

SOLD CHEAP AND PAID DEARLY

THE MARKET POWER OF GERMAN SUPERMARKET CHAINS AND WOMEN'S WORKING CONDITIONS ON WINE AND GRAPE FARMS IN SOUTH AFRICA



OXFAM
Deutschland

SUMMARY

This study examines the price pressure German supermarket chains exert on the South African wine and table grape industry as well as the untenable conditions farmers face on the plantations. The South African wine industry suffered greatly during the past years, with only 15 percent of wine producers remaining profitable. Most affected are female workers on grape plantations. Often they do not receive the minimum wage, are exposed to pesticides and suffer from discrimination. They are the weakest link in the supply chain.

The study is based on an investigation carried out by Oxfam's partner organization, the South African organization Women on Farms Project (WFP), which has been defending the rights of female workers on grape plantations since 1992. As part of the project, 343 farm workers were interviewed from March 2016 to February 2017. The study is part of a series of Oxfam reports that keep documenting human rights violations along tropical fruit supply chains of German retail companies. Although German supermarket chains claim to work towards sustainability, working conditions on fruit plantations in the producing countries have hardly improved.

If a structural change is to be achieved, it is necessary to consistently implement labour rights in South Africa and introduce binding statutory rules in Germany that ensure the protection of human rights in German companies' value chains.

A brief overview of the study's key findings:

The market power of supermarket chains

Aldi, Lidl, Rewe's Penny and Edeka subsidiary Netto Marken-Discount are dominant discounters on the wine market. The German Wine Institute (Deutsches Weininstitut) estimates that they sell 40 percent of the wine consumed in Germany while supermarkets such as Edeka and Rewe account for 21 percent of the sales volume. With regard to grapes and fresh fruit, the Edeka group, the Schwarz group (Lidl and Kaufland), the Aldi group and the Rewe group dominate the market with a share of 67 percent of the total sale. That gives German discounters and supermarket chains considerable negotiating power vis-à-vis their suppliers.

Price erosion: falling export prices

While the average price for South African wine that is exported to Germany has dropped by more than 80 percent since 2000, the production costs have risen by approximately 48 percent during the past 10 years. South African producers report that they only receive around US \$0.25 per bottle (approx. 10 percent of the average retail price).

The numbers are similar for grapes. With €0.77 per litre (2015), the price of wine exported to Germany is far below the global average.

The problem with bulk wine

Bulk wine is not exported in bottles but in large tanks, which creates a price advantage for German importers. Importing bulk wine is almost half as expensive as bottled wine. The bulk wine is bottled in Germany, which means a loss in value and jobs for the South African wine industry. Key value-adding processes, such as blending and creating a brand are no longer carried out in South Africa but in Germany. Wine as raw material thus becomes substitutable. Importers and retailers only need to follow the prices and pick the best offers. In 2014, 79.4 percent of South African wine that was shipped to Germany was bulk wine.

Lacking transparency

None of the four large German supermarket chains fully disclosed their wine and table grape supply chains upon enquiry of Oxfam. They especially kept secret where the grapes they buy are cultivated. For bulk wine and in particular for the discounters' own brands, the actual plantation is not disclosed to consumers, since in most cases, the label only states the German importer and the bottler.

Female farm workers: exploited and without protection

Female farm workers are particularly vulnerable to the significant price pressure in the South African wine and table grape market. In total, 20 percent of the surveyed female workers receive less than the minimum wage.

In addition, they take an enormous health risk. Around half of the women interviewed as part of the study are exposed to toxic pesticides during work, often even without being provided with protective clothing. Women are disadvantaged in many different ways. They receive less money than men for the same work and fear or even face sexual discrimination. They are not able to defend themselves. Only very few women are members of a trade union, as many farmers do not allow their involvement in trade unions and the farmers deny trade unionist access to the plantations.

Demands

Oxfam demands joint efforts of all parties involved. The South African government has to ensure domestic implementation of labour rights. Trade unions and women's organizations must be empowered to adequately represent female farm workers' rights. Plantation owners must respect the labour rights of women working on their farms. Supermarket chains and importers must ensure that their suppliers also respect human rights. The German government must adopt a law that obliges supermarket chains and importers to observe human rights standards that are laid down in the UN Guiding Principles on Business and Human Rights. This human rights due diligence duty includes ensuring that human rights are being observed in supermarkets' supply chains, for example, by paying fair prices and observing fair trading practices.

METHODOLOGY

The present study is based on the paper “*The farmer doesn't recognise who makes him rich*”: *Understanding the labour conditions of women working on farms in the Western Cape and Northern Cape, South Africa** prepared by Oxfam's partner organization Women on Farms Project (WFP) (hereinafter cited as the WFP report). Between March 2016 and February 2017, the South African women's organization interviewed a total of 343 female farm workers in the key wine and table grape cultivation areas in the Western and Northern Cape, subdividing them in permanent and seasonal workers. In March and April 2017 WFP also interviewed 26 women about the working conditions on table grape plantations that supply Lidl, among others. The information about the wine and table grape value chain is based on studies by the French research institute BASIC, including the report *Analysis of agricultural value chains between South Africa and Germany** published in 2015 (hereinafter cited as the BASIC report) and updated data from 2017, data drawn from the South African Sustainability Institute's study *Purchasing Practices of German Discount Retailers and Labour Conditions on South African Wine and Grape Farms** (hereinafter cited as the SI report) as well as Oxfam Germany's own research. Oxfam interviewed business representatives, scientists, industry experts and other experts in Germany and South Africa. Additional data and quotes were taken from Ricarda Stienhans' master thesis from 2016 *The Influence of German Supermarkets on the South African Wine Value Chain** (hereinafter cited as Stienhans) for the Montpellier University and the University College Cork, Ireland.

Oxfam supporters collected additional data about the grape supply chain in a crowdsourcing research project carried out in supermarkets in the winter of 2016/2017. They identified exporters, producers and plantations by checking the labels on table grape packages.

The supermarket chains Edeka, Rewe, Aldi Nord and Aldi Süd as well as Lidl addressed in the study were first surveyed about their trade practices, labour rights violations, and sustainability initiatives in the wine and grape supply chain by means of a standardized questionnaire. Prior to the study's publication they were also given the opportunity to make statements. While all surveyed supermarkets responded to the questionnaire, only the Aldi group and Lidl seized the opportunity to comment on the study. Both confirmed that the working conditions of female farm workers on grape plantations must be improved.

Aldi Süd, however, denied that its suppliers perpetrated the described abuses, while Aldi Nord admitted that grape producers systematically ignored South African laws. Lidl did not comment on the specific accusations, but requested disclosure of the examined plantations. At the same time, it failed to disclose the farms of its own supplier plantations in the questionnaire.

To protect the workers, we cannot, however, agree to the request. For the same reason we will not publish the names of the interviewed female farm workers or show their faces in this study.

*All mentioned studies can be accessed at www.oxfam.de.

