be handed over to established bodies for administration – since none exist and since the Trust Deed specifically prohibits the trustees from creating infrastructure' (*Wineland*, January 2001). It should also be noted that the lack of Devco spending had some important consequences. In the first place it ensured business as usual in the wine industry. Secondly, it meant that there was a 'honey pot' of unspent money (Williams 2005) – a fact that, as we explain below, was to become very convenient later on.

Vision 2020 and the establishment of the South African Wine and Brandy Company (SAWB)

Meanwhile, the industry needed a strategic vision. This task was taken up by Winetech in 1999 in a document entitled *Vision 2020* which laid down a process of research and consultation for building an ‘innovation driven, market directed, globally competitive and highly profitable industry’. In a sense, the main function of Vision 2020 was political. While it announced the end of the ‘productionist’ era (of guaranteed sales and protected prices) and insisted on the need for the industry to become more market-driven, it did not offer much guidance on how to achieve this. But while Vision 2020 was devoid of useful and concrete strategies for the industry to adapt and survive, it played a key *ideological* role: in essence, it served notice on wine farmers that they were on their own. It attempted to establish and legitimize the framework in terms of which changes in the industry had to be debated. These terms were technical and neo-liberal, and rigorously eschewed any real engagement with the burning *social* questions facing the industry. There was no mention of a change of ownership or redistribution of productive resources, nor any specific mention of ‘black’ or ‘empowerment’. However, a prerequisite for the implementation of Vision 2020 was an industry structure and leadership that represented all ‘stakeholders’.

In 1997, a company called ReInvest was started by a group of black professionals, entrepreneurs and businesses who had positioned themselves to invest in BEE and to transform ownership and management in the wine industry. Also positioning themselves as participants were two black KWV employees — Nosey Pieterse (industrial relations manager) and Vukile Mafilika (public relations manager). Pieterse and Mafilika, functionaries of the organization that had done most to protect conservative white interests in the industry, now moved rapidly to play key roles in the establishment in 1998 of a new organization, ‘the Black Association for the Wine and Spirits Industry’ (Bawsi). Initially, Bawsi consisted primarily of black entrepreneurs and professionals, whose explicit purpose was to portray themselves as the voice of black people, and specifically of black business in the wine industry. Bawsi, of course, could not make a credible bid for legitimacy had it not able to present itself as aligned with, and supportive of, the interests of black workers and communities. A key part of its claim to represent workers’ interests lay in its link with the *Plaaswerkersvereniging*, an independent organization that called itself a worker’s union. This was perhaps a shaky claim, given that the *Plaaswerkersvereniging* eschewed affiliation to COSATU

(Congress of South African Trade Unions), had as its general secretary a white person (Ockie Bosman, the original founder of the paternalist Rural Foundation), and did not recruit actual members – basing its claims to representativeness on a vague and apolitical discourse of rural authenticity. On the basis of its relationship with this phantom organization, Bawsi claimed commonality between black workers and professionals in a country hitherto dominated by a white elite. In this way it linked (rhetorically, at least) the objectives of transformation of *ownership* and *management* of the industry to the economic participation and empowerment of workers and communities.

Bawsi continued to canvass support from unions, NGOs and other community groups (including women, youth and people with disabilities) in the wine areas. In 2002, Rudnet was formed as the NGO arm of Bawsi. Rudnet consists of 49 NGOs that work with farm workers and communities in the Western Cape. Some of these NGOs regarded Bawsi with suspicion and saw it as a front for middle-class opportunists trying to buy their way into the wine industry. The leadership of Bawsi, particularly its president Nosey Pieterse, glossed over such differences and tensions. In a discursive slippage which seems to owe much to contemporary notions of blackness emanating from the USA (see, for example, Gilroy 1992) – rather than, for instance, the more politically aware and socially conscious articulations of *South African* black consciousness – 'blackness' functioned to create an essentialist and mystificatory discourse of race that serves to occlude, or minimise, class differences between owners/managers and workers. In this way, Bawsi could clothe itself in political authenticity and claim a legitimacy that hitherto had been imagined to pertain only to farm workers.

In the early 2000s, the transformation agenda in agriculture more generally was already starting to shift from an initial focus on land and labour reforms that would benefit farm workers, to 'black empowerment in all sectors of the agri-food sector'. 'Black empowerment' in turn, shifted attention from the harshly exploitative conditions of labour for black workers towards the colour of 'ownership'. Slowly, an ideological shift took place that shifted the key political claims for transformation in the wine industry away from workers to a much smaller group of potential owners and managers. The latter, by virtue of a dislocated 'blackness' generally and homogenously associated with historical and political suffering, could now present themselves as equally deserving. Opportunities had started to emerge for 'black' investment in the wine industry, not only in land and primary agriculture, but also in wine making, branding, marketing and distribution. Bawsi wanted to be part of this action. However, the issue of the formation of a representative wine industry structure to negotiate, direct and drive transformation remained unresolved.

