

Symposium Synopsis

Ethics and Social Justice Issues in the Wine Industry

Introduction

In October 2005, the Unit for Environmental Ethics hosted a Symposium entitled Ethics and Social Justice Issues in the Wine Industry. The goal was to identify and discuss some of the major practical moral challenges faced by those involved, directly and remotely, in the growing and making of wine, which lies at the very heart of the Western Cape region's cultural identity and economic activity.

A broad range of role players in the wine industry was invited to attend and share their views. They were, in order of presentation:

1. [Nicky Taylor](#) from the Wine Industry Ethical Trade Association
2. [Karen Harrison](#) from the Cape Winelands District Municipality
3. [Vuyokazi Luxande](#) from the Women on Farms Project
4. [Johan van Rooyen](#) from the South African Brandy and Wine Company
5. [Sue Winter](#) from the Biodiversity in Wine Initiative
6. [Andries Tromp](#) from Integrated Production of Wine
7. [Johan Reyneke](#) from Reyneke Wines
8. Andre Morgenthal from Wines Of South Africa
9. [James Pietersen](#) from The Vineyard Connection

Prof. Johan Hattingh acted as chair, assisted by Leanne Seeliger and Peter Esser as facilitators. Frauke Munster from the CSIR attended as an observer.

What follows is a synopsis of the moral issues and imperatives, and some ways of meeting these, which were highlighted by participants during their discussions. For the sake of conceptualisation they are grouped into three major themes, namely issues of **social and distributive justice**, issues of concern with **inherent and instrumental values of nature**, and issues of **ethical business practices** in the industry.

Social and distributive justice issues

The scope of socio-political dilemmas of the “new” South Africa is also evident in the wine industry. In the post-colonial, post apartheid era the issues of class, race and gender are as relevant and challenging as any other period.

Addressing historically unfair labour practices in the industry

The wine industry has a particularly pernicious history regarding labour practices, or rather exploitation, exemplified by paternalistic labour relations, poor wages and working conditions and the notorious “dop system”. The radical revisions of labour law that followed on regime change in the mid 1990's and South Africa's reacceptance as full partner in the international economy demanded that these practices be remedied.

Yet, it was only after retailers in the United Kingdom introduced new standards in their supply chain management that the imperative to implement and monitor fair labour practices was fully recognised by South African wine producers, and this provided impetus for significant uptake of fair labour practices in the industry.

Local factors that provided fertile ground for change included:

- Business owner support for development and empowerment
- A need and support for concrete guidelines for implementation of new labour legislation
- Union support for intervention in light of low levels of unionisation in the wine industry

The Wine Industry Ethical Trade Association has responded to the issues by facilitating collaboration between all the role players in the industry; from grass roots labour, through business owner-manager, wine producer and agent. Through a structured process the desired best practices, based on legislation and international standards, are communicated in the form of a Code to stakeholders. Appropriate training materials were developed to assist with the understanding and “uptake” of best practices. A structured audit was developed by which compliance to the Code is assessed. Audits are followed in turn by feedback and recommendations for further improvement if necessary. Satisfactory implementation of the Code leads to accreditation with WIETA. Accreditation decisions are multi-stakeholder, decentralised, process where inputs are welcomed from all interested parties.

WIETA thus aims to promote ethical trade, empowerment and improved working and living conditions for employees across the industry through a holistic and considered facilitation of best labour practice in the wine industry.

Addressing issues of distributive justice

The basic dilemma facing public management of the Cape Winelands District is that the site at which socio-economic problems present themselves is private land and private business, outside of the jurisdiction of public managers.

A rather complex picture emerges from an overview of socio-economic indicators of the population of the Western Cape. It shows clearly how the interactions between labour practices, population growth and settlement patterns have created and entrenched unacceptable socio-economic conditions for the vast majority of the population living and working in the district.

Seasonality of labour demand and an oversupply of unskilled workers have led, over time, to a greater number of low wage earners living in the region, without land tenure. The result is a situation in which distributive justice as far as education, land reform, healthcare and basic services are concerned, falls short of constitutional ideals.

Gender bias is a key concern, as the greatest burdens of poverty and socio-economic injustices are typically borne by women. The situation of higher numbers of women employed at minimum wage without job security or land

tenure exacerbates the already disadvantaged position women find themselves in. This particular issue is expanded on in the section that follows.