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INTRODUCTION

Aldi advertises its wine with the striking name “African Rock” on its website as follows: “*White wine from far-off South Africa with a grapefruit, peach and citrus aroma. Simply delicious.*”¹ It is available for €2.29 per bottle only. The discounter Penny (Rewe group) offers South African Chardonnay for €1.99 per bottle only. Lidl sells South African wine under its own brand Cimarosa for €2.49. South African wine is known for its good quality at low prices. It is therefore very popular and has until recently been the best-selling import wine.²

Many supermarkets import also table grapes from South Africa since this allows them to offer the products in Germany throughout the entire year. Lidl likes to celebrate itself as the number one fruit and vegetable provider selling one kilo for only €2.99.

The low prices, however, do not benefit all those working in the wine and table grape industry. Recent studies revealed that South African wineries and wine farms have a hard time staying in business. Only 15 percent of wine farms were profitable in 2015, 49 percent hardly generated any profit, 6 percent did not make any profit at all, and 30 percent ended up with losses, which forced them to switch to other products, such as citrus fruits.³

“Europe, including Germany, is starting to build incredibly dominant retailers who will just demand a price. So, you have to go back in the value chain and cut somewhere. South African grape growers get less and less. Wine farmers are even starting to change to other crops.” Interview with a SALBA (South African Liquor Brand Association) representative⁴

Those who suffer most from price pressure and have no alternative are women working on the plantations. They are the weakest link in the supply chain and the price and cost pressure are passed on to them. Every day, women struggle on the fields in the blazing sun in order to achieve their daily targets. If they fail they often do not even earn the minimum wage or are threatened with dismissal. One female farm worker reports: *“If you don’t achieve your target you will be given a warning that you have to sign. After three warnings you are fired.”*⁵

Women in South Africa are more vulnerable to economic pressure than men. In most cases they are seasonal workers with insecure working relationships. They lack access to employee representative bodies that would help them to file complaints and enforce their rights. They are paid less although they do the same kind of work as men.

Higher export prices and a fairer distribution of profits in the supply chain are important prerequisites; however, they provide no guarantee for a sustainable improvement of female workers’ situation. Yet the opposite is true: Export prices are

1 www.meine-weinwelt.de/weine/African-rock-sauvignon-blanc-Südafrika

2 *Wine.co.za 2016*, Selling South African wine in the German wine market, www.wine.co.za/news/news.aspx?NEWSID=29655&CLIENTID=0

3 www.winesouthafrica.info/download?wivcrt=1dba3025b159cd9354da65e2d0436a31, p. 6

4 Stienhans, p. 51

5 WFP report, p. 38

falling and the working conditions on South African table grape and wine farms are degrading, especially for women, with a declining number of permanent positions and more seasonal work and occasional jobs. Nonetheless German supermarket chains continually work towards polishing their sustainability image. They embellish themselves with sustainability seals and celebrate their voluntary commitments. Lidl's website states: *"In our daily work, we commit to fulfilling our economic, social and environmental responsibility."*⁶ Similarly, Aldi Süd stresses that it *"acts with responsibility."*⁷

The following sections show the true picture of the heavily advertised sustainability and what impact the growing market power of German supermarket chains has on working conditions in South African wine and table grape cultivation.

MARKET POWER AND SUSTAINABILITY OF SUPERMARKET CHAINS

"We no longer sell to German discounters as the prices offered/demanded are too low for our producers to remain financially viable." South African wine exporter in 2016⁸

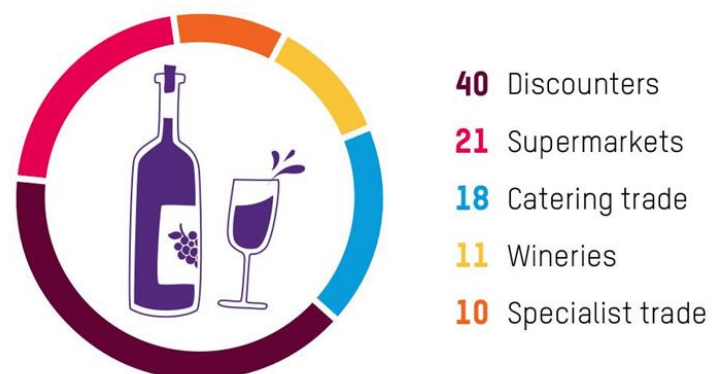
PRICE PRESSURE AND UNFAIR TRADE PRACTICES

Similar to the general retail food trade, discounters and supermarket chains have tremendous power on the German wine market. Four large groups — Edeka, Rewe, Aldi and Schwarz (Lidl and Kaufland) — together share 80 percent of the sales volume.⁹

The discounters' position (among others Aldi, Lidl, Rewe's Penny and Edeka's Netto-Markendiscout) is particularly dominant on the wine market. According to calculations of the German Wine Institute they sell 40 percent of the wine consumed in Germany while traditional supermarkets, such as Edeka and Rewe account for 21 percent of the total sales volume.¹⁰

WINE market shares by volume (in %)

Source: German Wine Institute 2014/2015



6 www.lidl.de/de/

7 <https://unternehmen.aldi-sued.de/de/verantwortung>

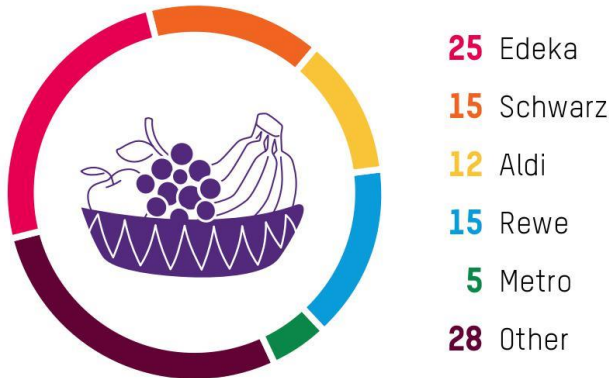
8 SI report, p. 52

9 www.germanwines.de/fileadmin/user_upload/Website/Service/downloads/statistik_2014_NEU_web.pdf

10 www.deutscheweine.de/fileadmin/user_upload/Website/Service/Downloads/Statistik_2016-2017-neu.pdf, p. 34

FRESH FRUIT market shares by sales volume of the largest food retailers in 2011 (in %)

Source: Euromonitor 2015



With fresh fruit, the Edeka, Schwarz, Aldi and Rewe groups also dominate the German market sharing about 67 percent of the total sales.

Wine and grape suppliers cannot manage on the German market without them, which gives German discounters and supermarket chains hold an enormous negotiating power. They can determine prices and pass costs and risks on to their suppliers. Wine and table grapes provide a striking example of how German discounters influence prices and trading conditions.

