

Post-Apartheid Vineyards

Land redistribution begins to transform South Africa's wine country

BY WILLIAM G. MOSELEY

As I walked through the rows of grape vines with a representative of one of South Africa's few worker co-owned vineyards, I could tell that he was proud of what his group had accomplished. Nearly all of the 60 members of the Bouwland partnership trust are coloured or black farm workers. They own a controlling share of the Bouwland vineyard and wine label, producing 17,000 bottles of wine per year, with exports to Europe and Canada. By all accounts, this is an amazing achievement for an effort that is only three years old. But the group is also nervous. They are still heavily dependent on the expertise and equipment of their white partners, and they must repay a substantial commercial bank loan. This project and others like it represent a small but growing number of worker-owned vineyards in post-Apartheid South Africa. These efforts embody the hopes, dreams, and challenges of those who aspire to make the new South Africa a reality for the working poor.

In 1994, the African National Congress (ANC) took power in South Africa under the leadership of Nelson Mandela, formally ending decades of state-sponsored discrimination. Among a wide range of exclusionary policies during the Apartheid era were restrictions on the ownership of farmland by non-whites outside of the homelands or Bantustans—a policy that left only 13% of the country's land for the entire majority black population. This led to complete white domination of commercial agriculture, particularly in the Western Cape Province, an area often thought of as the historical hearth of white farming. Of all of South Africa's provinces, agriculture in the Western Cape is the most commercialized and export-oriented. Wine exports in particular have skyrocketed since Apartheid ended and the international community lifted sanctions. While South African wines were once unheard-of in North American and European supermarkets, they now compete with wines from their southern hemisphere counterparts, mainly Chile

and Australia, for a share of the "good value" wine market (i.e., reasonable-quality wines of low to moderate price). In fact, South Africa's wine production nearly quadrupled between 1994 and 2004, and the country is now the eighth or ninth largest wine producer in the world. But what has this growth meant for South Africa's historically disadvantaged groups, particularly the farm workers who comprise one of the poorest segments of the country's population? What is the ANC government doing, if anything, to ensure that the wealth from growing wine exports trickles down to the poorest workers?

While many North Americans are familiar with the struggle against Apartheid and the subsequent political opening in the 1990s, fewer may be aware of efforts to transform South Africa's economy. The ANC has promised to redress the legacy of discriminatory land ownership policies in the farming sector through a land reform program that facilitates the transfer of land from whites to blacks (a generic term in South Africa that encompasses people of African, mixed race and Indian origin). In fact, the government has pledged to redistribute 30% of the country's agricultural land by 2014. Land reform is part of a broader transformation strategy for South Africa's agricultural sector aimed at increasing black participation in decision-making. The wine industry in the Western Cape is one instance where the effects of that strategy are visible, and this is significant given its economic importance to the province, its growing export potential, and the history of white dominance.

THE COLOURED FARM WORKER POPULATION AND THE SOUTH AFRICAN WINE INDUSTRY

Wine production in South Africa's Western Cape Province dates back to the 17th century, when the Dutch established an outpost at Cape Town to provision ships sailing from Europe to the Far East. Because the area's local Khoisan population was sparse and unaccustomed to agricultural la-

bor, the Dutch brought slaves from East Africa, Madagascar, and the East Indies to work their farms. The farm laborer population evolved into a mixed race or mulatto group, locally referred to as coloureds, who now comprise 60% of the Western Cape's population.