The great challenge to public management is to forge partnerships with private business and landowners, notably those constituting the wine industry, and to support initiatives that technically fall outside of the direct sphere of influence of local government. In this regard, the Cape Winelands District Council has made some progress through initiatives such as a water and sanitation subsidy programme, mobile health clinics, psycho-social skills development programmes and off-season public works programmes specifically targeted at women.

Addressing gender bias in distributive justice concerns

Women who work and live on farms would appear to have benefited from the growth in the wine industry, if employment rates are considered in isolation. Yet, an increase in the absolute number of women employed in agriculture has not translated into more secure livelihoods for women. The dual process of neo-liberal economic reform and political democratisation resulted in improved labour rights in terms of law, but concomitant deterioration of working and living conditions of women farm workers and their families in real terms.

This demographic group still epitomises socio-economic vulnerability. Housing contracts and managerial positions, as examples, still elude women. Women as a group also continue on a historical path of multiple burdens as housekeepers, mothers and care givers to the aged and sick, in addition to being breadwinners. The apparent disconnect between growth in the wine industry and the welfare of women is made intelligible when neo-liberal economics' failures to distribute resources equitably and to uphold good governance are considered.

The advent of democracy in South Africa coincided with the global spread of free-market economics, setting the needs of Labour at odds with those of Capital. Competition in the global market puts pressure on producers to manage production costs, of which labour forms a significant part, especially in the form of permanent staffing and the benefits that accrue to it. Casual, seasonal labour becomes the management solution.

At the root of the problems of socio-economic rights of disenfranchised demographic groups, lies the issue of property rights. Whereas property is by definition that which is utilised to create wealth, it is in fact the labour performed on the property that generates the increases in material wealth, which then accumulate to the property owner, rather than the labourer. It is in the vast discrepancy between the wages of the labourer and the value of the property on which labour is performed that this injustice festers.

Valuing Nature

In the wine industry the simultaneous dependence on and destruction of the natural world poses an intellectual and pragmatic challenge. New - or perhaps not so new - concepts are needed to stem a tide of environmental damage that now threatens to impact the industry itself, as it certainly will in the long term. Sustainability is the keystone of the future, yet it will be in the implementation that the concept sustainability, along with the feasibility of an industry, will stand or fall.

Instrumental support for Biodiversity Stewardship

Where the social and environmental responsibilities are met without expecting full monetary return on private investments, but where benefits accrue to greater society instead (so-called *external benefits*), the concept of Stewardship is at work. Examples of this have traditionally been production based, such as watershed management, environmental control, drainage and maintenance of roads and footpaths. The private landowner bears the costs and responsibilities for these tasks, and is (perhaps) subsidised by the public purse in return for the public benefits.

More recently, service based concepts have also entered the sphere of Stewardship practice. These include scenic and cultural value of landscapes, recreation, wildlife habitat, pollution prevention, animal welfare and ecosystem services (for example, the cleansing of water by wetland systems). Biodiversity is also now seen as belonging to the fold of environmental services that deserve Stewardship.

The site of the Western Cape wine industry is also that of the smallest and richest plant kingdom on the planet, the Cape Floral Kingdom. Preservation of the biodiversity of the CFK landscape is at the top of global conservation agendas. Since over 80% of the land of the CFK is in private hands, and 90% of wine production occurs in this domain, the buy-in from landowners and industry players remains crucial.

Any expansion of vineyards translates into a loss of habitat in the CFK, making for a very direct conflict between private land rights and economic incentives on the one hand, and preservation and conservation priorities on the other. In addition, habitat retention is at present not legislated and therefore is dependent on attitudes toward and values of nature held by landowners, which in turn influences the willingness to conserve in combination with the perceived monetary value of conservation.

Market mechanisms can only partly support a demand for Stewardship, through the “green” preferences of consumers. Thus the influence of government regulation and, increasingly, the pressure from concerned groups on producers are the necessary means through which to establish and maintain acceptable Stewardship practices in the industry.

The South African Brandy and Wine Company, in concert with Wines of South Africa has spearheaded an integrated approach to Stewardship involving both direct use value and non-use value in a strategy to ensure Stewardship of biodiversity in the wine industry.