The wine market

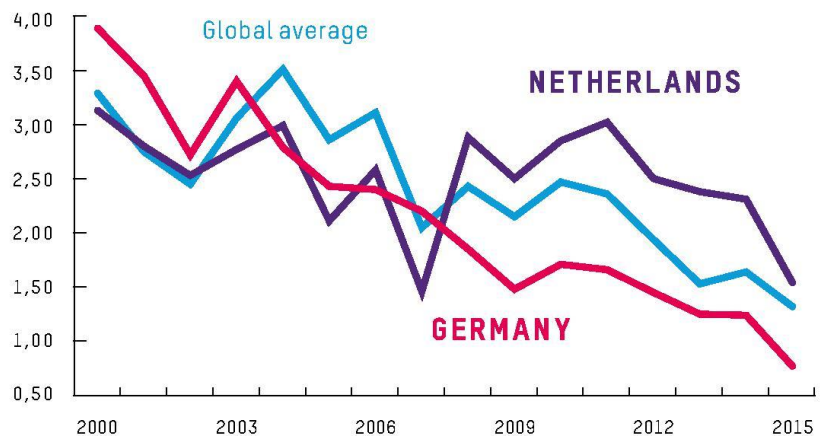
Exporters, wineries, and winemakers describe the wine market as “buyer’s market” where they are nothing more than “puppets on a string” with the power lying with the buyer, i.e. the supermarket.

The average price of South African wine for export to Germany has massively dropped by more than 80 percent since 2000, from slightly less than US \$4 to less than US \$1 per litre. It is thus well below export prices in other countries.

The price pressure exerted by discounters and supermarket chains is, however, only one of the reasons for the low export prices in the South African wine industry. Another cause is the weak South African Rand compared to the euro. The weak rand is however not the decisive factor for the fall in prices for exports to Germany as can be seen by comparing the figures with the Netherlands. With US \$1.50 in 2015 the export price is significantly higher and has also not fallen as strongly since 2000. South African wine industry stakeholders mentioned exchange rates last

PRICES FOR WINE EXPORTED FROM SOUTH AFRICA BY TARGET COUNTRY (in \$/KG, adjusted for inflation)

Source: BASIC, 2015, based on data provided by Comtrade



of all when surveyed by Pricewaterhouse-Coopers (PWC) in 2015 about decisive factors for their business strategy.¹¹ Many German importers pay for South African wine in rand, not in euro, so as to be independent from currency fluctuation.¹²

One reason for low prices is the trend towards exporting wine in so called flexi tanks instead of bottles. The central value-adding processes, such as blending different varieties of grapes, bottling and creating brands, are thus left to Germany. In 2014, 79.4 percent of South African wine was shipped to Germany in containers with up to 24,000 liters of capacity.¹³ With 211 million liters of bulk wine during the first quarter of 2016, Germany surpassed France as largest bulk wine importer.¹⁴

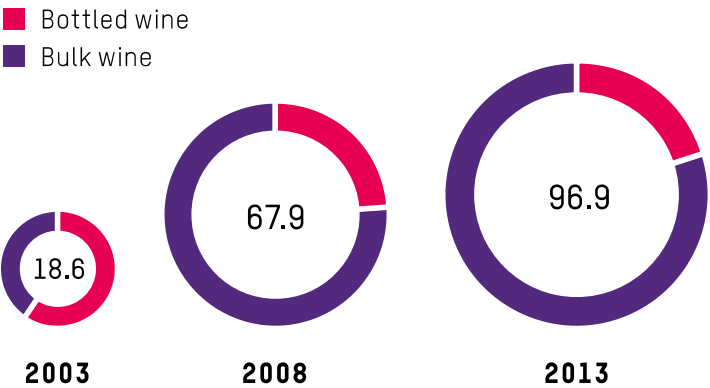
Although shipping wine in flexi tanks is more environmentally friendly due to the reduced emission of greenhouse gases, saving costs remains the critical factor. Importing bulk wine is about half as expensive as wine filled in the country of origin.¹⁵ Discounters and importers predominantly buy it through invitations to tender. Unlike traditional brand wines, such as Nederburg, bulk wine is a substitutable raw material. Buyers can therefore always choose the cheapest offer.

“If the South African producer is not willing to sell to this price the supermarket finds another one.” Interview with an industry expert, Stienhans, p. 38

The demand for large quantities of bulk wine is growing, especially for the discounters’ own brands. For example, a large German importer buys 10 million litres per year from a South African cooperative.¹⁶

VOLUME OF WINE IMPORTED FROM SOUTH AFRICA
 (in millions of liters, excluding sparkling wine)

Source: BASIC, based on data provided by Comtrade Data



11 PWC, The South African wine industry insights survey 2015, www.pwc.co.za/wine-insights-survey
 12 Interviews with wineries and exporters, Stienhans, p. 55
 13 SAWIS (2015), SA Wine Industry Statistics NR 39, Stellenbosch, South Africa, p. 28-33
 14 SI report with further references, p. 57
 15 BASIC report, p. 41
 16 Stienhans, p. 38

VALUE CREATION IN THE WINE SUPPLY CHAIN

Source: Stienhans, p. 44. Estimated values based on data provided by industry experts and the Centre for the Promotion of Imports from developing countries (CBI)



Farmers only receive 3 percent of added value on average per sold bottle of bulk wine and 4 percent of bottled wine.

This trend poses an additional risk for South African suppliers, since retailers and importers can more easily change their suppliers. While South African exporters become increasingly dependent, German importers and retailers are gaining ever more bargaining power. Leaving the value-adding bottling to Germany means a massive loss in prices and jobs for the South African wine industry: 107 jobs are lost per 10 million litres of bulk wine.¹⁷ Since Germany imported approx. 61.5 million litres¹⁸ from South Africa in 2016, almost 660 workers could have lost their job in one year only.

Even if the wine is bottled in South Africa, the creation of own brands, such as Aldi's "Sumerton," makes local suppliers increasingly dependent, as importers and retailers decide on the blending of the wine, its taste, and the brand. They do not rely on specific suppliers and can change prices in any manner they see fit and pass on the costs. Erhard World, grape and wine buyer at Distell, one of the main South African wine exporters, stated that "if prices would rise by just 2 rand (€0.12), Distell would only be able to sell half the wine and thus buy less grapes and wine from producers."¹⁹

Another exporter complained about German discounters' tendering system, where prices are the sole criterion. Tenders take place once a year and the supplier that

¹⁷ Coge S.r.l., Study on the competitiveness of European wines, commissioned by the European Union, 2014

¹⁸ <https://comtrade.un.org/data>

¹⁹ Vinpro, The future: Bulk or quality, <http://vinpro.co.za/the-future-bulk-or-quality/>

delivers a bottle of wine at the lowest price wins the order. Industry experts report that with export prices of slightly above €1 per bottle, wineries and winemakers are left with €0.25 only, i.e. 10 percent of the average retail price of €2.49. This makes it almost impossible for them to survive on the market in light of the high costs of production. Between 2006 and 2016 production costs increased by approximately 48 percent and amounted to €2,867 (44,390 rand) per hectare in 2016.²⁰

“In the current economic climate we cannot offer such cheap prices because it is not sustainable for our large estates and cooperatives. They cannot take care of their workers remain sustainable with the kind of prices required.” Interview with a wine exporter in 2016²¹

But it is not only discounters that exert price pressure on their suppliers. Other supermarkets usually invite tenders annually to meet their wine demand and refrain from entering into long-term contractual relationships. They also charge listing fees for their branded wines of up to 28 percent of the retail price.²² South African suppliers have to invest first to ensure that their goods are even included in the portfolio. On top of that, supermarkets charge fees for ensuring good positioning of the goods on supermarket shelves. Suppliers are also asked to pay for promotions and accept discounts.²³

Since supermarkets also sell branded wine with substantially higher purchase prices, such as Roodeberg, sold at Edeka for €6.99, suppliers should be able to achieve higher margins. This, however, always depends on the supply sales volume. In spite of low prices, discounters remain attractive for suppliers because they guarantee an enormous sales volume, which benefits above all very large producers. According to the wine association Vinpro many providers had to give up because of poor profitability. The number fell to only 3,139 in 2016, down from 4,360 producers in 2005 and 3,323 in 2014.²⁴

On average, farmers receive 3 percent of the added value per sold bottle of bulk wine and 4 percent for bottled wine.

