

Women workers in wine and deciduous fruit global value chains



Summary report compiled by Stephen Greenberg and submitted on behalf of
Women on Farms Project, Stellenbosch, South Africa

Published by Women on Farms Project PO Box 530, Stellenbosch, South Africa 7599
Tel: 021 887-2960/1/2 Fax: 021 887-2963 wfp@wfp.org.za

Photos: Women on Farms Project

Copy-editing: Vaun Cornell

Design: Designs for Development

Repro: Castle Graphics

Printing: Hansa Reprint

This report reflects the views of Women on Farms Project and not the donors.

Contents

Acknowledgments and research team	iii
Executive summary and campaign recommendations	iv
Introduction	1
PART 1: Background and context	
Economic restructuring and transition to democracy in South Africa	3
National labour laws and policies in post-apartheid South Africa	4
Background to deciduous fruit and wine value chains	7
The context of farm labour: Chronic poverty, structural unemployment, HIV/Aids	12
Background to work restructuring in Western Cape agriculture	14
PART 2: Purchasing practices, codes of conduct and work restructuring	
Retail power, codes of conduct and purchasing practices in global deciduous fruit and wine commodity chains	17
Work restructuring in deciduous fruit and wine value chains	27
Voices from the vineyards: Women workers speak	31
Selected bibliography	36
Appendices	
Appendix 1: Labour rights vs. labour practices (table)	38
Appendix 2: Deciduous fruit export value chain	42
Appendix 3: Main features of bottled wine export value chain	43
Appendix 4: Costs in the apple (Granny Smith) value chain	44
Appendix 5: On-farm production costs for wine grapes	45
Appendix 6: Cellar costs (2002) for premium wine	47



Acknowledgements

On behalf of the research team I would like to acknowledge the willingness of all workers, farmers and managers to take time off to offer us their insights and experiences. Such a study is impossible without the willing participation of those whose livelihoods are derived from the subject of study. Thanks must also go to Paiter Botha (VinPro) , and Daan Louw and Daan du Toit (both of the Deciduous Fruit Producers' Trust) for their prompt and willing provision of information requested.

We are also very grateful for the open and generous participation of Stephanie Barrientos (Institute for Development Studies at the University of Sussex), Andries du Toit (Programme for Land and Agrarian

Studies at the University of Western Cape), Joachim Ewert (University of Stellenbosch), Andrientta Kritzinger (University of Stellenbosch), Hester Roussouw (independent) and Sally Smith (IDS), and to Di Auret (DMA Consultants) for field worker research training. Gratitude is extended to Celeste Weir and Jacqueline Snyman, both of Women on Farms Project, for their excellent logistical and financial support.

Finally, I would like to thank all the researchers and field workers who participated directly in the research project. Without their accumulated knowledge and expertise, the project would not have been possible.

Stephen Greenberg, research co-ordinator
June 23

Research team

Deena Bosch

Women on Farms Project, Stellenbosch

Marlea Clarke

Labour Law Unit, University of Cape Town

Denise Damon

Women on Farms Project

Vernon Endley

Women on Farms Project

Stephen Greenberg

Independent researcher

Rose Horne

Women on Farms Project

Levurn Jacobs

Women on Farms Project

Karin Kleinbooi

Centre for Rural Legal Studies, Stellenbosch

Cheryl Linders

Women on Farms Project

Dr Charles Mather

Department of Geography and Environmental Studies,
University of the Witwatersrand

Bronwyn Page-Shipp

Centre for Rural Legal Studies

Executive summary

Research was carried out in the deciduous fruit and wine value chains to investigate the validity of three hypotheses underpinning Oxfam International's Labour Wedge Campaign. These hypotheses are:

- ◆ National labour laws and their implementation have been, or are being, weakened due to pressure from many sides, including by transnational corporations, the World Bank and the International Monetary Fund (IMF), and regional trade agreements;

- ◆ Purchasing practices in global value chains encourage precarious employment; and
- ◆ Women workers face precarious employment in global value chains and bear the social costs.

This preliminary phase of research indicates that these hypotheses are partially true but must be placed in a broader context of global economic restructuring, chronic overproduction of commodities and contested global political projects.

National labour laws, globalisation and external influences

- ◆ In the 1990s South Africa has experienced a dual process of neo-liberal economic restructuring and political democratisation. This has resulted in the improvement of labour rights and the simultaneous deterioration of the working and living conditions for the majority of the population.
- ◆ This contradiction is the product of improved rights for those employed in 'standard' ways, but in a context where atypical employment in the economy is rising, and 'traditional' permanent, secure jobs are declining. This decline is a result of national macroeconomic strategies that favour capital accumulation and integration into the global economy on terms favourable to capital as key drivers of economic growth.
- ◆ Multinational corporations have had a limited direct influence in shaping labour laws in South Africa. Nevertheless, the post-apartheid government's attempts to balance investment-friendly policies with protection of basic worker rights has not been successful either in generating foreign productive investment or in preventing the erosion of secure

employment. This suggests the government must eventually lean more strongly to one side or the other, and the balance of forces between large-scale capital and grassroots organisation will largely determine the direction in which the government will lean.