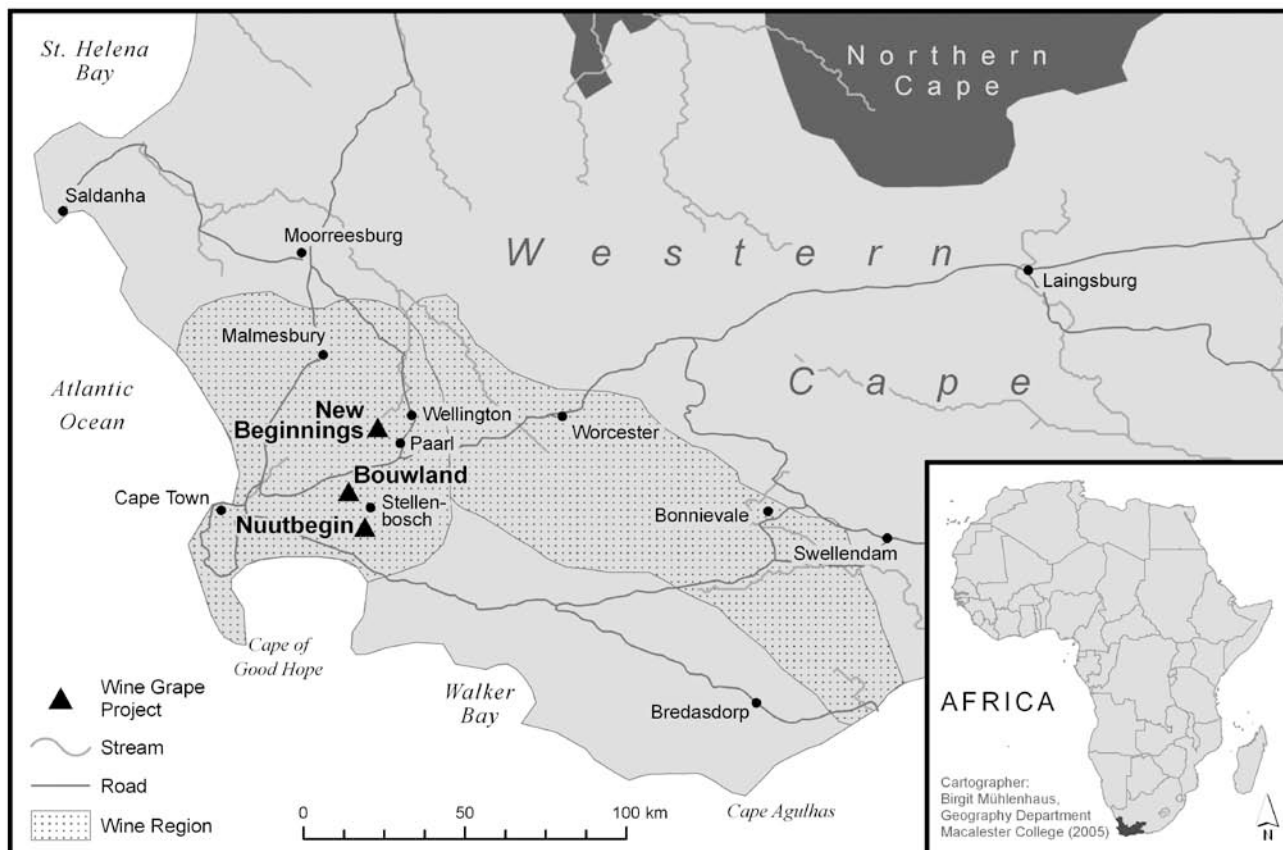
Even though slavery was abolished in 1834, conditions on farms remained difficult and wages were low. The historic relationship between white farmers and farm workers has often been described in terms of paternalism and dependency. Permanent farm workers (as opposed to seasonal laborers) lived on the farms, often for multiple generations. In addition to meager wages, permanent workers typically received housing, food, and wine. Many farm workers bought goods on credit at the company stores their bosses owned and fell into the classic debt-bondage cycle. The provision of cheap wine to workers as a component of compensation, known as the "tot or dop" system, was used to attract and retain workers in a low-wage industry (and the poorest white farmers were often the greatest abusers of this practice). While this practice has been illegal since the 1960s, and more strictly monitored in the post-Apartheid era, alcoholism continues to be a major problem among farm workers.

Raising grapes required a tremendous amount of labor, so those farms with larger areas in grape production often

employed 30 to 60 permanent workers who lived on the farm with their families. Spouses and children would then join the workforce at key moments in the agricultural season. Until the end of Apartheid, wine production remained limited because international sanctions blocked exports. Furthermore, other than the dreg wine reserved for the coloured farm workers in the Western Cape, wine consumption was reserved largely for whites—blacks in other parts of the country were encouraged to drink beer.

POST-APARTHEID AGRICULTURE

Since the end of Apartheid, shifts in the international political economy, as well as a number of policies and programs at the national level, have had a profound impact on commercial agriculture and on the wine industry in particular. At the international level, the biggest change was the end of sanctions on products that were clearly South African. This change had little impact on exports whose origin was ambiguous, such as table fruit, whose sale continued unabated in Europe during the Apartheid era. But as origin and label are extremely important for all but the cheapest wines, the end of sanctions represented a huge opening of markets for the South African wine industry. As a result, South African wine production went from 38.9 million liters in 1994 to



153.4 million liters in 2004. Today, there are some 4,400 farming units that produce wine grapes in South Africa. Almost all are in the Western Cape because the Mediterranean climate in this region favors their production (see map). The livelihoods of over 108,000 South Africans depend on the wine industry.