Still, not all farmers and exporters suffer from the pressure on prices. Those who use other sales channels and sell to wine stores or restaurants indeed attain higher prices of €3–5 per bottle, compared to €0.90 to €1.40 if sold to supermarket chains and discounters.²⁵ Traditional major landowners who use these sales channels usually have fixed price lists that provide discounts for customers with larger sales volumes only.

20 sales.vinpro.co.za/product/vinpro-cost-guide

21 SI report, p. 52

22 BASIC report, p. 40

23 Stienhans, p. 42

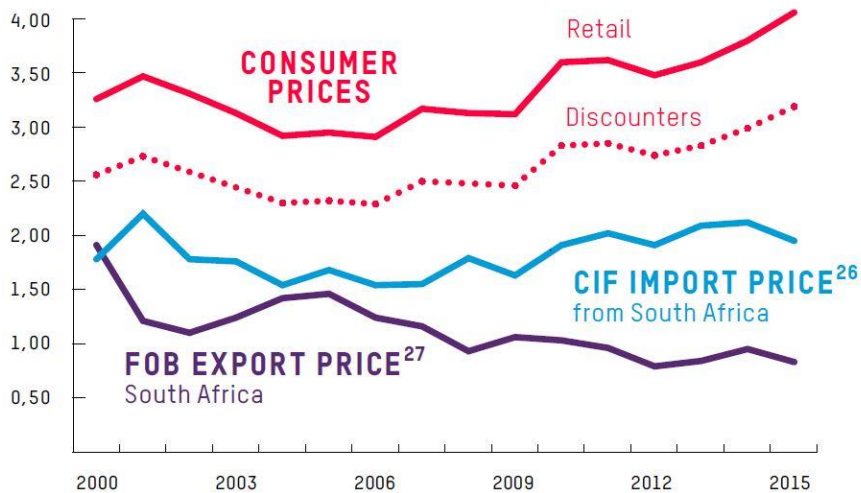
24 vinpro.co.za/Media/Default/Downloads/VinPro-Production-Plan-2014.pdf, p. 12

25 Stienhans, p. 45 and interview with industry experts in November 2016

Table grapes

VALUE CHAIN TABLE GRAPES (in €/KG)

Source: BASIC, based on data provided by DEStatis, Eurostat, and Comtrade Data



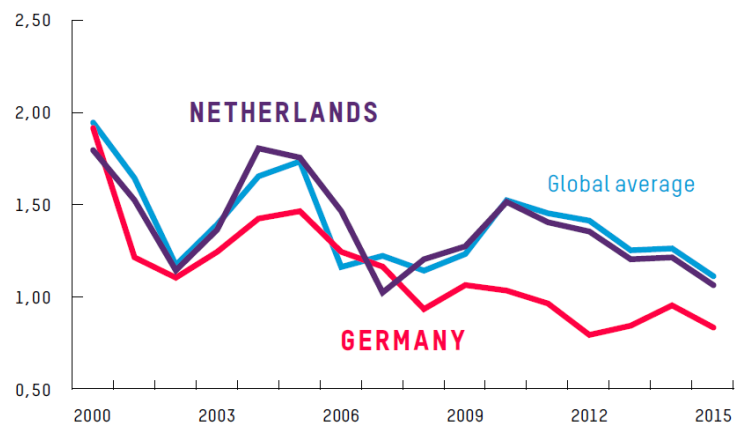
Export prices for table grapes are also falling. As can be seen in the graphic on prices below, they have fallen by two thirds since 2000, while consumer prices have risen.

One of the reasons is again the price pressure on the part of large supermarket chains and discounters, which pass risks and costs on to their suppliers.²⁶

The price for grapes exported to Germany was well below the global average with €0.77 (2015) per kilogram and below the price for exports to the Netherlands. With average production costs of €0.93 per kilogram (2015), there is not much left for producers and even less for the female workers.

PRICES FOR TABLE GRAPES EXPORTED FROM SOUTH AFRICA BY TARGET COUNTRY (in €/KG, adjusted for inflation)

Source: BASIC, based on data provided by Comtrade



²⁶ Stephanie Barrientos and Margaret Visser, South African horticulture: opportunities and challenges for economic and social upgrading in value chains, September 2012

LACKING TRANSPARENCY IN THE SUPPLY CHAIN

Upon Oxfam's enquiry, none of the four large retail groups fully disclosed its supply relationships in the wine and table grapes supply chain. In particular none of the companies provided information about the plantations that produce vinified grapes or table grapes for them.