Bawsi was thus a ready partner when in 2002 KWV and Distell moved to form the South African Wine and Brandy Company (SAWB) as the 'inclusive and representative' body of the industry. The rationale behind the chamber structure adopted was that various industry groups would enjoy equal 'representation' and 'equal ownership'. SAWB's four chambers represented producers, cellars, trade and labour.[8] Without any apparent contestation, Bawsi managed to claim that it represented labour, even though it was founded by Nosey Pieterse (hitherto part of KWV management) and others who lacked any accountability to workers on farms. The other chambers were drawn from established industry, in particular from representatives of Distell and KWV. In this way, the SAWB purportedly became the forum where both old and new economic and political interest groups could stake out claims in the transformation of the wine industry. In effect, institutional arrangements were changed so that things could remain the same.

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[8] Initially, producers and cellars were lumped together in one grouping, but the cellar grouping decided to appoint their own representatives and form the Wine Cellars of South Africa. Cellars had previously been represented in relation to producers by Vinpro, previously the name of KWV's service division (*Mail & Guardian*, 22 July 2003). The Wine Merchants Forum stepped in to represent wholesalers, and Bawsi appointed representatives along with the four relavant labour unions (*Wineland*, November 2001).

But this solution was inherently unstable. The discourse of BEE opened space for new demands which could not be met by old habits. From Bawsi's perspective, grape production and wine-making were still dominated by whites. Thus, the structure of SAWB was still 75 percent white (three of its four chambers) and 25 percent black (the remaining chamber). According to Bawsi, interest groups were divided along racial lines, with a larger slice of control still in the power of white interests which owned 99 percent of the assets of the wine industry.[9] The focus was now firmly fixed on the racial transformation of the industry, defined in terms of the ownership and control of farms, cellars and labels rather than challenging the racialized social power relations of labour..

'BROAD-BASED BEE' AND THE WINE INDUSTRY

The Wine Industry Plan (WIP)

The SAWB had adopted the task of articulating what transformation in the industry should be, but by 2003 had not embarked on any concrete projects towards its realization, and was inwardly focused on itself as the centre of industry governance. The Broad-Based BEE Act of 2003 interrupted this complacency with a new national objective and a framework or achieving it. It also provided a new language of 'empowerment' that could be used by a 'representative' stakeholder institution to formulate *the* transformation agenda in the wine industry.

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[9] SAWB was restructured in July 2006, when it became the South African Wine Industry Council (SAWIC). Johan van Rooyen maintained his position as CEO of the organization. In October 2006, Kader Asmal, a former ANC government minister, became its chairperson. SAWIC is structured in four business units: the already existing SAWIS, Winetech, WOSA (now working to promote domestic consumption and wine tourism as well as exports) and the newly-created Development and Transformation Unit that will take care, *inter alia*, of the Wine-BEE Charter. An Advisory Forum was also created, to provide SAWIC with advice on strategic issues. The Forum includes representatives from BAWSI, NAFU, VinPro, Wine Cellars of South Africa, SAWIT and the Rural Development Network.

In 2002, the Minister had appointed six new trustees of SAWIT, while the KWV-appointed trustees remained a 'tightly knit group' (Williams 2005). Michael Fridjhon was replaced by Gavin Pieterse, a Gauteng businessman and former President of the Black Management Forum.[10] Although he maintained a low profile in his first year as Chair, he started building relationship with key industry players within SAWB, particularly KWV, and with the Minister of Agriculture and Land Affairs, to whom he is accountable. He was at the helm of changing the structure of the Trust, of establishing an executive committee of five out of the eleven trustees, and of creating a 'more hands on, practical and flexible arrangement to ensure rapid decision-making' (Gavin Pieterse, quoted in *Wineland*, November 2003).

The Wine Industry Plan (WIP) was developed by the SAWB, with the support of SAWIT, to integrate the objectives of Vision 2020 and the Strategic Plan for Agriculture (NDA, 2001) which aimed at creating a 'harmonious, prosperous non-racial agricultural sector'. The WIP was presented to stakeholders in October 2003 at the Black Economic Empowerment Consultative Conference for the wine industry held at the Cape Town convention centre. Approximately 300 delegates were present at the conference, including representatives from SAWB, SAWIT, unions, Vinpro, government and NGOs. Cosatu's general secretary Tony Ehrenreich was apparently invited only at the last minute. The main objective of the conference was to 'consult' industry stakeholders on the wine industry BEE charter by presenting the WIP as a ready-made solution. The organizers of the conference, SAWB and SAWIT, claimed broad prior consultation, but the dynamics of the conference and the non-existent relationships between the broader groups of industry players made it clear that, contrary to the organizers' initial claims, a genuinely common vision for the industry did not (yet) exist. Although some aspects of the WIP were the subject of some discussion and feedback in small group sessions at the conference, there was no sense in which the 'consultative

[10] In 2006, Dr. Thandi Ndlovu replaced Gavin Pieterse as the chairperson of SAWIT. She has been a SAWIT trustee from 2002 and is a founder of the Motheo Group of Developers, Contractors and Project Managers, which focuses on developing affordable housing units.

conference' could be held to have developed any consensus around the WIP or to have given it a much needed legitimacy. Instead, SAWIT was asked to embark on a thorough process of consultation in order to develop a wine industry charter. A memorandum of understanding was signed by the new leadership – Max Maisela as chairperson of the SAWB and Gavin Pieterse as chairperson of SAWIT.

It was only in 2003 that BEE became central to the discourse on transformation in the wine industry. Previously, the emphasis had been on worker rights and land and agrarian reform on the one hand, and growth and competitiveness on the other hand. The BEE nomenclature was wholeheartedly adopted by both old and new wine industry players. Although access to land and land reform remained part of the debate, the focus had now shifted firmly towards BEE.

