

FAIR TRADE IN SOUTH AFRICA.

An assessment of fair trade in the South African wine sector.

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Abstract

This study explores fair trade in the South African wine sector. It was motivated by different opinions with regard to fair trade products and the international trading system, as well as personal interest in how to improve the lives of the workers in the South, especially women. Although more fair trade would not improve the lives of all the poor people in countries in the South, it can be a beginning of ending this major problem as well as making the international trading system more equal. Although this study was limited by time and length, it gives the reader an insight in how production of fair trade wine in South Africa is different than other non-fair trade production.

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I want to thank all the incredibly interesting people I have met during the fieldwork. They all seem very committed to fair trade, they strongly believe it will benefit South Africa as a whole and they are very concerned about their workers and the local communities. Meeting these people has made me aware of the opportunities that exist in the country.

Another thanks goes to my supervisor, Patrick Bond, for interesting ideas and help.

DECLARATION

I, Eli Tønnessen Berntsen, declare that

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- (ii) This dissertation/thesis has not been submitted for any degree or examination at any other university
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Acronyms and explanations

BEE:	The Black Economic Empowerment policy
EE:	Employment Equity
EMG:	Environmental Monitoring Group
FLO:	The Fairtrade Labelling Organisation
FLO-CERT:	The Fairtrade Labelling Organisation Certification
GATT:	The General Agreement on Trade and Tariffs
IMF:	The International Monetary Fund
ISI:	Import Substitution Industrialisation
MDGs:	The Millennium Development Goals
NAMA:	Non-Agricultural Market Access
NGOs:	Non Governmental Organisations
OECD:	The Organisation for Economic Co-operation and Development
SAPs:	Structural Adjustment Programmes
SAWI:	The South African Wine Industry
UN:	The United Nations
UNCTAD:	The United Nations Conference on Trade and Development
WIETA:	The Wine and Agricultural Ethical Trade Association
WTO:	The World Trade Organisation

EXPLANATORY NOTE ON SEMANTICS:

What is the difference between fair trade and fairtrade? Originally fairtrade was developed from the fair trade movement. Fair trade establishes trade relations between the North and the South, while fairtrade is a labelling organisation which controls that production and trade between the South and the North follow the international fairtrade standards. Throughout this dissertation I will use the word fair trade unless it is referring to a name (Fairtrade Norway/ Fairtrade South Africa).

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1. Introduction

There have been major disagreements around trade issues for many years now. At the moment the main focus is how to make trade more fair for the countries in the South. South Africa is a member of different trade agreements as well as the WTO. Although more fair trade would not improve the lives of all the poor people in countries in the South, it is a beginning to the end of this major problem as well as to make the global trading system more equal. There are different opinions on how the trading system is structured, but many people concerned about development agree that the system today is highly unfair (Chang 2007, Nederveen Pietersee 2004, Sachs 2006, Stiglitz 2006). There have been many opportunities to actually make trade more fair, but so far it seems the consuming North has more power than the producing South. Although some found the failure of the Doha round in 2008 a huge loss, others like Walden Bello, who thought Doha had everything to do with increasing developed country access to developing country markets and little to do with development, celebrated (<http://focusweb.org/>). According to Uddin (2009), the Doha Agenda in 2001 was called the 'development round' because the needs of the developing countries were the main focus. Other negotiations have followed since then, but any new WTO agreements are yet to be seen due to differences of opinion among the leading WTO countries.

Multiple codes, standards and certifications have yet to deliver material improvement in the lives and conditions of work for most farm workers...while more research is required to understand the evolving complexities of certification in the wine industry, more is also needed to investigate the lived experiences of farm workers within these regulatory contexts. (McEwan and Bek 2009: 265)

Millions of workers and farmers do not get what they have the right to: enough to feed their families, send their children to school, and the little extra to be able to invest in sustainable development. The advantages that international trade offers are unfortunately not clear to all. Small-scale farmers have little access to markets and information regarding price, and do not benefit by increased trade in the global market. Fair trade is a holistic approach to trade and development that focus on changing the ways in which commerce is conducted, so that trade can empower the poorest of the poor. This kind of research should be very important because we have not experienced huge improvements in the lives of poor people in the South, and they need to get out of the poverty trap.

The reason why I wanted to do my dissertation on fair trade in South Africa was first of all, my studies were in South Africa, and second, I wanted to find out if fair trade really is that fair. I first learned about fair trade in 2004, and since then I have always thought of it as a very positive thing considering its focus on improving the lives of poor workers in the South. Lately though, there has been an increased focus on how the fair trade system is not so fair after all. Considering the long list of fair trade producers, traders, distributors, buyers, consumers and workers, it must be a difficult task to control all these links. But this is exactly what the fair trade system is supposed to do, to control that everything is according to the fair trade rules. The critics lately made me want to figure out if fair trade really is so beneficial for the poor workers in the South. This kind of dissertation is limited by time, money and length, so I narrowed my research to South Africa, fair trade wine and vineyards in the Cape Town area.

Central hypotheses

This research will try to find out if fair trade production is a better alternative for poor farmers in South Africa than other systems of production. The objectives are among others to understand how the international trading system works, why there have been so few improvements for low-income and middle-income countries in terms of trade and trade rules, what the western countries do to help countries in the South out of the poverty trap, the role of women in fair trade production, and whether fair trade should be promoted as an alternative.

The specific research questions are:

- To what extent has fair trade been taken up in the wine sector in South Africa?
- What, according to fair trade producers, are the major advantages and disadvantages of producing under a fair trade regime?
- What is the potential for extending fair trade production within the wine sector in South Africa?

2. Literature review and theoretical framework

The purpose of this section is to give a review of the prevailing literature relevant to this study and to identify the common themes available. Although there are disagreements among the many academics and scholars on the different subjects, the ones included here are considered as the most important ones with regard to the research topic.