- ◆ International institutions such as the World Bank and IMF have mainly played an advisory role in policy formulation, both before and after the demise of apartheid. Nevertheless, they have supported a strong internal neo-liberal current to challenge a more progressive social and economic transformation in South Africa. The basic content of the advice of the international financial institutions was in line with the neo-liberal global project: trade liberalisation, reduction of state spending and government budget deficits, outward-looking and export-oriented economic restructuring, currency devaluation in certain circumstances, labour market flexibility, a cap on wage increases, financial and commodity market deregulation, and reduced direct state involvement



in the economy. This advice was adopted (albeit unevenly and not without political contestation from various social forces inside South Africa) and implemented both by the late apartheid government and the post-apartheid government.

- ◆ Post-apartheid national labour laws are relatively progressive and represent a real advance over apartheid, but are based on a ‘corporatist’ model based on negotiated agreements between big business, big unions and the state. The framework presupposes a normative model of employment characterised by permanent, secure employment with effective worker representation through trade unions. The model fails to appreciate significant changes in forms of work, in particular the shift to precarious and insecure forms of work such as casualisation, informalisation and externalisation, in the context of large-scale job losses. It thus fails to accommodate workers whose employment is not captured in the framework of the normative model.
- ◆ The framework of labour legislation is built on the concept of ‘regulated flexibility’ as a compromise position, which undermines the use of regulation in favour of protecting minimum employment standards for workers.
- ◆ The framework is based on an expectation of shifts in employers’ attitudes to worker rights and management techniques. However, these shifts have not occurred in most instances, and there is nothing in the legislation to encourage these necessary changes in perception.
- ◆ Apart from these conceptual weaknesses in labour legislation and policy, there are major problems with implementation, monitoring and enforcement of labour law. This is partly the result of the lack of sufficient government agents to carry out these tasks, and partly lacunae in the law in providing adequate mechanisms and procedures to allow for compliance.

Codes of conduct and purchasing practices

- ◆ There are significant differences between the wine and deciduous fruit chains in terms of both codes of conduct and buying practices. Codes of conduct are virtually unknown on wine farms and the only code reported by farmers is the domestic Integrated Production of Wine (IPW) protocol. Deciduous fruit producers, on the other hand, are subject to codes through EurepGap, the British Retail Consortium (BRC) and individual private codes such as Tesco’s Nature’s Choice.
- ◆ Codes are imposed more rigorously at the processing nodes of the chain, i.e. fruit packing and wine bottling, although this is also uneven.
- ◆ Although the codes do have a ‘social component’ in their design, the implementation of the codes is mostly technical and environmental as opposed to social. The codes affect workers mainly when they are involved in handling the product directly, or when handling chemicals.
- ◆ There are some producers and industry representatives who are attempting to implement codes associated with fair and ethical trade. However, there is debate around this issue and there is a ‘school of thought’ that suggests that ethical trading was something that producers could take advantage of in the immediate post-apartheid period, but this window of opportunity has now closed. Some producers are now reluctant to sell their product based on an ethical label.
- ◆ While agents along the chain will pass down the technical and environmental demands, they are reluctant to impose demands around labour.
- ◆ The codes act as a way of maintaining a place on the global chain and do not represent a way of extracting greater value for producers in the chain – not meeting the codes means being excluded from global value chains.
- ◆ Although the codes are costly to implement and are resisted by some producers, many feel that it

improves their agricultural practices. In other words, the process of recording chemical use and a wide range of other on-farm practices is a way of modernising farming practices.

- ◆ Retailer buying practices have a much less ambiguous impact on producers, especially those more exposed to retailers. Here we have found highly problematic practices for both wine and deciduous fruit. Although it is difficult to quantify the costs of these practices, interviews indicate that they are more costly than implementing the codes associated with quality and food safety.
- ◆ Retailers use their power in the chain to capture a greater proportion of value primarily through passing risks and costs to suppliers and producers; regulating the setting of prices and promotional costs; and requiring increasingly stringent quality and process standards.
- ◆ Exposure to buying practice depends on your location in the chain. Wine producers who supply privatised co-operatives or cellars are aware of retailer buying practices, but are not directly affected by them. The same is true of deciduous fruit farmers who supply a privatised co-operative packhouse. Wine producers who supply directly to retailers or importers and co-operative packhouses are able to describe first hand their experiences with retailers.
- ◆ Despite the fact that agents lower down the chain are not directly affected by buying practices, overall returns to growers are lower than they might otherwise be in a context of more equitable buying practices.
- ◆ Our findings suggest that the economic environment for deciduous fruit and wine is having a direct impact on labour hiring strategies. Farmers are moving to a more flexible and contracted labour force and are reluctant to hire labour on a permanent basis.