Fast-tracking BEE:cCorporate empowerment deals

The first corporate BEE deal in the wine industry took place in 2003, when Anglo American Farms (Amfarms) sold the Boschendal wine farm to a consortium of investors for R323m. The consortium was made up of Citation Holdings SA (a Luxembourg-registered company), local investors, and Kovacs Investments 608 (a broad-based empowerment group chaired by Chris Nissen), which acquired respectively 35, 35 and 30 per cent of shares. Boschendal has activities in wine, hospitality and tourism.

By 2004, the stage was set and the actors and alliances ready for a major BEE deal expected by both industry and government, irrespective of the ongoing agreement to develop the Wine BEE charter and the scorecard to define and target how this should be achieved. As Williams (2005: 490) observed,

> the quickest route to empowerment, and the one which is immediately rewarding, is to transfer a share in the ownership of companies to a few members of "historically disadvantaged communities". They may carry in their wake a broader constituency of worker- and community-based organizations. If the wine industry as a whole is to meet the

targets set by government for black share-ownership, its largest institutions need to secure their empowerment strategies. By the middle of 2003, the institutional conditions were in place to move towards a major black economic empowerment deal.

In early 2004, KWV announced an empowerment deal worth R207 million to sell a 25.1 percent share in KWV to Phetego, a black consortium including Bawsi, the KWV Employees Trust (KEET), the Epa Development Group, Kumnandi Liquor and Leisure investments, the National African Farmers Union and the SA Liquor traders association. Here, the appointment of the SAWIT trustees as the Directors of Devco was to play a crucial role, for the deal appeared to depend on a circular arrangement in which SAWIT used the unspent money originally entrusted to it for worker upliftment and the support of land reform to buy KWV shares. The arrangement was as elegant as it was ironic: KWV was effectively funding the acquisition of its own shares with the money it had been forced to transfer to SAWIT (Williams 2005).

Cosatu initially responded by demanding an enquiry into the deal. It argued that Gavin Pieterse and the SAWIT trustees, acting simultaneously as Devco directors, faced an unacceptable conflict of interests. It also argued that the arrangement contravened the trust deed: the trust had abused its mandate by benefiting a few ‘hand-picked individuals’ instead of workers and communities (*Sunday Times* 29 February 2004). FAWU (Food and Agricultural Workers Union) also raised concerns, claiming that the Bawsi president had acted in bad faith by ‘unilaterally’ appointing two union members and one middle management representative as trustees.[11] The Minister – who had appointed many of the trustees and

[11] Fawu filed a Section 77 notice of strike action with the National Economic Development and Labour Council, and also approached the master of the Cape High Court to investigate any allegations of improper conduct on the side of KWV management.

directors involved in the deal – approved the deal in July 2004, after KEET's shareholding had been increased to 27 percent.[12]

This was a big and symbolically important empowerment deal, a major turning point. In spite of the speciousness of the claims of key players to represent worker interests, no serious challenge was mounted. The deal made clear who the players and brokers in the industry are and set the tone for future empowerment deals. It also made clear what could be expected from the various stakeholder groups and how social and economic risks and opportunities could be contained. Finally, it clarified the limits of direct government intervention in the transformation of the wine industry.

Once the KWV deal was finalized there was a lot of subsequent repositioning once more within both SAWIT and the SAWB. The KWV trustees conveniently withdrew from the Trust, and the Minister appointed a new set of trustees.[12] The restructuring of SAWIT's company and the reformulation of its mandate, which had started during the funding of the KWV deal, was formalized. In addition to Busco and Devco, another SAWIT company was established called WIECO (Wine industry Empowerment Company).[13]

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[12] The final shares in the voting pool are as follows: the KWV Employee Empowerment Trust (with 456 members) has 27 percent; Bawsi (claiming to represent approximately 70,000 blacks from the wine and liquor industry) has 25 percent -- even though none of the workers they claim to represent are in fact unionized; EPA Development Group (Pty) Ltd (21 members) has 9 percent; NAFU (National African Farmers Union of South Africa) Western Cape branch (with 2,000 members) has 5.5 percent; Kumnandi Liquor & Leisure Investment (representing more than 1,000 tavern and *shebeen* owners) has 9 percent; . SALTA (South African Liquor and Taverners' Association), a national body representing small and medium firms in the liquor trade (with about 200,000 members) has 5.5 percent. A group of 14 individual investors controls the remaining 19 percent.

[12] These included Kadar Asmal, Nomaindia Mfekheto, the then Mayor of Cape Town, and Dr Thandi Ndlovu.

[13] See www.sawit.co.za

In 2005, a bitter debate ensued in the *Wineland* magazine (May 2005: 6) between Willie Williams, president of NAFU, and Nosey Pieterse, president of Bawsi. It started with a letter from Willie Williams headed 'Bawsi is not the black voice of the industry', and states that 'Bawsi's understanding of transformation is one of participation and not delivery. They are forcing themselves on to every board in the industry and are positioning their executive members for cushy jobs and contracts at every opportunity they get and without any or very little benefit to the masses they claim to represent.' Williams went further and suggested that 'exploitation comes in different shapes and forms and is no longer only the domain of the white man'. Pieterse pointed out in *Wineland* the following month that NAFU benefited from the Bawsi initiative through its 5 percent stake in Phetego Investment consortium, which owns 25 percent of KWV. Pieterse emphasized that Bawsi would continue to 'champion the rights of blacks in general and workers in particular' (*Wineland,* June 2005: 6).