By linking the concept of *terrior* and the unique (and highly threatened) biodiversity of the Cape Floristic Kingdom, direct use value for Stewardship is derived. It forms the foundation of a marketing strategy appealing to “green” consumer values and directed at markets characterised by high environmental awareness. In addition, the tourism industry can make direct use of Stewardship as a draw card through development of Biodiversity Wine Routes and similar initiatives.

Non-use values are also to be derived from Stewardship, given the appropriate regulatory environment. Fiscal instruments can be implemented to provide incentives for non-use, as well as mandatory compliance with non-use policy either supported by benefits in kind, or reinforced by penalties for non-compliance.

Yet, even in the context of direct benefits, returns are not immediate. Both supply-side and demand-side buy-in must be established and maintained through viable and collectively supported mechanisms. The Biodiversity in Wine initiative (BWI), and Integrated Production of Wine (IPW) represent organised efforts to establish such buy-in from producers and consumers alike.

The ethic of *attunement* is what characterises the BWI’s efforts in promoting Stewardship. Attunement refers to a positioning of humans within, not above or apart from, creation and involves learning to live, work and play within the cycles and processes of our ecology.

The BWI constitutes a partnership between the South African wine industry and the conservation sector, with the goal to minimize biodiversity loss and contribute to sustainable wine production. A set of guidelines have been developed which aims to prevent further habitat loss in critical sites, increase total conserved area, and promote changes in farming practices that enhance the marketing opportunities to “green” markets and consumers for South African wines.

Membership to the BWI is gained through scrutiny of farming and conservation practices and ensures that the wine producer is not merely “greenwashing” when making conservation claims, but fully compliant with biodiversity guidelines. The BWI also partners with the Integrated Production of Wine scheme that emphasises biodiversity conservation among other elements of sustainable farming.

The IPW is an initiative from the wine industry itself, organised by the Wine and Spirit Board and endorsed by government, through which a set of 15 guidelines was established to achieve the profitable and environmentally friendly production of wine. Producers, who voluntarily join the scheme, are trained regarding the implementation of these guidelines and are then responsible to self-assess their compliance. Although resources allow only limited policing of compliance, IPW

officials do conduct spot checks and non-compliant producers are referred to the BWI for full audits and follow-up.

Two problems were noted regarding these efforts to develop Stewardship. The first was that increased consumption as a basis for biodiversity conservation leaves a sense of contradiction that is not easily resolved. The second point was that the costs associated with Stewardship in turn prohibit the promotion of distributive justice priorities.

Addressing the inherent value of nature in the production of wine

An awareness that humans fall short of a full understanding of life in all its complexity informs a respect and appreciation for aspects of nature that would conventionally fall outside the primary concerns of modern agriculture. In this sense, the Biodynamic approach to agriculture forms a counterweight to the overbearing materialism and spiritual poverty observed in modern culture.

In principle, the Biodynamic farm is viewed as an organism that functions in harmony with its own internal cycles and processes, and those outside it, extending to the cosmic and spiritual spheres.

In practice, this translates to an “organic” farming process, where use of artificial fertilisers and pesticides are proscribed. The minimum external input is encouraged and, ideally, the farm itself produces all the resources necessary to grow high quality food, fibre and timber. In addition, a range of specially formulated herbal, mineral and organic preparations are applied to soils to increase fertility and vitality of plant and animal life.

As far as wine is concerned, the aim is to produce a product that authentically portrays the uniqueness of the vineyard and the season of its growth, with as little intervention as possible. Where intervention is made, it should benefit nature as such, just as it would the farmer or wine maker. This reflects a deep ecological ethic, predicated on a world-view that the universe consists of a dynamic web of interrelated events, and that things exist by virtue of their relationships to other things.

Ultimately, Biodynamic agriculture and wine production does not want to claim a superiority over conventional forms because it must see itself too in relation to other systems. The incompatibilities between Biodynamic processes and those of conventional farming and winemaking remain unresolved, yet this may possibly provide the tensions necessary for agriculture to remain a creative and dynamic pursuit.

Ethics and the Business of Wine

Wine is an industry, as it is clearly acknowledged in the title of this symposium and report. The business of wine deserves and needs to be the subject of critical reflection.