2.1 South Africa's wine industry

According to Carter (2006:10), South Africa is the 8th largest wine producing country in the world with 70% of the wine industry's activity affecting the Western Cape economy, and 'in some smaller communities the wine industry is even regarded as the backbone of local commerce' (Carter 2006:10). Du Toit (2002) shows that the wine industry in the Western Cape comprises some 4500 growers and generates more than R1500 million in profits every year. Yet the average monthly salary is less than R800 and many workers continue to work and live under bad conditions. Agriculture in the Western Cape consisted mainly of large farms owned by white South Africans where the workers were highly exploited black labourers. These workers were bound to their white bosses through an employment relationship, but often also through obligations and bonds (du Toit 2002:361-362). Although some South African producers have made it possible for their workers to buy shares in their farms, the exposure to international competition as well as the shift away from permanent farm employment has not led to major improvements with regards to the workers' conditions. There is a tendency among white farmers to walk away from social responsibility, leaving it up to independent labour contractors whose labour standards are, too often, worse than those of the farmers (du Toit 2002:364). Another issue du Toit is concerned about is how overproduction of wine will only lead to more power to those already powerful through concentration in ownership and trade, pushing more poor people off the land (du Toit 2002:374).

For almost 75 years the SAWI was highly regulated through planting quotas and minimum price for the wines. Deregulation of the industry began in 1989 and by 1993 the SAWI was mostly market-driven (some aspects of the industry are still regulated by the government). This deregulation has been highly beneficial to the industry because grape growers and

wineries have adopted new technologies and production techniques. Making the wine industry internationally competitive for the first time has led to one of the success stories of the South African post-apartheid economy. Although the industry was growing (from 1992-2004 exports of wine increased from 15 million litres to 240 million litres), between 35-40% of the rural population still lived below the poverty line in the late 1990s, earning about R352 per month. Since the beginning of the growth in 1994, wages have kept track with inflation and the increasing profits from export revenues have not been shared with the workers. Instead they have been used on technology, private consumption, new plantings and cellar expansions. As the industry has grown and become more competitive, land has become more costly. This in turn, has led to a barrier to accessing the market by black producers and is working against the BEE as a tool to poverty reduction. Micro studies suggest that farmers have changed their labour force in two ways. They have reduced the size of the permanent labour force as well as 'casualising' many of their workers. Some have been re-employed on a casual basis and others are employed by contracts. The effects of the new legislation have shown how those with permanent jobs are benefiting while the off-farm recruited casual workers are losing (Henderson 2005:11-13).

Carter (2006:14) is concerned about how climate change might affect the South African wine industry, and focuses particularly on three main changes: decreased rainfall, increased levels of carbon dioxide and rising minimum and maximum temperatures (2006:2). Wine making might become more expensive and risky, water shortages might lead to increasing prices of wine as well as a reduction of wine growers and implementation of adaptive strategies like drip irrigation and shade netting. Although Carter finds the wine industry rather robust and in a capable position to deal with the changes projected for the 21st century, she concludes her article by suggesting implementation of 'careful management', 'early investment into water saving strategies' and 'informed cultivar choices' (Carter 2006: 28).

According to McEwan and Bek,

...the wine industry has witnessed a proliferation of numerous voluntary codes and standards aimed at driving transformation. These cover a wide spectrum of aspects of labour conditions, production, processing, and quality management...They also include social codes, such as the Wine and Agricultural Ethical Trade Association (WIETA) code, fair-trade certification, internal industry-wide audits...Voluntary

standards also cover organic and biodynamic certifications. (McEwan and Bek 2009: 256)

Why is the wine industry a good example from which to learn about fair trade? Production of wine in South Africa has existed since the 17th century, and it still shows a great diversity as well as it keeps improving. The consumption of South African wine is growing, especially in Northern European countries, and the production of wine for exports follows the same path. Since the wine industry has existed for so long, and there are some vineyards which have implemented production of fair trade wine, this sector is probably more developed than others and more interesting to do research on. Some of the potential case study companies are SONOP, Stellar Winery, Koopmanskloof Wingerde and Fairhills, because they have all implemented fair trade.

2.2 Historical background

South Africa undertook liberalisation programmes in 1994, agreed by the GATT, and implemented under the WTO. Tariffs were simplified and reduced for almost all of South Africa's imports and local content requirements and export incentives were abolished. The tariff liberalisation programme has been justified in the country's government macroeconomic strategy as being highly important for export-led growth. During liberalisation, the ratio of exports and imports relative to GDP increased from 1992-1997, with exports rising to 28% of total production (Roberts 2000:270). Statistics South Africa confirmed in October 2002 that average black African household income declined 19% from 1995-2000 compared to white household income which went up 15%. Households with less than R670 per month increased from 20% of the population in 1995 to 28% in 2000. At least 22 million South Africans lived in poverty and 5.3 million children suffered from hunger. The unemployment rates went from 16% in 1995 to 31.5% in 2002 (Bond 2006a:17-18). Although there may have been improvements with regard to minimum wages in South Africa, information from 2000 indicates a tendency of low minimum wages in the South African agriculture (Budlender and Macon 2000). South Africa's elite transition has basically led to increased social segregation as well as a worsening of the class division (Bond 2006a:19), and as Lewis (2001) argues: "export-led employment growth has been insufficient to reduce employment" (Lewis 2001:19).

Between 2004 and 2007 the South African economy grew 5% per year. Economists found that the economy declined in 2009, compared to 2008's growth of 3.1%. One factor was much lower demand for platinum and steel, caused by even worse economic recessions in Japan, Europe and the U.S. They are South Africa's main trading partners and receive more than 60% of the country's exports (Zvomuya 2009). Because of trade liberalization, middle income countries such as South Africa are affected by the efficient and productive developed world as well as they experience competition from low-wage countries like China and India. This results in "defensive innovation and capital upgrading to compete against imports from developed and developing countries" (Lewis 2001:16).