While the leadership of Bawsi and NAFU were squabbling about who was the legitimate voice of black people in the industry, KWV was proposing to retrench 104 workers. Although workers through KEET had acquired a 6.7 percent stake in KWV, they were powerless to curb retrenchments. Cosatu again condemned the empowerment deal and KWV, stating that 'all that's happened is that you have this black interest in the shape of shareholders and black board members, but the culture and the direction of the company has not changed in any way' (*Business Report*, 1 August 2005). One year later, in July 2006, SAWIT made public its intention to revoke the R135 million loan to Phetego, due to a lack of organizational change and empowerment within KWV (*Farmer's Weekly*, 28 July 2006).

At the time of the KWV deal, Distell, the largest producer wholesaler in South Africa in which KWV has a 30 percent share, had been negotiating a BEE deal with a Johannesburg-based company owned by black women. Distell announced its BEE deal in September 2005 with big fanfare (including live video conferencing) and employed all the 'correct' BEE terminology: women's empowerment, disabled groups, workers, national scope, and 'broad based'. The BEE consortium (through the company WIP Beverages) acquired a 15 percent stake in Distell in a deal valued R869m.[14] Gavin Pieterse, aligning himself with the interests of Bawsi, expressed concern that 'a Gauteng empowerment group got the lion's share of the deal along with the workers to the exclusion of entrepreneurs in the Western Cape who had a deep understanding of the wine industry' (*Business Report,* 23 August 2005). Another concern was expressed regarding worker representation in the deal and whether these workers were eligible to benefit (both black and white workers of Distell were included).

The KWV and Distell deals have paved the way for industry 'empowerment', and provided other industry players with examples of how it can be done. Other cellars and companies are now embarking on BEE deals. One such proposal is being considered by Cape Coastal Vintners in the form of an equity share deal with a black investment company and the formation of a workers trust. Cape Coastal Vintners (CCV) is a joint venture between five large cellars: Riebeeck Kasteel, Boland Cellars, Wellington, Wamakersvallei and Bovlei. These proposals follow a 'Distell model', with the inclusion of strategic black investment partners and reserving equity for a relatively small group of workers.[15]

For some players the KWV and Distell deals mean that the level of BEE in the wine industry is close to industry target. For others, the big opportunities for change for the benefit of farm workers in the wine industry have passed. Other big players, such as Winecorp and Origin Wines, are more focused on aspects

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[14] WIP Beverages consists of three shareholding groups, namely: the Distell Employees Trust (45 percent) including all Distell employees regardless of race or position; WIPHOLD (40 percent) an investment company started by four black businesswomen; and a Corporate Social Investment (CSI) Trust (15 percent).

[15] Independently, Boland Cellars has also announced that it will sell a stake of its cellar and marketing equity to a black women's investment company. The announcement states that a stake will also be given to the workers in Boland Cellars and that farm-specific projects will be launched. Boland Basadi Investments will acquire a 26 percent stake in the marketing and service companies of Boland Cellars. 10 per cent of the shares will be allocated to a workers trust, of which the Boland Cellar workers will be the beneficiaries (www.bolandwines.co.za). Key figures in Boland Basadi Investments include Namane Magau, President of the Business Women's Association (BWA), and Thandi Ndlovo, a SAWIT Trustee.

that are more generally related to corporate social responsibility like skills development, social infrastructure, and 'ethical trading'. Winecorp, for example, played an important role in the establishment of the Vineyard Academy. Spier, Winecorps' flagship farm, was the first industry player to release a sustainability report, placing it at the cutting edge of developments in international social responsibility/accountability debates and practices. Spier wine estate is also WIETA accredited, and is a Fairtrade in Tourism South Africa-certified destination. Origin Wines, a producer, wholesaler, and exporter, is also an enthusiastic supporter of WIETA accreditation. The CEO of Origin Services, Jaco van der Merwe, is also the chairperson of WIETA. Origin Wines has been involved, and publicly so, in other community-based projects (such as the Khayamandi School Project) in partnership with its core UK partner Western Wines, with which it has an exclusive supply relationship.

The Wine BEE charter and scorecard: From politics to managerialism

Another important site in the struggle for 'empowerment' in the wine industry is the development of the Wine BEE charter. SAWIT has taken charge of the Wine Charter Steering Committee (WCSC) that was formed in 2004 as a multi-stakeholder group. But worker and community representatives do not have adequate information about, or understanding of, the complexity and multiplicity of structures of the wine industry, nor of the technicalities of the BEE charter process and codes of good practice. The consequence is that many present at WCSC deliberations are marginalized and unable to participate effectively.