Addressing issues regarding the identification with wine as a natural product

During the 2003-2004 growing season a scandal rocked the South African wine industry. High profile winemakers were accused and found guilty of adding artificial flavour enhancers to their wine without disclosing it, thus presenting the wine as having “naturally” acquired its flavour characteristics.

This in turn sparked a debate around the question of what exactly constitutes wine and why such additions should be seen as morally offensive. Three moral objections can be raised against the practice of adding flavour enhancers.

Firstly, the regulatory body for wine quality, the SA Wine and Spirit Board, certifies wine to be of such and such an origin. In conjunction with the “reasonable” person’s heuristic understanding of the winemaking process – which does not include flavour enhancers – certification is the contract with the consumer that what is bought is indeed what is desired. In addition, law specifically proscribes additives.

Secondly, competition between winemakers to produce superior quality wines is dependent on a level (as can be) playing field. Allowing additives would make fair competition impossible and render the very idea of *terrior* meaningless.

The third issue is that the quest to satisfy consumer preferences, in order to maximise profits, creates incentive to manipulate products so that greater perceived value is obtainable at a relatively better price than a competitor’s product. This in itself is not necessarily perverse, but contingent on the extent and contexts in which such manipulation takes place. In the case of wine, an over-emphasis on the customer satisfaction mandate of business will lead to a transmogrification of wine into an unrecognisable, perhaps even unhealthy or dangerous, product.

Whereas the case of flavour additives clearly presents as objectionable, and with good reason, it also opens the debate regarding the legitimacy of adding *anything* for that matter (e.g. wood chips) to wine and calling it just that, as well as technological intervention (e.g. micro-oxygenation) when vintages would otherwise be rejected and money lost.

Addressing perverse marketing mechanisms in wine retailing, and other issues

Shrinking profit margins due to currency shifts and inflation, and a pressurised export market contributes to a highly competitive local market, especially in the restaurant trade, for South African wine producers.

Traditionally, producers have contributed in kind for the privilege of being on a restaurant’s wine list. Logos on bottle openers, umbrellas and on mirrors, *etcetera*, have become an accepted part of the scenery.

This practice progressed to candid offers by producers, or requests by retailers, of supplying the restaurant with much needed and costly items, such as fridges, for a special prominence on wine lists, and/or purchase contracts. Consumers too,

inherently consenting to aggressive forms of marketing, broadly accept this as part of the game and good business sense to boot.

However, currently, some restaurants are accepting hard cash in return for total control of a wine list by a producer. This raises the question whether such a practice constitutes bribery and unfair competition, and if not, whether it is respectable to buy exclusivity in this manner.

Objectors say that it is not; that such a practice prohibits competition between wines based on merit and is thus a disservice to wine drinkers, who's preferences should be indulged by restaurateur and wine maker alike, not vice versa.

Wine, it is argued, is a cultural product as much as it is an agricultural one. It is closely linked with the natural and social histories of regions and has significant interaction with food through its ability to enhance the taste experience. In the tradition of wine drinking there is also great scope for comment on the product, making for a mutual interaction between consumers and wine. This interaction is integral to the understanding of what wine represents and how it functions.

These factors demand a certain integrity from the product, the least of which involves full access to information, not only about the wine itself, but the process by which it is suggested to be an appropriate accompaniment to a meal or moment. Buying space for a wine on a list makes a travesty of wine culture.

Several other issues are also relevant at the point of sale and retailers need to debate their share of responsibilities regarding:

Discrepancies between export agent prices and local trade prices – An impression is created that local consumers (South Africans and tourists alike) are being taken advantage of when local wine prices exceed those in retail stores abroad.

Environmental impacts – Knowledge and information about specific wines' impacts on the environment should be available to the retail customer at point of sale.

Health impacts – Ethical concerns about health impacts of alcohol consumption and abuse should be reflected at the point of sale.

Wine and Tourism – Current discrepancies between the conventions that govern tourism and alcoholic beverage use, such as the prohibition of liquor trade on Sundays, begs appreciation and possibly, change.

Genetic engineering – The responsibilities of the retailer with regards to supplying information about genetic manipulation in wine production is not clear.

Conclusion

Neither the range of issues, nor the debate concerning any one of them, is considered in any way conclusive or exclusive. Rather, it is intended that these views serve as impetus for further debate, adding to the number of issues and perspectives of ethics in the wine industry, and that these ripple outward and onward.