Ha-Joon Chang observes,

In the earlier stages of development, most people live on agriculture, so developing agriculture is crucial in reducing poverty. Higher agricultural productivity also creates a pool of healthy and productive workers that can be used later for industrial development. In the early stages of development, agricultural products are also likely to account for a high share of exports, as the country may have little else to sell. Given the importance of export earnings for economic development..., agricultural exports should be increased as much as possible (although the scope may not be large). And, for this, greater opening of agricultural markets in the rich countries is helpful. But increased agricultural productivity and agricultural exports often require state intervention along the line of 'infant industry promotion'. Agricultural producers, especially the smaller ones, need government investment and support in infrastructure... (Chang 2007:80)

In the South African context, an agricultural enterprise is either a smallholder group engaged in commercial agriculture or a plantation with hired labour in which the employees have legally protected interest in 25% or more of the farming enterprise. This amount is due to the South African 'Companies Act 61' of 1973 as well as the BEE. Another policy is the Employment Equity Act which means employers must have a plan indicating how, for instance, black people or women will be promoted in the workplace (Paulsen 2004). Although South Africa is among the countries which contain huge amounts of natural biodiversity, conflicts and disagreements continue over intellectual property rights, displacement of people, indigenous knowledge, natural land reserves and so forth (Bond

2006a:20-21). South Africa is one of the richest and most developed countries in Africa, but it also faces very high crime rates, HIV/AIDS rates as well as other diseases, inequality rates and an increasing informal economy caused by high unemployment rates.

The country did blossom for a few years after 1994, but the apartheid-legacy is still there and the government's effort to improve the lives of the black people through the BEE has in many cases led to the employment of lower-skilled black African workers instead of highly skilled coloured/indian/white people. One must not generalise with regard to the results of the BEE, but there has been a tendency where especially white South Africans have left the country and caused a brain-drain simply because of preferential hiring of black Africans, skilled or not. According to Donnelly (2009), a KPMG survey shows how the implementation of the BEE actually regressed in 2008. "The survey noted that the country is now at a stage where non-BEE compliance could signal the end of organisations seeking to operate in South Africa. Multinationals, meanwhile, indicated difficulty in implementing certain empowerment elements, especially ownership-with 50% naming it one of their top three most challenging items to implement" (Donnelly 2009).

With regard to the financial crisis, Reinert (2009) argues that it will have more profound and long-lasting consequences for the raw material-exporting economies in the South than for the regulated markets in the North. If and when states provide the money, they might as well spend it on necessities like the environment and pure energy. When the financial crisis is spreading to the sector of manufacture, more developed countries will increase the customs-barriers. The same should happen for the developing countries. This in turn will create a possibility for the countries in the South to develop a trade outside the sector of raw material. Those who manage to keep up production and demand will most probably prosper in a few years time, the problem is for those who rely on exports of raw materials (Reinert 2009). Donnelly (2009) has noted that "...Africa is feeling the global economic crisis in everything from slowing investment activity to vanishing export markets for its commodities" and that "...prices for commodities, which made up 78% of Africa's exports in 2007, have suffered. Soft commodities, such as coffee and cocoa...have fallen 20% since July 2008" (Donnelly 2009).

2.3 Trade

Trade is among the driving forces of economic development for all countries ranging from industrial countries to developing countries (UN 1999:21). Yet free-trade ideologies and policies – known as neoliberalism, the Washington Consensus or SAPs - have so far failed to improve the lives of people in developing countries. The tendency during the last 2-3 decades seems to have been to implement policies and systems developed in the rich, western countries, favouring the North while taking no notice of what would be the most beneficial for countries in the South. Even if these policies were supposed to be beneficial for developing countries, they have in general failed tremendously.

On the international stage, the growth in inequality, the polarization of wealth and the exclusion from decision making of ordinary people as well as the insulation from regulation of giant corporations reflects a deeply undemocratic regime. It is time to integrate the principles of the social and ethical trading networks and recognize the possibility of the emergence of a new legal order driven by the demand for ethical trading. (Dine 2008:212)

Elliott (2009) is concerned about the argument of free trade versus the one of protectionism. Although free trade allegedly allows countries to specialise in what they are good at which again leads to lower prices, higher levels of growth, increased efficiency and jobs, the works of Ha-Joon Chang show that “...no country since the dawning of the modern age has managed to industrialise successfully without protectionism” (Elliott 2009).

During the last 50 years, global economic liberalization has been spearheaded by trade liberalization and foreign investment as a means to advance global economic growth and economic development without understanding or considering the potential for violating the economic and social rights of the poor. This neo-liberal economic development model is the current dominant development model. Liberalization of trade and capital flows and export-oriented production are the dynamos for this model. In addition, many industrialized countries have cut official aid flows without even attaining the 0.7 per cent of GNP target for national development assistance, which conveniently leaves a larger and unguided

space for the role of private/commercial capital. (Foerde and KULU in UN 1999:61)

The Scandinavian and some Northern European countries are known to be concerned about development and aid and how to improve the lives of poor people, but they are in total not strong enough to change the current trend with regards to trade. The major economies have too much control of the WTO and do not tend to listen to the minor ones. Although it seems like working towards a more fair trade system is doomed to fail because of the power of the major international institutions, there are movements, organisations, NGOs, and even governments focusing on grassroot-level and a bottom-up approach to development and trade. According to Jan Nederveen Pieterse, exporting countries cannot rely on export-led growth because the United States is no longer capable of following the path of globalization and exports to the US market are not likely to be sustainable. Exporting countries should rather focus on inward and regional development (Pieterse 2004:1060). “In view of the probably shrinking absorption capacity of the American market a shift in exporting countries from export-led growth to domestic demand-led growth is a logical precaution” (Pieterse 2004:1062).

According to Chang (2007), “...during the ‘bad old days’ of protectionist import substitution industrialization (ISI), developing countries used to grow, on average, at double the rate that they are doing today under free trade. Free trade simply isn’t working for developing countries” (Chang 2007:69).

Free trade is not free. Even proponents of trade liberalisation admit that there are winners and losers and that the losers are frequently the poorest people and countries. A recent World Bank study, for example, conceded that trade liberalisation negatively impacts the poorest 40 percent of the world’s population, but positively affects higher income groups. The United Nations estimates that poor countries lose roughly \$1.9 billion (US) a day because trade rules favour northern countries. And, since 1980, the world’s 48 poorest countries have actually seen their share of global trade nearly halved to a mere 0.4 percent. (Turgi in WTO n.d:31-32)

Countries in the South lose around USD100 billion every year because of trade barriers and export subsidies in developed countries. Tariff barriers against manufactured goods from the countries in the South are about four times higher than those against goods from the developed countries and the poor countries have to deal with higher tariffs than the rich countries. “Trade not aid” has been the motto for a long time. The question should rather be “trade and liberalization on what terms?” (Pieterse 2004:1057).