According to *A Roadmap towards the Wine BEE Charter and Industry Scorecard* (SAWB 2005), individual companies can be affected by the charter through liquor licenses, statutory levies, the wine certification system, granting of duty free access to export markets, land reform and other government support schemes, access to irrigation water, access to Sectoral and Education Training Authority (SETA) funds, access to Land Bank and other financial institutions, access to DTI incentives, and access to state research funding. However, a survey done by Kassier and SAWIS on behalf of the SAWB in 2004 showed misconceptions about BEE , especially amongst wine grape producers. 'People think almost exclusively in terms of equity shares and assets, such as land … the common response [to what BEE is about] is, "They want to take one-third of my land away"' (Kassier, quoted in *Business Report*, 6 July 2004). The article also states that 'land alone is not what empowerment is about'. Access to land, whether through ownership, crop/profit sharing, rental or buildings, is one of the elements considered under the ownership component of the draft Wine BEE scorecard along with equity ownership, capital assets and brand ownership. Although there is still a lack of awareness about what exactly BEE entails, an increasing number of primary producers are comfortably recognising that BEE does not equal land redistribution.

According to the codes of good practice developed by the DTI, the dimensions of empowerment include direct empowerment, indirect empowerment and enterprise development. These are further split into sub-dimensions including ownership, management control, employment equity, skills development, procurement, enterprise development. The codes also contain a 'residual element' which includes social issues and corporate social responsibility concerns specific to the wine industry. The first draft of the Wine BEE charter and scorecard was released in April 2006. It makes no specific mention of working and living conditions, and tenure security on farms, which remains a major problem for workers, has been included in the 15 percent residual element – along with other issues inherited from the paternalist discourse of the Rural Foundation such as 'responsible alcohol usage'. The WIETA auditing experience (Lewis and Muller 2005) showed that compliance with national labour and employment legislation can not be assumed.[16]

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[16] For the most part, WIETA members are relatively progressive and modern farmers and businesses. The WIETA code is based on South African labour legislation. However, only a handful of WIETA's members have received full accreditation, attesting to the fact that it is not as easy to comply with the letter of the law. While WIETA could be criticized for being too rigid, the point is that compliance with labour and employment legislation should not be taken for granted.

Irrespective of the big BEE deals, individual cooperative cellars and private companies are feeling the pressure to get their BEE status in order. According to a private cellar owner who embarked on an equity share project with his workers, the reality is that you either do BEE or you do not, thus 'you either die quickly or slowly'. Other producers, particularly estate owners, are sure that their current skills development, employment equity and corporate social responsibility initiatives will fit into the BEE scorecard in some way or other. Most producers and cellars are waiting for the final version of the Charter to be released before they take any action. Some have raised concerns about the technocratic approach of a scorecard, pointing out that some initiatives will be implemented purely for the purpose of filling in the scorecard, rather than on the basis of the feasibility or sustainability of BEE projects .

TRANSFORMATION THROUGH BRANDING

The shift to black-owned brands and social labelling

The first wave of transformation projects in the wine industry consisted of land reform projects linked to a specific wine brand ('land-and-brand' projects). These projects were mostly implemented through the government's land reform program and the Settlement and Land Acquisition grant (SLAG) between 1995 and 1998, and from 2001 onwards through the Land Redistribution and Agricultural Development program. They were mostly joint ventures between white farmers and their workers, and included contract growing, equity share schemes and long-term lease agreements on municipal land (Mayson 2000). In most cases, the worker shareholders or beneficiaries also work on their land or land in which they have a share. needs clarification By utilizing SLAG, groups of workers acquired an interest in commercial wine farms in partnership with their employer. Although, as we explain below, this entails many social and economic risks, these projects have been accepted by the Department of Land Affairs as a viable model for transferring ownership in the fruit and wine sectors. Projects like New Beginnings, Winds of Change, Nietbegin, Sonop and Thandi were pioneers in this process.[17]

The specific arrangements for 'land and brand' projects are diverse. In some cases, specific blocks of vineyards are donated to the workers, as in the case of Sonop wine farm, where 12 ha of vineyards were donated to the workers and their families' community property association (CPA). The wines made from these grapes are sold under the Winds of Change brand. Initially, these wines were bought by Traidcraft, and also by the Coop retail chain, in the UK. A direct corporate social responsibility contribution of £1 per case of wine was also made by the Coop towards the project. Another case is Bouwland wine farm just outside Stellenbosch, where 60 individuals from 39 families formed the Bouwland Workers Trust in 2003 to acquire 74 percent of the shares in the Bouwland Estate (56 ha of vineyards in prime agricultural land). The new Bouwland company inherited an already established brand.

A particularly complex 'land and brand' project, and the most commercially successful so far, is Thandi, an equity-share project on a wine and fruit farm in the Elgin area.[18] It was initiated by Paul Cluver, owner of De Rust Estate and Paul Cluver wines and an influential businessman, in partnership with the South African Forestry Company (SAFCOL), the workers on De Rust Estate and the Lebanon community (formerly the forestry village, where many of the workers of De Rust estate also live). Lebanon Fruit Farm Trust owns two-thirds of Thandi Wines which is the owner and custodian of Thandi wines. Another important aspect of the Thandi project is its partnership with the Fairtrade labelling organization (FLO) –

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[17] See Bek, McEwan and Bek (2007) for more details.