- ◆ Domestic labour legislation is playing an extremely important role in this process and is an important variable in explaining changes in the local farm labour market.

Women employed in global value chains

- ◆ Women have tended to bear the brunt of employment restructuring, both in and out of the workplace. Women are being pushed to the back of the queue for increasingly scarce jobs. This includes increasing competition from men even for seasonal and casual farm work in the context of chronic poverty and structural unemployment in the South African economy.
- ◆ Many of the women who do remain in employment experience a restructuring of their jobs that makes them more insecure and precarious. This includes casualisation of work, intensification of work, and externalisation of labour relations.
- ◆ At home, employed women continue to carry the main burden of reproductive or caring labour while facing work intensification at work.
- ◆ For women without employment, household maintenance confines them to a very narrow existence and a dependence on tenuous patronage from men or the state.

Campaign recommendations

Contextualise the value chains

- ◆ Purchasing practices and codes of conduct should be contextualised in the broader political economy, with the dual pressures of overproduction of commodities arising from global competition in production, and growing concentration in retail structuring activities in the chain.
- ◆ Restructuring towards more precarious forms of work is the product of global competition and overproduction, which force producers to drive down their costs of production. Since labour costs are one of the only variables producers can control

to some extent, this has been an important arena of cost cutting.

- ◆ The financialisation of retail and the constant drive to grow shareholder value simultaneously forces retailers to consolidate their power, and to use this power to attract greater value to themselves. This occurs both by constantly reconstructing the meaning and measurement of value (quality and process, and pricing), and by redistributing risks and costs to other actors in the chain.
- ◆ In short, it must be acknowledged that purchasing practices, and the value chain as a whole, are situated in a broader economic and political framework that concentrates power amongst the wealthy.

Subsidies

- ◆ The global problem of overproduction of commodities cannot be discussed without considering the current system of agricultural subsidies in more detail. It is necessary to be aware of the danger of falling into the trap of uncritically reproducing free-market rhetoric when an approach to subsidies is developed.
- ◆ Government subsidies to food producers should not be opposed as a matter of principle. Indeed, it is arguably necessary for governments to continue subsidising food producers, especially when they are producing for the internal market and are producing essential food items.
- ◆ However, subsidies should not be provided to exporters of food, and the current subsidy schemes in operation in the US and EU in particular should be unpacked to identify who the real beneficiaries are, i.e. the large corporate agri-businesses.

Purchasing practices

In the context described above, the campaign could focus on ethical purchasing practices, in particular:

- ◆ Holding retailers to agreements made between themselves and producers/suppliers (especially

with regard to volumes, length of agreement and prices ;

- ◆ Where cost savings are made in the chain, these should be distributed evenly amongst those who have made a direct contribution to making the savings;
- ◆ Considering mechanisms for ensuring a proportion of cost savings accrue to workers in the chain, with a redistributive philosophy that seeks to rectify past injustices (including racial and gender oppression);
- ◆ Exposing the cost structure of the chain, and developing an argument for moving towards a situation where retail prices are based on the true costs of production and supply, incorporating minimum labour standards (preferably negotiated with workers themselves) and environmental protections;
- ◆ Examining the cost structure requires transparency in the cost chain (demand that books are opened to organisations involved in the campaign?);
- ◆ Considering mechanisms for ensuring the transfer of a proportion of added value to improving conditions of workers in the workplace and at home.

Codes of conduct

- ◆ Tesco and Sainsbury's are required (through the UK Department of Trade and Industry's responsible supplier relationship code) to treat their suppliers fairly. They point out that this code only affects their *immediate* suppliers, and that other suppliers down the chain are more difficult to monitor. This argument can be taken on by highlighting that the number of players in fruit and wine supply chains is very small (four in deciduous fruit; maybe one more in wine). There is no reason why the supplier codes can't be passed on.
- ◆ A second challenge is that codes are very tightly enforced in the clothing industry where there have been major scandals in terms of supply relationships. So if in clothing, why not in fresh fruit and wine?

Strategy

- ◆ Shareholder activism as a strategy? The increasing influence of shareholders over retailers may provide an opportunity for the campaign if organisations use shareholder meetings to raise challenges around unethical purchasing practices. It would merely require the purchase of a single share to open this opportunity.
- ◆ Social mobilisation should be a key element of the campaign, especially if the targeted beneficiaries are women workers. What campaign strategies can be developed which build on and extend existing organisation and mobilisation by women workers? Such an approach requires the concerns of women workers to be placed at the centre of the campaign demands.

Some questions may require further investigation:

- ◆ What are the detailed cost structures of retailers and other nodes in the value chain (distribution, storage, etc.)?
- ◆ What is the mismatch between production costs and retail prices, and what are the profit margins at each node?
- ◆ What drives profit requirements, and how can these be tackled?
- ◆ What mechanisms can be designed to ensure a redistribution of value towards workers in the chain?
- ◆ How can the campaign be structured to place the mobilisation of women workers articulating their own demands at the centre of the campaign strategy?