If more fair trade is to be implemented, it has to be done in the right manner. The international trade system is highly complex and because of this complexity, developing countries still do not gain what developed countries do with regards to trade. Countries in the South should increase their exports to the developed countries and in turn get the foreign exchange to import capital products from the developed countries. But, trade barriers in the developed countries obstruct export growth. Trade is important, but at the moment the developing countries need trade and aid because of the unfair trade system. Trade reforms will not enable the developing countries to get out of the poverty trap. If trade reforms manage to increase the incomes of developing countries, only a minor part would be available for funding the public investments needed to escape from poverty. Almost all of the gains linked to trade reforms accrue to the developed countries, definitely not the developing countries in Africa. Liberalization of the global agricultural trade would be a good thing, but the ones benefiting the most out of it would be, without a doubt, the large food exporters and plantations in the South, not the poorest people in Africa (Sachs 2005:281-282). As Chang explains,

When they used industrial protection and subsidies more actively during the so-called ISI period, they did much better than when they were severely constrained in the use of those measures in the subsequent period of trade liberalization and other neoliberal economic reforms. Given this reality, the arguments deployed by the developed countries against the use of protection and subsidies by developing countries can only be understood as another effort by the rich world to “kick away the ladder” of development from developing countries. (Chang 2005:xiv)

Countries in the South export a wide range of primary commodities. In some countries, more than 75% of export earnings are due to one or two primary products. Since the 1960s the price index for commodities has fallen by more than 60%. Many people in the developing countries are heavily dependent upon sales of these commodities and have experienced a decline in

their real buying power. Through the Uruguay Round, agriculture was brought into trade regulation aiming for reduced domestic support and export subsidies as well as improved access to markets. The benefits of this agreement for the developing countries are yet to be seen (Turgi in WTO n.d:18-19). Trade between Africa and the rest of the world worsened partly because of the low prices of subsidised crops. According to Bond, “The UN Conference on Trade and Development revealed that if instead of falling since 1980, the relative prices of imports and exports had been constant, Africa would have twice the share of global trade it did 20 years later; per capita GDP would have been 50% higher; and annual GDP increases would have been 1.4% higher. But the subsidies stayed in place” (Bond 2006a: 59-60). In 2001, Angola, Kenya, Nigeria and South Africa were the sources of 84% of all exports from sub-Saharan Africa (Bond 2006a:60). Although highly disputable, Joeques (1999) argues that:

It is a strong prediction of standard trade theory that, in the circumstances of many developing countries, greater engagement in the international economy through increased exports will be, in net terms, employment creating. The prediction applies to low-income, labour surplus countries whose resource endowment of human labour and skills relative to land confers on them a comparative advantage in the production of basic manufactures. Not all low-income countries, however, have such a pattern of comparative advantage. (Joeques in UN 1999:34)

In general, countries with open trade have grown faster than countries with closed trade, and increasing incomes have been associated with an increase in the ratio of trade to GDP. By the end of colonialism most countries in the South chose protectionism, but by the 1990s they left high-tariff and quota barriers and had opted for open trade (Sachs 2005:356-357).

Not all countries have succeeded through protection and subsidies, but few without them. For developing countries, free trade has rarely been a matter of choice, it was often an imposition from outside, sometimes even through military power. Most of them did very poorly under free trade; they did much better when they used protection and subsidies. The best- performing economies have been those that opened up their economies selectively and gradually. Neo-liberal free-trade free-market policy claims to sacrifice equity for growth, but in fact it

achieves neither; growth has slowed down in the past two and a half decades when markets were freed and borders opened. (Chang 2007:17)

According to Bond, some economies should stress an inward-oriented development strategy and downplay trade relationships (Bond 2006b:134). He is concerned about how Africa's volume of exports increased during the last 25 years at the same time as the continent's share of world trade declined (Bond 2006b:49). An important issue is how trade can be destroyed or blocked by violence, monetary chaos, price control and different forms of government intervention (Sachs 2005:54). This has probably happened in most countries, but the African continent is the hardest hit. Although some countries managed to blossom after colonialism, many still struggle and are far from being able to trade. A study by the International Food Policy Research Institute in Washington indicates that more than half of the members of WTO's least developed countries risk a higher general customs on their products for exports in 2009 than in 2008 (Uddin 2009). Although South Africa is not among the least developed countries, this example indicates how the international trade regime does not seem to develop in favour of poor developing countries.

All too often changing the rules means advantaging one impoverished group to the disadvantage of another impoverished group. This is not to diminish the need for ethical decision making in the arena of trade law but to call for more detailed research in order to construct a radical and detailed alternative to the present corrupt system. In order to achieve democratization of the international regime we need not only consultation, but also the resources to fund serious research into alternatives. (Dine 2008:210)

Sachs points out the importance of Adam Smith's work on specialization. By specializing in just one activity, each worker gains mastery over the particular activity. It only makes sense though if the specialist can trade her/his output with the output of specialists in other activities. There is no need to produce more than the household needs if there are no markets where one can trade, thus the division of labour is limited by the ability to trade (Sachs 2005:37-38). As Chang remarks,

In the long run, free trade is a policy that is likely to condemn developing countries to specialize in sectors that offer low productivity growth and thus low

growth in living standards. This is why so few countries have succeeded with free trade, while most successful countries have used infant industry protection to one degree or another. Low income that results from lack of economic development severely restricts the freedom that the poor countries have in deciding their future. Paradoxically, therefore, 'free' trade policy reduces the 'freedom' of the developing countries that practise it. (Chang 2007:74)