[18] Elgin has emerged as a popular wine growing area in the past 10 years. It is particularly favourable for noble varieties because of the coolness of the climate.

it was the first FLO certified wine producer.[19] The other one-third share of Thandi wines is owned by Vinfruco, which merged with Stellenbosch Vineyards in 2004 to form Omnia wines, now called The Company of Wine People. Omnia therefore inherited the Thandi project as the symbol of its empowerment drive. The strategic objective of Thandi wines, however, is to build its brand by increasing volumes of wine sourced from *other* empowered and Fairtrade certified wine farms.

Similar to Thandi, in terms of the interests of a large player in the industry, is the Papkuilsfontein project, in which shares are held by workers and farm dwellers, Distell and a group of taverners. The last also makes this project unique to date, but probably only a first of its kind. 70 percent of the grapes produced at Papkuilsfontein are sourced by Distell for its Tukulu brand.

Although these projects have received significant attention as embodying important changes (Bek, McEwan and Bek 2007), their ability to deliver any real improvement to workers is highly dependent on very complex factors of design and implementation. One key issue is that these types of projects afford workers *indirect* ownership: ownership of economic resources, land and production capacity are tied in with the interests of the group. Often, the shares or trust units are not tradeable, at least not for a certain period of time. In some cases, beneficiation of the trust is linked to being an employee on the farm. Furthermore, although the levels of equity owned by the workers may be sufficient to meet the requirements of BEE (e.g., 25 percent), the size of the stake of any individual worker, hence their level of economic interest, is small. A related problem is that the size of these projects does not allow many beneficiaries to participate actively in the daily management, problem-solving and growing of the business. In a situation where beneficiaries include not only workers, but also other 'community' members

[19] This process involved the FLO developing Fairtrade product standards for wine, and a new product for the FLO register. This process was supported with financial and human resources by the Fairtrade Foundation in the UK, one of FLO's biggest and fastest growing national members. The UK is also the biggest market for South African wine.

(i.e. other resident farm dwellers) , this may lead to discontent among more distant shareholders because of a perception that they are not adequately informed or that they are being defrauded.

While workers acquire an economic share in land and in a business, their tenure on the farm as farm dwellers remains insecure. In most cases, they do not own the houses they live in. Mostly, they also do not live on the land they own, nor have they the opportunity or the capital to build homes on the land which they own. There have also been empowerment projects, like Fair Valley, where workers were supported by their employer, the owner of Fairview Charles Back, to buy in grapes to make a wine under their own label. The profits of this venture would then be used to build houses for the workers. In the first years of the Fair Valley project, the weak rand and favourable trading conditions earned helped substantial returns and houses were built quite quickly. However, the stronger rand of the past few years has seen profits decrease and slower progress in building houses. Initially the project was to buy in grapes to make wine. Under the current conditions, it is more cost effective to buy in wine, and to blend, bottle and sell it under the Fair Valley own brand. However, the margins are still tight.

Not all BEE initiatives involve land or even black farm workers. Black-owned brands have become an important feature of BEE in the wine industry since 2003, and their numbers have been growing rapidly with the support and encouragement of Bawsi leadership.[20] According to Nosey Pieterse, who in addition to being president of Bawsi is also Executive Chairman of one of these projects, Lindiwe Wines, branding is the key window of opportunity for black people with little or no capital to enter the industry. This business model is based on outsourcing most of the productive and manufacturing functions in the wine value chain and focusing on building quality brands and aggressive marketing. Here, BEE goes hand in hand with processes of externalization and casualization that pass on risks to farm workers, often

[20] These brands include Lindiwe ('the one we have been waiting for'), Ses'fikile ('we have arrived'), Lerato, Yamme, Mia Cara, Black Grape, and Edens Vinyard.

employed through labour brokers whose operations are effectively impossible to regulate. Many of these branding projects have built partnerships with large industry players (e.g. Lindiwe and KWV, Women in Wine and Boland Cellars), as well as a South African retail sector eager to source from black-owned businesses. However, usually only a small number of individuals get sufficient exposure to negotiating and marketing, and therefore who acquire these skills.

In practice, this form of 'empowerment' means that these BEE groups or individuals source wine from other cellars, appoint a wine maker to blend according to their specifications, and outsource the bottling, but own the brand. These black-owned brands can rely on highly exploitative forms of labour, yet present themselves as more 'legitimate' because they are black owned. There are enough surplus wine grapes and production capacity for these BEE entrepreneurs groups to avoid their own capital outlays. They control a small but lucrative part of the value chain, and that they do little to effect any improvements for farm workers.

As with corporate equity share deals, some of these brand businesses include a broader base of beneficiaries through a workers or a community trust. An example is 'Women in Wine' which sells two wines, a red and a white blend under its own brand of Eden's Vineyard. Women in Wine includes a group of 20 female professionals and entrepreneurs with experience in the wine industry[21] as well as the Farm Women Trust which benefits approximately 500 women farm workers, 'hand picked' from a number of different, mostly progressive, farms, through access to skills development and training. The owners of those farms were asked to identify women who were exemplary employees over a number of years. Women in Wines has partnered with Boland Cellars and their producers in Paarl (not the same producers asked to select women workers) to supply them with wine.

[21] These women either worked in communications, marketing, public relations, human resource management or as wine makers or assistant wine makers in the industry.