Once Apartheid ended, international financial institutions such as the World Bank and the IMF pressed South Africa to adopt neoliberal economic policies that encouraged export orientation and free trade. Key donors, including the United States, pushed the ANC government to focus narrowly on establishing a procedural democracy, rather than pursuing a broader vision of democracy involving economic justice. The ANC would also come under pressure from the World

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Bank to adopt a policy of negotiated land reform based on the principle of willing seller/willing buyer, rather than a more radical alternative.

Within this international context, the formerly Marxist ANC government developed five sets of policies that would affect wine farming: 1) liberalizing agricultural trade and deregulating the marketing of agricultural products; 2) abolishing certain tax concessions and reducing direct subsidies to farmers; 3) introducing a minimum wage and other protections for farm workers; 4) implementing land reform policies and programs; and 5) setting broad goals for black empowerment and transformation in the agricultural sector.

In order to ensure food self-sufficiency at the national level, and to cater to an important constituency of the conservative National Party, Apartheid-era governments provided white commercial farms with a range of subsidies and tariff protections. The ANC government subsequently moved toward a dramatic liberalization of South African agricultural policy. This shift was motivated not only by external pressures, but also by the need to redirect resources away from agricultural subsidy programs to other areas, and by little sympathy in the new government for the situation of white commercial farmers. The increasingly competitive commercial agriculture sector has led to the loss of smaller and more marginal farms. With farms going out of business—and with commercial farmers seeking to avoid offering newly required legal protections to workers—the number of permanent farm laborer positions has dropped.

LAND REDISTRIBUTION AND TRANSFORMATION IN THE AGRICULTURAL SECTOR

Since the late 1990s, land redistribution programs have provided government grants to help blacks and coloureds acquire land when they are not in a position to benefit from land restitution. This program provides approximately \$3,080 per eligible individual for the purchase of farmland (or more if the beneficiary contributes additional capital). In the Western Cape, the majority of land redistribution beneficiaries are current or former farm workers. Because farmland is relatively expensive in the province (especially vineyard appropriate land), large groups of beneficiaries, often 50 to 100 people, must pool their grants in order to buy a farm. In some instances, farms are purchased outright at market prices from willing sellers and then run independently by the land redistribution beneficiaries. In other instances, people use their grants to buy a portion of an existing farm, going into partnership with a white farmer. This second approach, known as a share equity scheme, is the only approach used to date with vineyards.

The reasons why vineyards have not been purchased outright number at least two: the purchase price of most vineyards is so high that it would take a vast number of grantees to purchase one; and there are certain advantages to going into partnership with an established wine grape farmer who presumably already has the know-how and contacts needed to run a successful vineyard. As of early 2005, there were 101 government land redistribution projects in the Western Cape, and of these nine were share equity schemes producing wine grapes. To put this in perspective, there are 7,185 commercial farms in the Western Cape, of which roughly 2,372 produce 100 tons or more of grapes annually. As such, land redistribution projects only constitute 1.4% of all farms in the Western Cape, and projects focused on the production of wine grapes make up less than half of one percent of all farms in this category. However, in addition to the nine government supported share equity schemes, there are also a number of worker co-owned vineyards that have been privately financed by progressive commercial farmers, international donors, foundations, and local wine industry groups.

South Africa's land redistribution program has been criticized from both right and left. Many conservative white South Africans believe that black or coloured farmers are incapable of effectively managing commercial farms. They see land redistribution as a waste of the government's money at best and, at worst, a program that could lead to collapse of the agricultural sector. Current problems with neighboring Zimbabwe's land reform process, including a series of disputed farm occupations by black war veterans, have only further fueled these fears.

Critics of the program from the political left, and even center, have focused on several issues. First, the pace at which

the program is redistributing land has been exceptionally slow. By mid-2005, a little less than 3% of the formerly white-owned land had been redistributed to black or coloured South Africans, a long way from the 30% targeted for redistribution by 2014. Second, critics are questioning the “willing seller/willing buyer” principle that relies on the voluntary sale of commercial farms at market value, as the government does not have anything close to the level of resources needed to purchase 30% of white-owned farmland at market prices by 2014. Third, whether the large-scale, commercial orientation of the land redistribution program is appropriate has come into question at a time when so many commercial farms are going under. Finally, there are some specific concerns about share equity schemes because this mechanism may be manipulated by white farmers to obtain capital without actually relinquishing control. Furthermore, some have questioned how realistic it is to go into partnership with someone who may previously have been the autocratic “boss.”

In addition to land redistribution, the South African government has a broader plan for transformation in the agricultural sector. This includes setting targets to increase the representation of blacks in management positions, to increase black ownership of agro-enterprises, and to increase the supply of produce to supermarkets by black-owned farms. Increasing black participation in the management of farms is key because farm workers have been excluded for years from the business and management side of farming. While farm workers are highly skilled in certain tasks, such as the pruning of grape vines, under Apartheid few blacks and coloureds were able to develop the managerial and business skills needed to run commercial farms. Moving farm workers into management positions will develop a cadre of black people who could go on to run successful commercial farms of their own.