2.3.1 Fair trade

There are different opinions about what fair trade really is. The general view is that fair trade began about 40 years ago. It has different names, among them are Transfair and Rättvisemarkt. The first labelling organisation was the Max Havelaar Foundation in the Netherlands. Other labels were developed and in 1994 they all decided to cooperate and created the FLO in 1997 (Tollens 2003:3-4). Fair trade originally developed to help family farmers and craft producers access trade routes and earn a fair price for their product, and the original FLO standards reflect this bias towards small-scale producers. The system has however developed further to include workers in countries in the South who do not own the means of production, but are employed by major land or factory owners. Fair trade guarantees that employers pay fair wages and provide decent working conditions. The fair trade system also includes a Joint Body which exists to allow worker representatives to discuss with the management as well as to be able to vote on projects that will benefit the community (Nicholls and Opal 2005:48). According to Tollens (2003), fair trade is rather marginal in international trade (while the total global trade in 2000 amounted to more than USD5000 billion, total fair trade was USD220 billion), but it increases with 20% or more every year and new products keep arising. By now, fair trade products varies from coffee, tea, bananas, pineapple, rice, cocoa, chocolate, wine, honey, sugar, fruit juices and mango (Tollens 2003:3-4). Sales of fair trade products in Japan, Europe and North America have increased during the last couple of years, and the evidence shows the sales will increase even more. National governments and organisations like the UN and the European Commission are also recognizing this important new model of trade (Nicholls and Opal 2005:5). Further on, fair trade offers development through trade which is sustainable, and by working in partnership with producers it represents a more efficient tool for alleviating poverty than aid or macro-economic intervention. Fair trade also generates

social and economic capital in producer communities and campaigns for changes in the trade market (Nicholls and Opal 2005:30).

Fair trade organisations work with major estate farms and plantations as well as co-operatives of small-scale farmers or large estate farms employing workers. With regards to the major estate farms and plantations, those supposed to benefit from fair trade are the workers, not the owners. To become a part of fair trade the farm management applies to the FLO to be considered as a fair trade supplier. Most requests go through the FLO-CERT. Then an inspector has to visit and assess the farm and decides whether or not the farm meets the fair trade criteria. If it does the farm receives a certificate and is able to sell its products under the fair trade label. The retailer who is selling the farm's fair trade products has to sign a contract with the farm, specifying the quality and the quantity of the product, and after harvest the product is sold as a fair trade product. In general, the fair trade products are sold at 20%-50% more than conventionally traded products. The reason for this is that the Premium is supposed to benefit the community as a whole, not the farm owners or the management, but the workers and their family. The Joint Body consists of democratically elected members of the farm workers as well as somebody from the estate management, and together they decide how the Premium is distributed. So far the Premium tends to improve education, health, housing or other kinds of community development. The farm needs to keep all their finances in order due to inspections from the FLO, and if the farm is not working in accordance with the FLO criteria, it might lose its fair trade certificate (Law 2005:18-19).

With regard to the co-operatives of small-scale farmers and the estate farms employing workers, a fair trade representative or trader will visit the producer and explain how the system works as well as do an overall assessment. If everyone agrees, the co-operative or the farm will be given a certificate of accreditation. Although the co-operative agrees on what is a fair price for their products and how much they will be able to produce, they also have to agree with the trader on the final price, quality and quantity as well as sign a contract. The co-operative might receive an upfront payment of up to 50% of the value of the contract and once the trader receives the product, the rest of the money is paid. Because fair trade wants transparency, there will be inspections as well as both parts in the contract have to keep proper financial records for all transactions being made (Law 2005:20-21).

According to Dine, fair trade has recently become a part of mainstream trade. Since 2003 the annual growth of fair trade sales has increased with 30% and in 2005 the total sales amounted to USD1 billion (2008:177). Dine mentions Unilever's Indonesian subsidiary which has managed to maintain its "multi-local" company. Although it manufactures and markets products to more than 150 countries, it still thinks local. According to Dine, the lessons for fair trade as it becomes more mainstream is that it must continue to think local and not enter the mindset of global marketers (Dine 2008:204-205). Reynolds (2002:415) is concerned about how consumption of fair trade products, and especially commodities like coffee, offers a chance for consumers to identify themselves as socially and environmentally concerned people. By buying and consuming, they empower civic and domestic conventions within fair trade networks at the same time as they question the mentalities and practices which shape mainstream trade networks. Consumer interest in fair trade can also fuel their involvement in collective politics by pressuring corporations to take part in fair trade networks and in looking for changes in the relations between the North and the South. LeClair observes,

The Fair Trade movement is a unique response to the continued pursuit of unrestrained free trade through the GATT/WTO process...Although Fair Trade will likely never represent more than a fraction of total world trade, its continued expansion will nevertheless result in rising living standards for at least a segment of the population of the developing world. Although Fair Trade can be an important tool in raising the living standards of a segment of a country's population, it still relies on the goodwill of individuals in the industrialized world in order to function. In the long-term, product diversification will ensure that these countries have something to sell even if that largesse were to erode. (LeClair 2002:957)

2.3.2 Fair trade in South Africa

According to Fairtrade South Africa, fair trade began as a way to express and address the inequalities in the international trading system with a focus on the exploited producers in countries in the South. In the beginning fair trade supplied a niche market, but during the last 5 years fair trade has developed and become more mainstream. The growth (some have

experienced 70% increase of sales) in the fair trade market shows how this kind of trade is beneficial for the marginalised farmers (www.fairtrade.org.za). Although fair trade in South Africa is a relatively new sector in which the producers, workers and traders all face challenges considering the country's history, it is a growing sector (Law 2005:9). Paulsen (2004) has written a guidance document for fair trade in South Africa where he is concerned about how fair trade should help small producers and workers as well as empower producers to participate in decisions that influence their lives. According to FLO-CERT (www.flo-cert.net), the first FLO producers in South Africa were certified in 2003. Today there are more than 20 fair trade certified vineyards and more than 1900 permanent or non-permanent labourers working under the fair trade label. All the producers have to comply with standard requirements for South Africa, they have to run auditable capacity programs for their employees as well as produce schemes that enable the workers to have minimum 25% legally protected interest in the company. The latter is linked to the BEE which focuses at increasing the land ownership of the black population. The main markets for fair trade wine from South Africa are European countries as well as Japan.

The BEE is not part of fair trade, but it seems those concerned about fair trade are also concerned about the BEE. There is a BEE scorecard, and the higher the percentage, the better is the implementation of the BEE. Fair trade is about giving workers in the South a fairer price (along with other benefits), the BEE is about giving preferential treatment to the black people in South Africa. Another issue which might lead to confusion is employee share ownership. Some workers can have shares in the farms where they work, fair trade farms as well as non-fair trade farms. But, according to the fair trade system, all fair trade farms should work towards employee share ownership. This is not a necessity for non-fair trade farms.