At the time of writing, there were 14 black-owned brands which are closely aligned to one another through the Black Vintners Association, established in 2005 by 12 black-owned businesses. Although these enterprises cooperate and support one another and also collectively benefit from the efforts of WOSA,[22] they are nevertheless competing for the same shelf space in retail outlets. Unless they can build their brands on quality, reliability of volume and price, as opposed to simply being black-owned, they are unlikely to survive in an already competitive environment.

'Variety is in our nature'

At the same time as 'black brands', charters and codes have shifted attention away from the conditions of 'black labour' in 'transformation' of the wine industry, rather ironically biodiversity (rather than human diversity) has become the main marketing thrust of South African wine abroad. As previous efforts to sell 'Brand South Africa' on the basis of the country's natural beauty were only partly successful, WOSA switched to biodiversity with the motto 'Variety is in our nature'. The idea here is that the Western Cape's vaunted biodiversity – it is the centre of the famous *fynbos*[23] biome - can somehow be translated into a great variety of wines, and conversely that appropriate stewardship of the winelands can preserve this biodiversity. What WOSA wants to portray is South Africa as a 'dynamic country of enormous diversity … [with a winemaking tradition blending] the restrained elegance of the Old World with the accessible fruit-driven styles of the New World … [yielding] wines which eloquently express the unique *terroir*, extraordinary biodiversity and fascinating people of the Cape' (WOSA 2005: 5).

This promise is showcased in the Biodiversity and Wine Initiative (BWI) and the incorporation of biodiversity guidelines in the guidelines for the Integrated Production of Wine (IPW). About 90 per cent

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22 They benefit from the Soweto wine festival and the Africa lounge at the Cape Wine event organized by WOSA.

23 Fynbos is the shrubland vegetation indigenous to mountainous and coastal areas of the Western Cape. It is the smallest and richest of the world's six floral kingdoms, with a plant diversity greater than that of the tropical rainforest. The 'Cape Floral Region Protected Area' is listed as a UNESCO world heritage site.

of wine production in South Africa is said to occur within the Cape Floral Kingdom (CFK). As, according to WWF (World Wildlife Fund) and WOSA, the growth of the wine industry can endanger some areas of vulnerable natural habitat, BWI 'presents a great opportunity to both the wine and conservation sectors. The wine industry benefits from using the biodiversity of the CFK as a competitive marketing advantage, and from contributing to sustainable natural resource management . . . The conservation sector benefits from pioneering biodiversity best practices in the wine industry and conserving the CFKs most threatened habitats' (ibid). In practice, this means that before planting new vineyards, producers who seek membership with BWI need to carry out a botanical audit and draw up a plan to preserve endangered and significant species. Some producers have set aside natural areas that will remain undeveloped in perpetuity (WOSA 2005: 11).

As of May 2007, BWI had five 'champions', 69 farm/cellar members, and four co-operative cellar members.[24] Collectively, these are claimed to represent over 41 percent of the Cape winelands by area. Requirements for membership are much less stringent than for becoming a certified 'biodiversity champion'. Vergelegen, the farm established in 1700 by the governor of the Cape Willem Adriaan van der Stel and now owned by mining conglomerate Anglo-American, became the first 'biodiversity champion' in March 2005.

The problem with WOSA's motto is that it sits rather uncomfortably with two facts: first, that grape growing is a mono-crop cultivation method that destroys rather than enhances biodiversity (Schmitt 2005: 67); and second, while referencing the supposed cultural diversity of South Africa, social relations in the wine industry continue to be shaped by highly inequitable (if complex) racial relations of power, particularly at the farm level. Much suitable wineland has already been planted, leaving only limited scope for further expansion, itself constrained by the current glut of the global wine market (see Rabobank

[24] Source: www.bwi.co.za, last accessed 7 May 2007.

2004). Furthermore, biodiversity conservation provisions for farms that have *already* cut down *fynbos* to establish vineyards planted with *vitis vinifera*, an exogenous plant, are limited to restore indigenous vegetation around tasting rooms and on the margins of vineyards.

Thus ‘variety is in our nature’ is focused on ‘physical nature’, not ‘human nature’ – there were no human faces at all in WOSA’s colorful brochure prepared for the launch of this initiative at the London ‘Mega Tasting’ in October 2005. In the eight-minute promotional video, humans do appear, but blacks are showcased for a total of about 60 seconds: a winemaker (or assistant winemaker, as he appears next to a white person); upper-class black South Africans at a winery restaurant; a laboratory operator (again, next to a white one). Farm workers and ‘cellar hands’ (the large majority of black workers in the industry) are invisible with the exception of a one-second shot where they seem to be in the scenic picture, perhaps by mistake.

CONCLUSION

The South African wine industry, by casting ‘Black Economic Empowerment’ as a managerial exercise through the Wine BEE Charter and its codes, and by reducing ‘transformation’ to a marketing exercise - through ‘black branding’, ‘black winemaker showcasing’ or a focus on ‘nature’ - has been able to avoid facing potentially more uncomfortable outcomes of transformation such as land redistribution, import boycotts, and much improved working conditions for grape pickers that would go much further to redress persistent racialized inequalities. An essentialist racial discourse, deploying an ahistorical and dislocated notion of ‘blackness’ divorced from the historical conditions of exploitation of workers of colour, has been used to shift the transformation agenda from challenging the impoverishment of the many to ensuring the enrichment of the few. What commitment to farm worker interests remains is couched solidly in discourses of self-improvement (education, training, combating alcoholism) rather than on labour regimes that entrench exploitative power relations and how farm worker organization might challenge them. At the same time, the marketing and codification technologies deployed help move restructuring from a political to a managerial terrain where a small cohort of black entrepreneurs can operate. This terrain is characterized by branding, advertising, image building on the one side; and by codes of conduct, a sectoral BEE charter, scorecards, and auditing on the other. In a way, these tools allow both the standardization and the apparent deracialization of labour and social relations in a wine industry originally established on slavery and more recently characterized by more or less benign forms of paternalism.