While encouraging ownership of wineries and wine labels by black business interests is important for economic equality in South Africa, this is not the same as ownership by farm workers. Farm ownership by the emerging black upper class of business entrepreneurs does not automatically help the poor; worker-owned wineries and vineyards have a better chance of doing so.

THREE WORKER CO-OWNED VINEYARDS

The Bouwland partnership trust, the Nelson’s Creek New Beginnings project and the Nuutbegin trust represent three different models of worker co-owned vineyards (see map). The Bouwland partnership trust came into being in 2003, when 60 land redistribution beneficiaries (of whom 55 are farm workers from the nearby Beyerskloof and Kanonkop vineyards) bought a 76% share of the 56-hectare Bouwland vineyard from Beyerskloof outside of Stellenbosch (of which



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My research assistant, Elizabeth Kruger, with a member of the Bouwland Partnership Trust. Roughly half of the farm workers in the wine industry are female.

40 hectares is planted in Pinotage, Cabernet Sauvignon, and Merlot grapes). The trust’s membership is roughly half male and half female (see photo), a split that is not only required by the government to receive grants, but that reflects the significant presence of women as farm workers in the South African wine industry. The group went into partnership with the winemaker for Beyerskloof and Kanonkop and with the owner of a London-based wine distribution firm. Using land redistribution grants from the government, and a commercial bank loan, they purchased both a majority share of the vineyard and a stake in the established Bouwland wine label.

The Bouwland trust operates with a somewhat complicated labor arrangement. Rather than working on their land during off hours, the trust shares the cost of a team of workers with Beyerskloof (which includes many trust members) that spends 40% of its time on the Bouwland land. The Bouwland property has no infrastructure, but rather relies on Beyerskloof for the use of its equipment and tasting room. With the exception of one full time employee who is involved

in marketing and management, nearly all of the group's shareholders have kept their day jobs as farm laborers on the nearby Beyerskloof and Kanonkop vineyards. The group currently produces and sells 17,000 cases of wine annually but is just breaking even, largely because they are paying off a loan. Their wine is sold in local supermarkets and exported to the UK, the Netherlands, Belgium, Denmark, Germany, and Canada. They currently are working with their Canadian distributor to expand exports to the United States. This is a solid project with a bright future, but the group is wrestling with the fact that it has yet to turn a profit, as well as some concerns about its dependence on Beyerskloof.

The Nelson's Creek New Beginnings Project is the oldest

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A representative of Nuutbegin Trust in the group's vineyard.

and most celebrated worker-owned vineyard in South Africa. This project began in 1997 when the owner of Nelson's Creek winery and vineyard gave 9.5 hectares of land to 18 of his workers as an expression of thanks for their efforts on his farm. The vineyard has subsequently grown to 13.5 hectares (the additional land was purchased from Nelson's Creek), producing Chardonnay, Cabernet Sauvignon and Merlot grapes. The group has its own wine label, New Beginnings, and sells wines to local supermarkets, along with exports to Germany and the Netherlands. Export opportunities to the United States are being explored. The group is reliant on Nelson's Creek for equipment, management, and winemaking expertise. The New Beginnings project is turning a profit and its members are using the money to buy food and consumer goods and pay their children's school fees.

The Nuutbegin trust began in 2000 when 99 farm workers from the Waterskloof and Fransmanskloof vineyards obtained land redistribution grants to purchase a 50% share of a long-term lease from the municipality for 25 hectares of prime vineyard land (see photo). The other two partners, the owners of the Waterskloof and Fransmanskloof vineyards, each have a 25% stake in the project. The group produces Merlot, Shiraz, and Cabernet Sauvignon grapes which are sold to the Thandi winery, in which the Nuutbegin trust has a 7% stake. Thandi produces a variety of wines, sourcing its grapes from four different worker co-owned vineyards in the area. Significantly, this is the first wine label to be fair-trade accredited in the world. While this accreditation should allow Thandi to fetch a small premium on the global market, Nuutbegin's 7% share in the label means that its returns from this end of the business are more limited. All of the shareholders have maintained their day jobs as farm workers, and they coordinate with the owners of Waterskloof and Fransmanskloof to schedule time to work the vines at Nuutbegin. Like Bouwland, this group has yet to turn a profit, and they are somewhat concerned about their continuing dependence on their white partners.