According to Smith et al., growth in codes of conduct covering employment conditions in global supply chains has taken place in North America and Europe due to pressure from the media, NGOs, consumers and trade unions (Smith et.al. 2004:6). Although codes of conduct are not part of the fair trade agenda in South Africa, they share common goals and ideas. Smith et.al. have done research on ethical trade in African horticulture and it shows how people in different countries have become more aware of labourers working conditions (see Smith et al. 2004:48-49). One cannot confuse fair trade with ethical trading or codes of conduct, but they share the same ideology.

These findings apply directly to the South African wine industry, according to McEwan and Bek:

...the South African wine industry is subject to numerous international and national regulatory codes and certification schemes. These are broadly concerned with food safety, environmental protection and social protection. Of particular significance is that as food safety and ethical concerns become increasingly embedded within Northern markets, there is increasing evidence of convergence between previously distinctive systems. These trends have already been noted in alternative trade, where convergence between ethical and fair-trade is increasingly likely within some supermarket value chains. In the Cape Winelands, social and environmental issues appear also to be undergoing significant convergence. (McEwan and Bek 2009:257)

2.4 Development

“Much of what happens in the global economy is determined by the rich countries, without even trying. They account for 80% of world output, conduct 70% of international trade and make 70-90% (depending on the year) of all foreign direct investments. This means that their national policies can strongly influence the world economy” (Chang 2007:31).

According to Jeffrey Sachs, the world faces enormous obstacles when it comes to dealing with the world's poor population, but it can be taken care of. He comes up with several solutions on how to develop countries in the South highly affected by disease, corruption, bad governance, poverty and so forth. Although many people tend to view poor countries poor simply because they are lazy or corrupt (“Countries are poor not because their people are lazy; their people are ‘lazy’ because they are poor” (Chang 2007:18)), Sachs highlights the importance of looking at it in a more complex manner. Although corruption and poverty are major barriers to development, disease, vulnerability to climate shocks and geographic isolation are other important factors to include (Sachs 2005:226). Although one must try not to generalise, it is certain that Africa is the worst off continent in the world where about half of the population lives in poverty (Sachs 2005:21). Another very important factor with regards to the developing countries is that while many of them are rich on resources, they tend to perform rather badly and the majority of the population is poor. According to Stiglitz

(2006), one of the main problems on the African continent has been that the biggest and strongest tend to be the winners, and the rest is the losers. There is nothing in between, and those at the top have not been willing to share their wealth with the rest. History shows how resource-rich countries tend to be far from democratic, because governments gaining power through force and by grabbing resources have a very different mentality than those getting in power through the will of the population. What developing countries need is not necessarily more aid from the developed countries, but rather advice on how to get full value out of their resources as well as how to spend their money wisely (Stiglitz 2006:134-136).

Economic development requires governmental orientation towards development. The government's job is to take care of the necessary infrastructure, create an environment for investments by private businesses, maintain the judicial systems to be able to maintain peace and stability as well as it has to defend the national territory. When governments fail in any of these tasks, the economy is failing (Sachs 2005:59-60). Not all problems are solvable by the government. Some solutions will also need debt relief, increased development assistance and more open trade with the rich countries (Sachs 2005:81). Good governance and market reforms are not enough to guarantee growth if the country is in a poverty trap (Sachs 2005: 195). Communities around the world could be advised on issues like HIV/AIDS, how malaria can be controlled, the important role of hygiene in food preparation, the use of fertilizers, and so forth. By educating the locals as well as training the workers on this kind of knowledge, rural societies could be informed on a massive scale (Sachs 2005:258). Almost all developing countries have governance and corruption rates that are above those of the developed countries. In general, while good governance increases income, increased income in turn leads to improved governance. The governance in Africa is poor because Africa is poor. Although there is no evidence that African countries are distinctly poorly governed by the standards of very poor countries, there is a tendency where African countries grow slower than similarly governed countries (Sachs 2005:312).

According to the UNDP's *Human Development Report 2003: Millennium Development Goals* (cited in Bond, 2006b:119), "Women, rural inhabitants, ethnic minorities and other poor people are typically progressing slower than national averages – or showing no progress – even where countries as a whole are moving towards the Goals". In the run up to the United Nations summit in 2005, it was acknowledged that Africa in particular would not reach the MDGs by 2015. The same conclusion will be reached at the UN Summit in September 2008.

Bond (2006) is highly critical of the MDGs in his article ‘Global Governance Campaigning and MDGs: From top-down to bottom-up anti poverty work’. He concludes the article by saying: “By endorsing the MDGs, alongside the global-scale neoliberal institutions-including most of the UN-the campaigners are making a mistake. Working seriously, bottom-up, with the existing anti-poverty, global justice movements would constitute a much wiser use of resources, energy and political commitment” (Bond 2006c:352).

Chang (2007:211) argues that it is all about “sacrificing the present to improve the future”. Maybe the international organisations should let go of the Washington Consensus and rather look further to the alternative Beijing Consensus (<http://en.wikipedia.org>), because of its focus on a more independent ‘South’ (Tobiassen 2009).

2.4.1 Sustainable development

According to the UN: “Sustainable development is now a recognized precondition for ensuring a long-term perspective for the economy in balance with safeguarding the environment” (UN 1999:21). Although sustainable development was first developed by the Brundtland Commission in 1987, it is still very important today.

While targeted investments in health, education, and infrastructure can unlock the trap of extreme poverty, the continuing environmental degradation at local, regional, and planetary scales threatens the long-term sustainability of all our social gains. Ending extreme poverty can relieve many of the pressures on the environment. When impoverished households are more productive on their farms, they face less pressure to cut down neighbouring forests in search of new farmland. When their children survive with high probability, they have less incentive to maintain very high fertility rates with the attendant downside of rapid population growth. Still, even as extreme poverty ends, the environmental degradation related to industrial pollution and the long-term climate change associated with massive use of fossil fuels will have to be addressed. There are ways to confront these environmental challenges without destroying prosperity. As we invest in ending extreme poverty, we must face the ongoing challenge of investing in the global sustainability of the world’s ecosystems. (Sachs 2005:367)

With regards to sustainable development, one cannot ignore the fact that South Africa's per capita carbon dioxide emission rates as a percentage of economic output is twenty times higher than in the U.S. Although many countries and organisations work towards reducing greenhouse gas emissions, CO₂ emissions in South Africa increased by 18% during the 1990s (Bond 2006a:252). Bond (2006) focuses on how South Africa contributes more than most economies to global warming if CO₂ emissions are corrected for income and population, and the emissions have worsened; this could soon generate carbon border taxes in which Northern countries (like France) penalise trading partners if they do not have strong emissions controls in place. Other carbon taxes are expected to be applied to shipping and air freight of Africa's agricultural and horticultural exports. Since the discussion on global climate change has increased and many farmers in South Africa will experience some differences in the climate, the debate on whether or not the country will benefit from increased exports is important to include in this research because without the proper climate, exports of fair trade wine will not prosper.