This subtle repackaging of ethical/equity/race concerns in the wine industry through private forms of governance is not unique in its kind, nor to South Africa. The application of technologies of codification and marketing has made inroads in areas of social and environmental regulation that used to be the domain of the state. At the same time, both public and private regulation take shape through 'stakeholder' capitalism and the development of codes of conduct, standards, certification/auditing, labelling, and accreditation systems (Ponte and Gibbon 2005). In this context, the possible future 'legalization' of the Wine BEE Charter will not necessarily provide extra leverage to public regulation – BEE will firmly remain in the realm of private regulation and it is likely to be further depoliticized and 'expertized'.

Klooster (2005) and Ponte (2007) have examined how the translating social, ethical and environmental concerns into standards, codes of conduct, and certification schemes helps shift the nature of debates and interventions from the political to the technical terrain. They highlight how, once the shift towards technical instruments has occurred, only marginal corrections can take place. Established international 'best practices' on standardization and the development of labels and certifications have led repeatedly to a similar path of events in different settings and sectors. This path can be understood as developing in four phases.

In a *first* phase, groups that are concerned with the environment, labour conditions, and social issues (including racism) organize boycotts, direct action and media campaigns against the (usually corporate) culprits of misbehaviour. In a *second* phase, these advocacy groups more often than not start to work on guidelines for 'good' behaviour (or a 'good' racial profile of a company or industry) and then facilitate the creation of an organization or stakeholder group that includes leading culprits or their representatives. In a *third* phase, 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 indeed government. During this phase, these initiatives become more mainstream, document-intensive, managerialized, and explicitly concerned with commercial feasibility and marketing (see, among others, Klooster 2005; Taylor 2005; Giovannucci and Ponte 2005). A *fourth* phase is usually dedicated to addressing problems, unintended consequences, and excluded or marginalized groups. This is done through corrective measures framed within the now solidified system, rather than within the original politics of those concerns (Ponte 2007). Normally, this entails the creation of special flexibilities and procedures, or (more often) the provision of technical assistance and 'capacity building' to address equality of opportunity rather than equality of resources.

This suggests that if the BEE process, currently in-between phases two and three, reaches the 'fourth phase' without addressing the underlying structural, racial and power inequalities on which the Sotuh African wine industry is based, there will be little space left afterwards for meaningful action. In other words, once the Wine BEE Charter is agreed upon and legalized, and auditing, certification and accreditation processes start, BEE will be a 'done deal' and is likely to assume an ever more technical and apolitical (managerial) character.

The entry of BEE discourse has displaced debates around land reform and worker empowerment. Although land reform has not completely disappeared from the government agenda, BEE has opened up a number of new possibilities for both black entrepreneurs and white farms and businesses, and for alliances between them. Black entrepreneurs, particularly the leadership of Bawsi, favour branding as an entry point into the wine industry. White farms and businesses favour branding models and social labelling, which may also have a market advantage, particularly in sympathetic markets like the UK and in Northern Europe, to enable them to avoid redistributing land. Although BEE has potentially provided a whole new spectrum of possibility to established industry, the system of monitoring and verification proposed by government and the industry charters is technocratic and favours individuals rather than workers collectively and their communities. The employment and living conditions of black farm workers, on which the wealth of the industry rests, remain insecure. Furthermore, by de-racialising ownership and control, the hegemony of BEE discourse has allowed these exploitative relationships a level of legitimacy never before achieved.

What should be made then of 'Black Economic Empowerment' in the wine industry? A small group of vocal, and politically skilful middle-class South Africans, trading on little more than their own blackness and on spurious claims to represent workers, seem to have been able to appropriate the language of transformation and empowerment to pursue a political and economic agenda that marginalizes more radical economic and social options. Part of their success lies in the political conjuncture constituted by the *broader* hegemony of conservative articulations of the discourse of black political empowerment. These conditions were ideal for the formulation of an elite pact that could be represented as legitimate in the media without much fear of contestation. The codification of BEE criteria in complex technical scorecards further removes the terms of transformation from political struggle and contestation.

The obvious venality of some of the players involved, and the self-serving way in which established industry interests and a small number of black businesspeople collaborated in circumscribing and limiting the terms of reference for industry transformation, should not lead us to personalize the lessons of this analysis, concluding that the problem lies with the personal agendas of those involved or seeing these failings as essentially about (and limited to) the discourse of BEE. To be sure, personal agendas play a role, as does the mystification of how race is essentialized in BEE discourse. But the implications of our critical analysis go beyond BEE scorecards and conflicts of interest. Ultimately, we argue that there are profound limits to a transformation agenda in the wine sector that turns the gaze away from a consideration of its underlying power relations: between supermarkets and cellars; between cellars and farmers; and above all between farmers and workers.

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