THE WAY FORWARD

As these case studies make clear, land redistribution and black empowerment in the wine industry are extremely challenging. High land prices and capital costs, not to mention the need for sophisticated business and wine-making expertise, mean that worker co-owned vineyards and wine labels are few in number, slow to start, and often dependent on the good graces of white employers and partners. It is important to note that the real money to be made in viticulture is in the selling of wine, not in the production of grapes. So vineyards with their own labels, such as the Bouwland and New Beginnings projects, have an advantage. Furthermore, because land, investment, and capital costs are so high, new projects must take on significant debt obligations that severely limit

profits in the early years. Unlike Bouwland and Nuutbegin, New Beginnings did not incur significant debt; thus it can generate dividends for its membership more quickly and so benefit from a higher level of worker interest in the project.

The role of government land redistribution initiatives in the viticulture sector may always be minimal because the costs are so high. Interestingly, there has been more private support for black empowerment in viticulture than any other agricultural subsector, probably because the opportunity for new markets and profits is so high. This presents both an opportunity and a danger. On the positive side, private money means additional support for projects such as New Beginnings. But there is also a danger that private backers may see black empowerment and fair trade solely as means to earning greater profits rather than as paths toward economic justice. The key to lasting change will be having policy makers, academics, and consumers who are attuned to the difference between vineyards and wine labels that are truly co-owned by workers and those that are co-owned by black business interests with no or nominal participation of the workers.

Alas, what should North American and European wine consumers with a conscience do? I say seek out, and demand that your local wine market order, those South African labels that are co-owned and produced by farm workers (see "A Sampling of South Africa's Worker Co-Owned Vineyards and Wineries"). Yes, the South African land redistribution program is not perfect, but a growing market for worker-friendly wines will make existing ventures more profitable and encourage more white wine-makers to go into partnership with their workers. This is more than just fair trade—it is about creating a marketplace that rewards those working for change and economic justice, a world where workers really benefit from the fruits of their labor. ■

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SOURCES Mather, C. 2002. "The Changing Face of Land Reform in Post-Apartheid South Africa." *Geography*. 87(4): 345-354; Scully, P. 1992. "Liquor and Labor in the Western Cape, 1870-1900." In: Crush, J. and C. Ambler (eds). *Liquor and Labor in Southern Africa*. Athens: Ohio University Press, 56-77; Williams, G. 2005. "Black Economic Empowerment in the South African Wine Industry." *Journal of Agrarian Change*. 5(4): 476-504; Zimmerman, F.J. 2000. "Barriers to Participation of the Poor in South Africa's Land Redistribution." *World Development*. 28(8): 1439-1460.

A SAMPLING OF SOUTH AFRICA'S WORKER CO-OWNED VINEYARDS AND WINERIES

Bouwland

Description: Formed in 2003, this farm outside of Stellenbosch is 74% owned by farm workers.

Contact Information: Tel: +27 21 865-2135; Fax: +27 21 865-2683; Email: bouwland@adept.co.za; Website: www.bouwland.co.za. Address: P.O. Box 62, Koelenhof 7605 South Africa

Wines: Chenin Blanc, Cabernet-Sauvignon-Merlot

Export destinations: U.K., the Netherlands, Belgium, Denmark, Germany and Canada. They are working with their Canadian distributor to expand exports to the United States.

New Beginnings

Description: The oldest and most celebrated worker co-owned vineyard in South Africa, this project began in 1997 when the owner of Nelson's Creek winery and vineyard gave 9.5 hectares of land to 18 of his workers as an expression of thanks for their efforts on his farm.

Contact Information: Tel: +27 21 869-8453; Fax: +27 21 869-8424; Email: newbeginnings@nelsonscreek.co.za. Website: www.nelsonscreek.co.za/new_beginnings/new_beginnings.htm. Address: P.O. Box 2009, Windmeul, 7630 Paarl, South Africa

Wines: Chardonnay, Cabernet Sauvignon, Pinotage

Export Destinations: Germany and the Netherlands. Export opportunities to the United States are being explored.

Thandi

Description: This is the label under which Nuutbegin and three other worker co-owned vineyards sell their wine. Thandi became the first wine brand in the world to achieve fair trade status.

Contact information: Tel: +27 21 886 6458; Fax: +27 21 886 6589; Email: rydal@thandi.com; Website: www.thandi.com/. Address: R310, Lynedoch, P.O. Box 465, Stellenbosch 7613, South Africa

Wines: Pinot Noir, Cabernet Sauvignon, Chardonnay, Sauvignon Blanc-Semillon, Merlot-Cabernet

Export Destinations: U.K., the Netherlands, Belgium, Germany, and Japan. The label will be introduced to the United States, Canada and Scandinavia shortly.