One important issue with regards to sustainable development and fair trade is that fair trade is a part of the global trade and relies heavily on shipping. This kind of transportation has an environmental cost (Law 2005:11). Browne et al. are concerned about how transportation over long distances in general has a negative environmental impact (2000:76). The UN climate panel has stated that the global climate change will reduce crops all over the world, especially in tropical areas where many of the poor people in the world live. An increase in the average temperature of 1% will reduce the production of rice with 10% in most rice producing areas. Corn is also exposed in higher temperatures. According to the UN *Food and Agriculture Organisation*, USD25 billions is what is needed to reduce the number of hungry people by half. This again will create USD125 billions due to increased production. What is needed is an increase of agriculture as well as a more fair share of the world's products (Solheim 2009).

2.4.2 Development and trade

According to Ha-Joon Chang,

“...if done in a realistic way and if combined with the right policies, international pressures for institutional improvements can play a positive role in the developmental process. However,

the current push for institutional improvements in developing countries is not done in this way and is likely to end up as another ‘ladder-kicking’ exercise” (Chang 2003:134).

Joseph Stiglitz (2006:73-74) views fair trade as the trade regime that would emerge if all subsidies and trade restrictions were eliminated. The world is nowhere near this and today’s international trading regime is unfair to developing countries. Although he is concerned about how trade liberalization does not automatically lead to more trade and growth and that growth do not necessarily benefit all (Stiglitz 2006:99-100), he does focus on how successful developing countries have achieved their success through trade and exports. He argues how trade liberalization and globalization can, when done fairly and with the right policies and measures, help development (Stiglitz 2006:63). What the countries in the South need is more assistance as well as a fairer trade system because opening up markets and opening up to capital flows will not solve the problem of poverty, it might make it even worse (Stiglitz 2006: 14). The often unbalanced international trade agreements are part of the reason for the unsuccessful promotion of growth in countries in the South. When the developed countries were allowed to levy tariffs on goods produced by countries in the South that were in general four times higher than those on goods produced by other developed countries, the unbalance in the trade system is fairly high. Another point Stiglitz mentions is how the countries in the South had to abandon subsidies implemented to improve their industries while developed countries continued their subsidy of agriculture, resulting in a decrease in agricultural prices and not at all improving the lives of the people in the developing world (Stiglitz 2006:16).

Although the developed world has tried to improve the living standards for those living in the developing world, nothing major has occurred. The Washington Consensus failed tremendously by paying too little attention to factors like employment, equity, competition, as well as sustainability (Stiglitz 2006:16-17). It is necessary for developed countries to open up their markets to those who are not so fortunate. But for the countries in the South to benefit from this, they have to have the right infrastructure. And again, if the productivity in agriculture is so low that the farmers do not have much to sell, the infrastructure is not going to make a huge difference (Stiglitz 2006:26). Agriculture in many countries in the South has been destroyed by the rules of the WTO throughout the last couple of decades. As agriculture is one of the most important keys of how to overcome rural poverty reduction, the WTO is not among those trying to improve the lives of the poor people in developing countries. Countries in the South have had to lower their trade barriers, cut subsidies for their domestic food producers as well as end

programmes implemented to increase the rural agriculture. Ironically, none of the developed countries have had to do the same. There is a tendency where the WTO seems to favour the major exporting companies, making it difficult for the developing countries to access and expand to various markets (Bond 2006a:82-83). Further on, Bond mentions how the WTO seems interested in only taking care of its own survival and not taking notice of sustainable development (Bond 2006a:270).

The difference between the developing and the developed countries is a gap in resources as well as a gap in knowledge. This is the reason why all governments should invest in education and technology (Stiglitz 2006:28). Take for instance the most successful countries in Asia where in most cases, the governments played a very active role (Stiglitz 2006:29). Although a fairer trade regime would probably lead to improvements of the countries in the South, not all would be able to benefit. There are always those missing out. When Europe in 2001 opened up its markets to the poorest countries, almost no new trade took place. Developing countries often lack basic transportation as well as it might take years to get their products approved by the high standards of the developed countries. According to Stiglitz, the most successful countries in the rich world achieved their success through trade and through exports. This can also happen to countries in the South, although one has to be certain it is being done in the right manner. It has to be sustainable and rather differently implemented than in the past (Stiglitz 2006:62-63). Evidence shows how countries which have become more integrated into the global economy have grown faster, and that export is the driving force of growth (Stiglitz 2006:72).

About 70% of the population in countries in the South are directly or indirectly dependent on agriculture, and while they are not subsidised the major agricultural producers in developed countries are (Stiglitz 2006:73-74). Although discussions on trade have existed for many years, organisations dealing with trade issues have been developed and countries have been trading with each other for hundreds of years, the world has still not managed to develop a fully functional trading system. There have been major developments, but in the end and especially today, they only seem to benefit those in the developed world and not those who need it the most. Stiglitz gives some examples of this: A country like Angola has to pay as much in tariffs to the United States as Belgium, and Guatemala pays as much as New Zealand. Further on, developed countries have cost developing countries triple the amount in trade restrictions than what they give in total aid (Stiglitz 2006:78). Reforms in the trade system will cost the developed countries so little because taxpayers can save billions from subsidies,

consumers can save billions from lower prices and the developing countries can finally benefit.