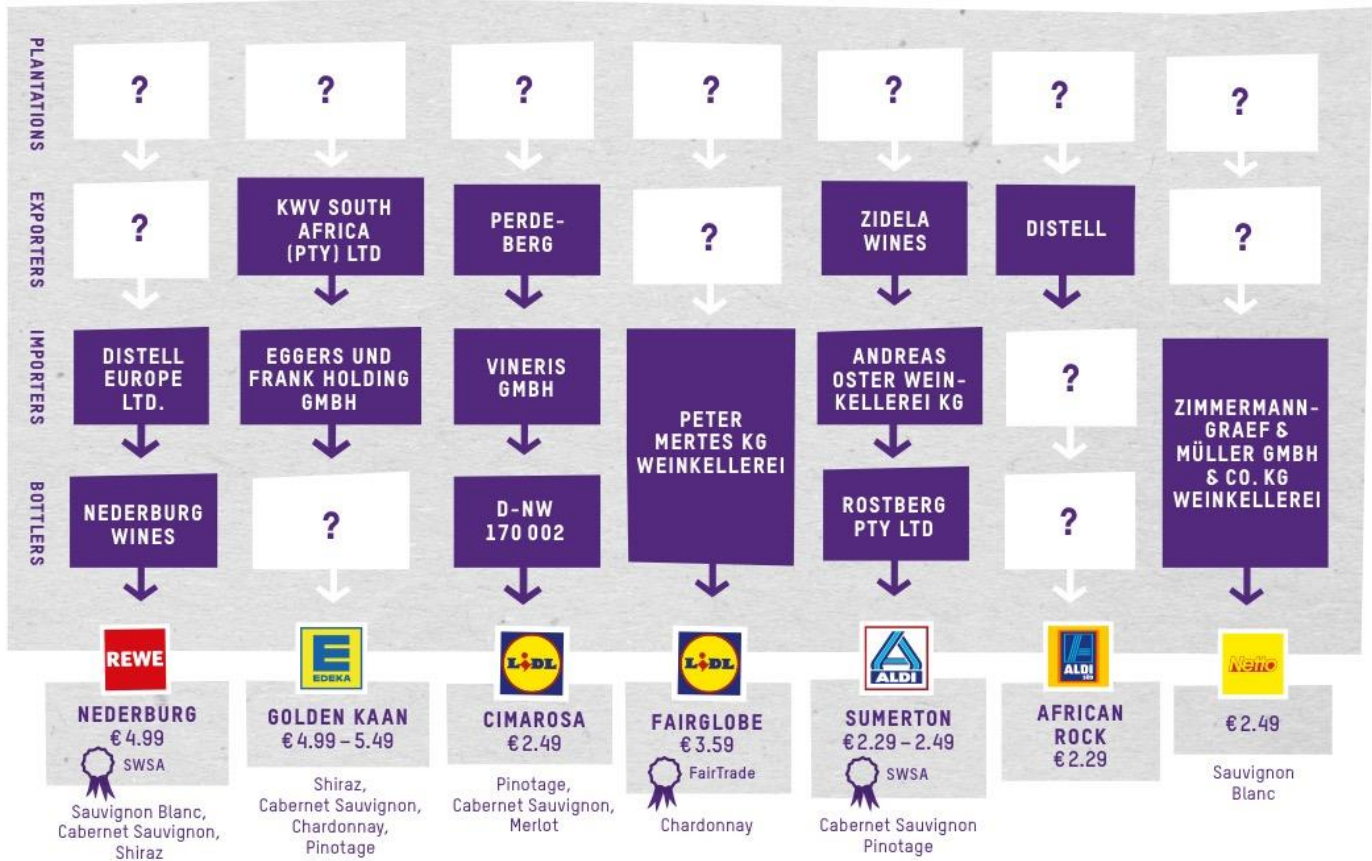
It is sometimes possible to identify the wine plantations on the bottle labels in the case of branded wine. With bulk wine and in particular with discounters' own brands, however, consumers have no means of identifying the plantations, since the label in most cases only states the German importer and the bottler.

As far as we could find out, for its Cimarosa wine Lidl cooperates with cooperatives that are based in Paarl, including—according to Lidl's own information—one named Perdeberg.²⁷ For Aldi Nord, the company Zidela Wines controls its contractually bound wine farms, for example, in Stellenbosch, Paarl and Franschhoek. Aldi Süd cooperates with the Stellenbosch-based company Distell. It was in these cultivation areas where Oxfam's partner organization Women on Farms Project conducted its research. Although it remains unclear where the examined farms export, given that most of the identified shortcomings pose a structural problem in the South African grape and wine industry, they are likely to also apply to producers that cultivate for the German market.

²⁷ Email from Lidl dated 12 April 2017

SELECTED SUPPLY LINKS FOR WINE

SOURCE: own compilation on the basis of Oxfam's own research in supermarkets and data provided by trading companies and industry experts



It is easier to identify grape exporters and producers on the packages. For this WFP took random samplings of the working conditions on plantations where grapes are cultivated for Lidl.

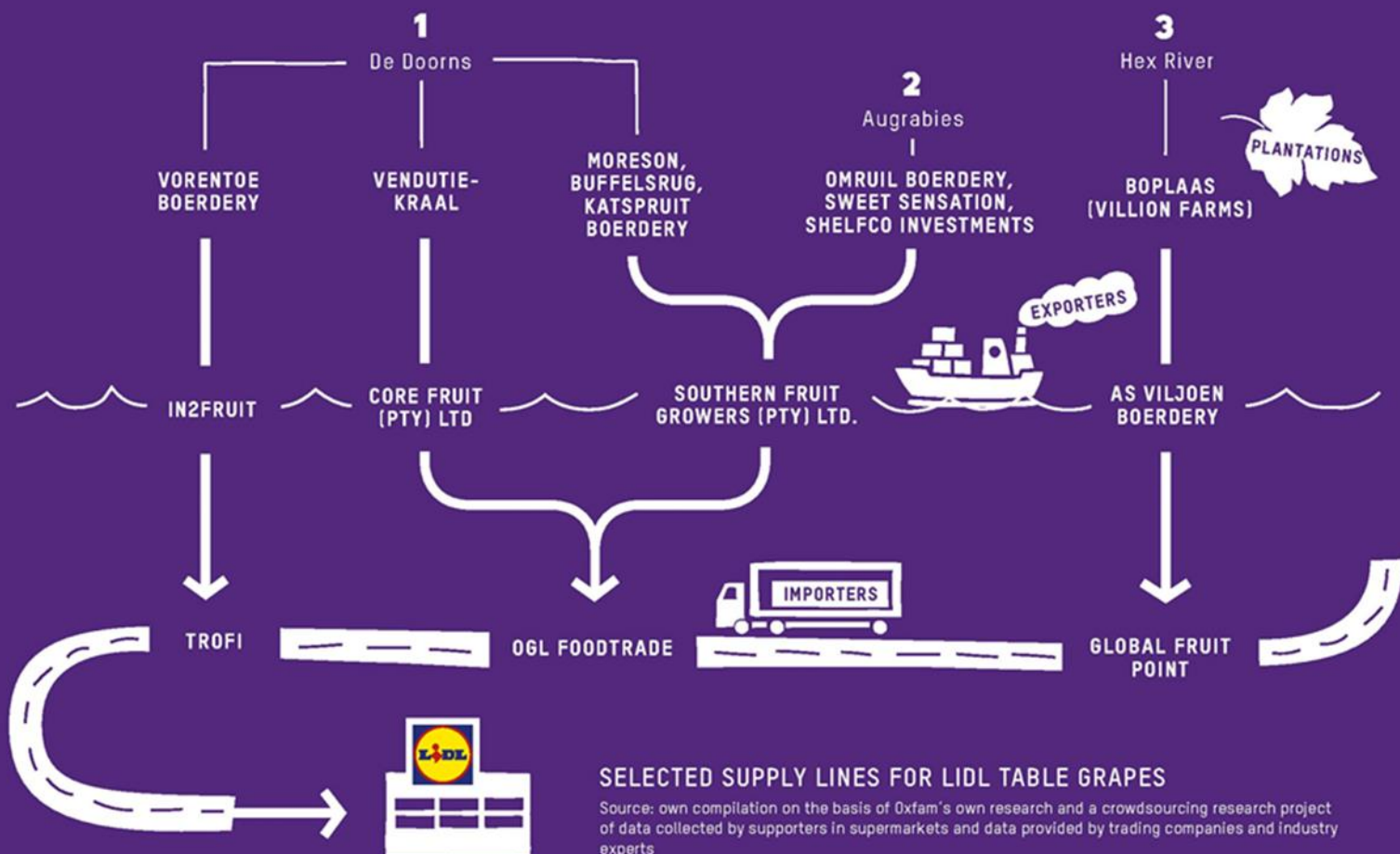


AREAS OF CULTIVATION

In total, research was conducted in the following wine and grape cultivation areas:

- | | | |
|---|---|---|
| <p>1</p> <ul style="list-style-type: none"> De Doorns Paarl Rawsonville Stellenbosch Wellington Wolseley | <p>2</p> <ul style="list-style-type: none"> Augrabies Alheit Dyasons Klip Kakamas Kanoneiland Keimos | <p>3</p> <ul style="list-style-type: none"> Hex River Louisvale Nadonsies Ses Brugge Upington Wolseley |
|---|---|---|





SUSTAINABILITY INITIATIVES OF SUPERMARKET CHAINS

The surveyed companies Edeka, Rewe, Aldi and Lidl are members of different sustainability initiatives in the attempt to create a positive public image of themselves.

All of the grapes the four retail chains offer bear the GLOBALG.A.P.–GRASP seal²⁸, which originally ensured food safety, but as of a few years ago also applies to working conditions. In South Africa, GLOBALG.A.P. also cooperates with the local sustainability initiative South Africa SIZA²⁹. All four large supermarket chains are members of the Business Social Compliance Initiative (BSCI)³⁰, an association of retailers, textile and food manufacturers, among others, which aims at improving social conditions in the supply chain. Lidl, Aldi and Edeka also cooperate with suppliers that have been examined by the WIETA initiative (Wine Industry Ethical Trading Association)—a multi-stakeholder initiative aimed at improving social conditions in the wine sector.³¹

28 www.globalgap.org

29 siza.co.za

30 www.bsci.org

31 www.wieta.org.za

Some wines bear the Sustainability Seal, which focuses on observance of ecological standards.³² All these standards, however, ignore the crux of this issue: low purchase prices and unfair trading practices of supermarket chains and importers. Although all supermarket chains also sell fair trade wine with guaranteed minimum price for wine producers, but none of these companies aims at increasing this product range.

For South African producers and exporters, the GLOBALG.A.P. label is a de facto requirement for entering the German market, because German supermarket chains do not buy grapes without GLOBALG.A.P. certification. Producers are, however, not able to offset increased costs associated with the observance of sustainability requirements of the different standards by raising their prices. As a wholesaler stated, retail and end consumers are not willing to pay higher prices for certified wines, which is not only a problem in Germany.³³

But what is really happening on South Africa's vineyards and wineries? Who profits from sustainability standards? Do they in fact change the situation of workers or do they only enable supermarket chains to maximize their profits and German consumers to feel better when going shopping?

WOMEN'S WORKING CONDITIONS ON WINE AND GRAPE PLANTATIONS

"Female farmworkers are paid even less than male farmworkers... Female farmworkers can face discrimination and greater levels of insecurity. In general, women are less likely to be deemed permanent workers rendering their job security more precarious." [Human Rights Watch report 2011](#)

Female farm workers are among the poorest of the poor in the world. The structural inequality between landowners and farm workers in South Africa dates back to the colonial era when slaves worked on the fields of Dutch and French colonial rulers. During the years of apartheid until 1994, the exploitation of farm workers continued. This included child labour, inhumane living conditions, and the so-called "Tot system". Farmers compensated farm workers for their labour with wine, which led to increased alcoholism among them and resulted in the Western and Northern Cape showing one of the highest rates of the fetal alcohol syndrome in the world.³⁴ Although new labour legislation was adopted after the end of apartheid, its nationwide implementation required to bring about a major change in workers' situation, in particular for female workers, has failed so far.

³² www.swsa.co.za

³³ SI report, p. 55

³⁴ The fetal alcohol syndrome is the prenatal damage suffered by a child because of the pregnant mother's alcohol consumption.

Women who harvest grapes on farms are still suffering from structural issues, including low wages, precarious working conditions, insufficient health and labour protection, and miserable housing. A key problem is that farm and seasonal workers are poorly organized. Female workers cannot seek help from unions that represent their interests.

In studies published in 2011 and 2015, Human Rights Watch and the International Labour Organization (ILO) already documented the increasingly insecure contractual relations associated with seasonal and casual employment.³⁵ The interviews conducted by WFP show that the situation has further deteriorated. While more and more permanent workers live on the farms, this is not true for seasonal workers. They live in informal settlements and townships outside the cities where hundreds of thousands people have been displaced since the end of apartheid.

“Farmers look down on us and treat us like dogs.” Female farm worker who harvests and packages grapes

STRIKES IN THE DE DOORNS CULTIVATION AREA AND THE ROBERTSON WINERY

Workers in the De Doorns cultivation area in the Western Cape went on a historic strike in November 2012, which quickly spread. Women not only demanded higher wages in general, but also equal payment for equal work and paid maternity leave. The strike was marked by violence, and two striking workers were killed. Workers were not paid during the strike and many of them starved. The strike ended at the end of January 2013 with an increase of the minimum wage from 69 to 105 rand. Although this is less than the demanded 150 rand, the strike was successful and opened the way for the workers to join the struggle for their rights and organize themselves. On the other hand, numerous permanent workers were replaced by seasonal workers as a result. Many trade union members were blacklisted, 60 members of the union CSAAWU were dismissed.

Another important strike took place at the Robertson Winery in 2016. It drew international attention thanks to the corresponding documentary “Bitter Grapes – Slavery in the Vineyards”³⁶ by filmmaker Tom Heinemann. The Danish consumers’ boycott and Danish supermarkets’ decision to refrain from buying more wine from Robertson also revealed the influence of European consumers and buyers. The strike finally achieved an 8-percent pay increase and the granting of an annual increase while once again raising awareness for the structural exploitation in the wine industry.³⁷

35 Human Rights Watch, Ripe with Abuse – Human Rights Conditions in South Africa’s Fruit and Wine Industries, (2011) www.sawit.co.za/images/Human%20Rights%20Watch%20Report.%20Ripe%20with%20Abuse.pdf;

ILO, Visser, Margareet And Ferrer, Stuart, Farm Workers’ Living and Working Conditions in South Africa: key trends, emergent issues, and underlying and structural problems (2015)

36 www.bittergrapes.net/about-the-film

37 Sowetanlive, *Robertson Winery’s 14-week strike ends*, www.sowetanlive.co.za/business/2016/11/24/roberston-winery-s-14-week-strike-ends

Employment contracts and wages

“I’m not happy. I don’t have a contract, I don’t know my wage.” Interview with a female farm worker in 2016

“I have never signed a contract in my whole life.” Farm worker on a farm in the region De Doorns where grapes are cultivated for Lidl

Only 30 percent of the women interviewed by WFP have received a copy of their working contract; almost 40 percent have not even signed a contract. 18 percent of interviewees do not know whether they receive the minimum wage for farm workers, whereas the majority stated to know the amount. The reason behind this is that their pay slips are frequently not transparent enough and contain illegal deductions. 20 percent stated that they receive less than the minimum wage. *“I really want a decent living wage,”* said one of the surveyed female workers. *“I want that every worker gets what they deserve for quality grapes, for packing it well and handling it with care.”*

The monthly minimum wage for farm workers was 2,778.83 rand (approx. €178.10) between March 2016 and February 2017³⁸. The South African National Economic Development and Labour Council (NEDLAC) recommended 3,500 rand (€226.40) in 2016. According to the Pietermaritzburg Agency for Community Social Action (Pacsa 2016) an average family of five members in South Africa should spend 3125.87 rand (€202.40) per month for food only to eat a reasonably healthy and balanced diet.³⁹

The survey findings differ substantially depending on whether the interviewees are permanent or seasonal workers. According to their own statements, 73 percent of permanent workers receive the minimum wage, while it is only 51 percent among seasonal workers. There is also a significant difference as regards their contracts. While only 17.5 of the seasonal workers stated to have been provided with a copy of their contract, the share of permanent workers was 37 percent. WFP estimated that 70 percent of workers are seasonal workers, most of them being women. Numerous farm workers thus do not earn enough to feed themselves and their families and to live a decent life. Seasonal workers also reported that they were not granted paid leave, continued payment of wages or other social benefits.

“No, it is not much. It is not a decent salary. One day a person came to speak to us about good nutrition. We should eat vegetables and fruits. But where is the money to buy for it?” Female worker on a grape farm in the De Doorns cultivation area that supplies Lidl

Payment of the minimum wage is often made subject to the condition that workers reach high targets, especially in the Western Cape. This is a common strategy used by farmers to circumvent minimum wage. One worker reported that they increased the targets every day. If the women achieve 70 vines per day, for example, the next target is 74.

38 Sectoral Determination 13 for Farm Workers

39 www.pacsa.org.za/pacsa-media/news-archive/item/pacsa-monthlyfood-price-barometer-4.

33 percent of the respondents reported that they worked according to those targets. If they fail to achieve their daily targets they usually face penalties, such as deductions from wages, unpaid overtime and cutting of bonuses. Even if they achieve the daily targets, some of them do not receive the minimum wage. *“In some cases, people earn 50, 75 or 100 rand (€6.50) for reaching the target. But we never pass the 100 rand,”* reports a farm worker, who cultivates grapes for Lidl in the De Doorns region. If seasonal workers fail to achieve their target, they even risk dismissal.

Illegal wage deductions for children of full age are also a growing problem for permanent workers who live on the farms for rent:

“We pay extra rent for our children. For those aged 18 – 26, we pay 60 rand per child per week; for those older than 26, we pay 90 rand per child per week. On another farm they pay 200 rand per child per week.” Interview with a female farm worker in 2016

Occupational health and safety

Work accidents

“People do not report injuries on duty. They are too scared to talk to the foreman because they are scared of being sent home and losing their day’s wages and jobs.” Interview with a female farm worker

Many farmers benefit from the fact that workers do not know their rights and fail to report accidents at work. Farmers often illegally withhold wages if an injured female worker goes to a hospital. 62 percent of seasonal workers confirmed this situation.

Belinda (name changed) 37, married, 3 children, salaried employee at a wine farm:

“This week has been a hard week. We were out of food. We have to work really hard, we have to achieve daily targets; otherwise, we don’t get our bonus. I haven’t achieved it today, but I will tomorrow.”

Pesticides

“They do not warn us when they are going to spray. It’s like we are animals that they can just spray.” Farm worker on a farm in the De Doorns region where grapes are cultivated for Lidl

51 percent of all those surveyed and even 69 percent of interviewed seasonal workers are exposed to pesticides during work, less than 1 hour after they have been sprayed. 66 percent reported that they do not wear protective clothes, since they have simply not been provided to them, although labour law requires this; in the case of seasonal workers the figure was as high as 73 percent. Only the tractor driver who sprays the pesticides is provided with protective clothing, according to female farm workers. When the women enter the fields, the grapes were sometimes

covered with a white pesticide layer; still they are forced to touch them with their bare hands.

Linda (name changed), 32, married, 3 children, salaried farm worker

“We have to work under the hot sun, and there are snakes. Last year I became sick three times due to the pesticides, I even fainted and had to go to hospital for six days.”

The most frequent health problems caused by pesticides are inflammatory skin reactions, respiratory problems, eye inflammations and headaches. This affects not only female farm workers but also their children and relatives who live near the fields. Female farm workers report that sprayed pesticides also covered laundry hung up outside to dry.⁴⁰ The families' clothes are also contaminated with pesticides if the female workers wash their working clothes together with the other laundry.

Trade union rights

“Trade unions are not allowed on the farm.” Female farm worker on a grape farm

With three percent, the level of organization of farm workers in the Western Cape is very low.⁴¹ One reason is their ignorance. The workers are sometimes not even aware that trade unions exist and that they could become union members. In addition, many farmers deny trade union representatives access to plantations and their workers participation in trade union meetings. 73 percent of respondents stated that trade union members are not allowed to enter the plantation on which they work. Many also believe that only permanent workers are entitled to join a union. The women's and female seasonal workers' special needs are often ignored, which is why many female farm workers do not feel adequately represented by existing trade unions.

Discrimination and sexual abuse

“Supervisors yell at us and swear at us. But you can't do anything about it. When you do complain about it, they send you home for a week without payment.” Female farm worker on a farm in the De Doorns region where grapes are cultivated for Lidl

Women are most affected by the inhuman working conditions on grape plantations. Many of the interviewees complained that they are being paid less than men for the same work. They are also not allowed to carry out all activities, such as driving trucks or forklifts. Many also reported cases of sexual harassment or even rape.

“[During menstruation] women use the bush to their hygiene towels. It is dangerous to go into the bushes, because there are men all around. You fear being raped. You don't have any dignity doing that.” Female farm worker on a grape plantation

Lack of toilets and sanitation are also one form of discrimination against women. 48 percent of the surveyed women reported that they lack access to sanitary facilities.

40 WFP report, p. 31

41 Human Rights Watch, op. cit.

The women have to relieve themselves in the bushes when working on the field and feel watched by men.

Betty Fortuin, Social worker, activist, and member of WFP, born in Marrysburg in 1963, raised in the De Doorns cultivation area and mother of three children

“Most of the people will phone me and say ‘Aunty Betty, the farmer of my foreman said I must not come to work tomorrow.’ And when I see this as not a thing for not coming to work tomorrow, I will go there and I will make my appointment with the farmer and discuss this and get our people back to work. Sometimes they swear at the women. I got two cases now for sexual harassment. And you know what? The farmer stands behind the foreman. They chased that lady away. She lost her work because of complaining of that.

Sometimes we are doing marches. We are doing marches because the people are evicted, because of rape cases or because the farm was sold and the new owner does not want to take this people over.”

Labour inspection and sustainability initiatives

“The Department of Labour comes to the farm, but only as far as the farmer; they never speak to the workers.” Female worker on a grape plantation

One of the main reasons for the repeated exploitation on grape plantations is the fact that domestic labour laws are not adequately implemented. Workers report that government agencies fail to adequately inspect the farms and involve employees in company audits.

So far, also voluntary sustainability initiatives of the local industry such as WIETA have not succeeded in overcoming exploitation. In this case too, the lack of involvement of female workers merits criticism. Only 24 percent of surveyed female workers even know WIETA. Most female workers are therefore not questioned during company audits that are part of the sustainability initiative. A sustainable improvement of women’s working conditions is, however, not possible without adequate involvement.

State inspection and audits carried out as part of sustainability initiatives are also insufficient to improve working conditions in the long term. The survey has shown that many employers cheat in company audits, for example, by carrying out required measures, such as the provision of protective clothing and sanitary facilities or the classification of pesticides according to their degree of toxicity only during audits.

“When the inspectors come, the farmer makes everything clean. He even puts chairs and tables out for us to have our lunch. But as soon as the inspectors leave, the tables and chairs are also gone. It makes me very angry because why can’t he do this all the time?” Farm worker on a farm in the De Doorns region where grapes are cultivated for Lidl

CONCLUSIONS

Following a series of Oxfam studies on the production of tropical fruits in different Latin American countries, the study on the South African wine and table grapes supply chain once again shows that the market power and the price pressure of supermarket chains have a devastating impact on importers and producers and thus also on the weakest link of the supply chain: the people working on the field and packing the grapes.

In the present case, it is mainly the discounters who with their increasing demand for bulk wine contribute to falling export prices and increasing exploitation in the wine industry. Not only the export prices for South African wine have dropped sharply during the past years, the export prices for grapes have also fallen by two thirds. Supermarkets' unfair trading practices, i.e. charging listing fees or passing advertising costs and risks on to exporters and producers also have a detrimental effect. As a result, many producers have been forced to abandon wine cultivation. While many wine producers can switch to other products, such as citrus fruit, female workers suffer from the increasing tendency towards occasional and seasonal work, and thus struggle to feed their families.

What needs to be done?

Neither the voluntary sustainability standards of supermarket chains, such as GLOBALG.A.P.–GRASP, nor the South African industry's initiative WIETA have helped to overcome the deeply rooted exploitation structures. Problematic results from audits and the lack of improvements on the plantations are the result. The only activities that led to a significant success, i.e. an increase in the minimum wage, were strikes in De Doorns and at the exporter Robertson Winery.

In any case, the question of female workers' future perspectives arises in light of the technological advances and mechanization in the wine industry. 20 percent of the farmers interviewed by PWC considered a switch to mechanical agriculture and the use of technology for reasons of increased productivity rates and as a result of the labour unrest during the past years.⁴²

Joint effort of all parties involved is the only possible solution. The South African government has to implement domestic labour laws effectively and enable women in particular to choose their jobs in a self-determined manner and free of exploitation. Trade unions and women's organizations must be enabled to represent the rights of female farm workers adequately and support them in becoming aware of and defend their rights. Farm owners have to observe the labour rights of female farm workers. Both the German Federal government and German companies have to ensure fair prices and fair trading practices so that human rights in the supply chain can be respected and protected.

⁴² PWC, The South African wine industry insights survey 2015, www.pwc.co.za/wine-insightssurvey

OXFAM DEMANDS:

FARM OWNERS IN SOUTH AFRICA must comply with labour legislation.

THE SOUTH AFRICAN GOVERNMENT has to ensure observance of labour rights, especially regarding pesticides, hygiene, discrimination and union rights and introduce a minimum wage in agriculture that is sufficient to feed a family in line with the requirements of trade unions. To ensure efficient implementation it must appoint sufficient inspectors and improve the complaint system.⁴³

SUPERMARKET CHAINS have to take their social responsibility seriously in accordance with the UN Guiding Principles on Business and Human Rights⁴⁴ and, together with their suppliers and trade unions, ensure that human rights are respected in their supply chain as well. This includes that they pay their suppliers fair prices allowing for a wine and table grape production where human rights are respected. Supermarket chains and importers have to disclose their supply chain and production conditions so that consumers can make purchase decisions in accordance with ethical principles.

THE GERMAN FEDERAL GOVERNMENT has to prevent supermarket chains from abusing their dominant market position and to reduce market concentration through a reform of competition law. It must adopt a respective human rights due diligence law⁴⁵ that is in line with the UN Guiding Principles on Business and Human Rights and oblige supermarkets and importers to ensure the observance of human rights in their supply chain. This due diligence must also include payment of fair prices and the observance of fair trading practices.

CONSUMERS should buy Fairtrade-certified grapes and wine. They should make use of their civil rights and participate in publicity campaigns that put pressure on the Federal Government and supermarkets forcing them to take necessary steps to ensure fair prices and production conditions within the wine and table grape supply chain.

⁴³ See demands in detail in the WFP report.

⁴⁴ UN Guiding Principles for Business and Human Rights,
www.ohchr.org/Documents/Publications/GuidingPrinciplesBusinessHR_EN.pdf.

⁴⁵ See legal opinion (in German) prepared for Amnesty International, Brot für die Welt, Germanwatch, Oxfam Germany: "Verankerung menschenrechtlicher Sorgfaltspflichten von Unternehmen im deutschen Recht", 2016,
www.oxfam.de/system/files/gutachten-sorgfaltspflichtenoxfam.pdf

PUBLISHER'S DETAILS

Publisher

© Oxfam Deutschland e.V.

October 2017

Oxfam Deutschland e. V.

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Funded by Engagement Global with the financial support of the German Federal Ministry for Economic Cooperation and Development. Oxfam Deutschland e.V. is solely responsible for the content of this publication; the positions presented in this study do not reflect the position of Engagement Global GmbH and the German Federal Ministry for Economic Cooperation and Development.

WOMEN ON FARMS PROJECT



Oxfam has been cooperating with the organization Women on Farms Project (WFP) since 2009, which has been defending the rights of female farm workers in South Africa. WFP is politically committed to the enforcement of the minimum wage, but also supports female farm workers directly in overcoming discrimination that is rooted in the former apartheid regime. Currently, WFP is helping women to organize themselves, informs them about their labour rights and how to enforce them.

OXFAM



Oxfam is a world-wide development organization that mobilizes the power of people against poverty.

Around the globe, Oxfam works to find practical, innovative ways for people to lift themselves out of poverty and thrive. We save lives and help rebuild livelihoods when crisis strikes. And we campaign so that the voices of the poor influence the local and global decisions that affect them.

In all we do, Oxfam works with partner organizations and alongside vulnerable women and men to end the injustices that cause poverty.

The present Oxfam report sheds light on the price pressure exerted by German supermarket chains and discounters to the South African wine and table grape industry as well as the untenable situation female farm workers face on the plantations. Oxfam calls on supermarket chains and the Federal German government to assume their responsibilities and help to put an end to the exploitation of farm workers.