Although developed countries are allowed to lower tariffs on imports from countries in the South, these tariffs tend to be and are still four times higher than tariffs against products produced by other developed countries. This preferential treatment allows the developed country to choose what kind of tariffs they want the developing countries to pay, which in turn can be used as a political instrument, positive for the developed countries and negative for the developing countries (Stiglitz 2006:82). There have been several episodes where the developed countries have opened up their markets and taking away almost all tariffs and trade restrictions, but only on those products beyond the developing country's capacity to produce (Stiglitz 2006:83). To show how unfair the international trade regime is, Stiglitz gives an example of how the general European cow is being subsidised with \$2 every day while more than half of the people in countries in the South live on less than that (Stiglitz 2006:85).

2.4.3 Development and women

“Women are key to achieving sustainable development. Thus, the inequities and prejudices that confront women also hinder general progress towards sustainability. Specific obstacles concern lack of representation and credit, as well as poverty, trade and debt-related issues” (UN 1999:24). With regards to economic development, gender issues are becoming increasingly important and most economies will benefit if women and men are treated equal (UN 1999:21).

The complexity of the process of feminisation of labour begins with women's subjugation in the family. Their subsidiary status in the workplace is rooted in the capitalists' primary objective of maximising profit to ensure uninterrupted accumulation. Women workers cluster into low-skilled jobs, in specific branches. Their working conditions are poor, and the wages paid are much lower than the average wage of men workers. (Singh in WTO n.d:15)

There has been an increased focus on how to make global arrangements in trade much more supportive of the greater participation of women in development. Governmental assistance for

the development of women's entrepreneurship remains insufficient in all countries, but especially in the developing countries. Women's work not only sustains their families, but also makes a major contribution to socio-economic development (UN 1999:11). Although women's employment has increased in most countries during the last two decades, they still struggle for equal rights in the workplace. Economic adjustment in the family as a consequence of unemployment, the rise in food prices, global trade policies and closure of local industries, have an impact on the state and health of women (WTO n.d:15). The empowerment of women in the household is related to increased investments in women's and children's education and health. Women working outside the household, receiving an independent income, can increase their social options by improving their personal autonomy. This in turn create better opportunities for women with regards to marriage, it can reduce the level of domestic violence as well as it can change the perception of girls and women being a responsibility, to instead being an asset to their families (Joekes in UN 1999:37-38).

Ultimately, the solutions to virtually all development questions, at the national, local and personal level, and irrespective of whether we are speaking of food production, personal health or the creation of an economic environment conducive to trade and investment, depend on education. Investment in education for girls has been shown similarly to be one of the most important determinants of development, with positive implications for all other measures of progress. (Dudik-Gayoso and Tsai in UN 1999:125)

According to Bifani-Richard (in UN 1999:84), export-oriented policies in sub-Saharan Africa have not emphasised gender perspectives. Another important issue is how large-scale producers seem to benefit the most from the export sector and not the small producers of which women are the majority. Although some studies from Africa have shown how family farms increase their income through export sales of certain traditional products, this increase of income does not necessarily mean that the health of all family members improves. "Studies in both East and West Africa have shown that in family farms which increased their revenue from export sales of traditional cereals and sugar, household incomes rose. But at the same time, the nutritional status of women (and children) within those households deteriorated" (Joekes in UN 1999:39).

In South Africa, there is a tendency that seasonal and temporary labourers have to deal with worse security and conditions compared to permanent labourers as well as they are often not part of an organisation or union, or covered by employment legislation. Women are often employed as temporary or seasonal workers because of their domestic responsibilities and tend to be part of a marginalized and hidden group, although they contribute to and work in a rather successful and visible export sector (Barrientos in UN 1999:192). Legislative efforts to improve women's equality have been passed in South Africa: the *Termination of Pregnancy Act*, the *Employment Equity Act*, the *Basic Conditions of Employment Act*, the *Labour Relations Act* and the *Skills Development Act*. Although these efforts have been developed to improve the role of women in the country, discrimination against women is still in the attitudes and minds of many South Africans. There is also a tendency where these efforts only seem to reach the urban rich elite and excludes the rural poor, who are the ones who need it the most (Magau in UN 1999:307).

2.5 Critiques of fair trade

“Fair trade consumers are rarely ethically consistent” (Strong 1997:35). By this, Strong implies that those buying fair trade products might not always buy these kinds of products, and if they do for a while, they do not tend to always and only buy fair trade labelled products. Strong says: “...Fair trade consumerism is not (perhaps cannot be) integrated and consistent across a range of social issues might indicate that it is a lifestyle attribute, or an episodic phenomena provoked by, for example, a news story or a campaign” (Strong 1997:36). The last part is highly realistic. Many people have never heard about fair trade, and by reading an article on fair trade in a newspaper or watching a story on the television, they become enlightened. The problem with this strategy, though, is that they base their knowledge on what they just read or heard, which might not cover the complete truth. According to Browne et al., organic or ethical production tends to improve the producers lives and communities, although the production can be limited with regards to land tenure, skills, time and labour (2000:71). Some of the scepticism towards fair trade is concerned about the external assistance in certification, monitoring and auditing, achievement of the accreditation standards, how to find markets, the importance of inspections, language barriers as well as cultural and gender barriers, the recruitment of suitable inspectors and so forth. Challenges exist at all levels, from inspections to regulatory bodies and from consumers to producers (Browne et al. 2000:86-87).

There is criticism towards the fair trade movement regarding the way retailers exploit consumers by increasing the price on fair trade products. Of course this is not part of the system, but it shows how the system does not fully work and need improvements (Dine 2008:209). Fair trade is based upon a certain set of standards, accounting for all fair trade products worldwide. This way the system is not flexible enough considering that what is fair trade in Venezuela might not be so fair in Thailand (Law 2005:11). The problem with fair trade becoming mainstream is those selling fair trade products are more profit concerned and have aggressive marketing strategies (big supermarkets). How to make profit is not one of the fair trade standards, and one has to question how far fair trade as alternative trade is willing to go to sell their products (Dine 2008:189). Dine questions the fairness of fair trade when it is built into commercial operations (Dine 2008:203).

Alternative trade organisations have assisted many people in countries in the South, and the fair trade movement has key advantages compared to governmental programs. But with regard to how fair trade tends to assist and help one particular group of producers, it also leaves out other producers not working under the fair trade standards. Another point is that the focus on production of traditional products may extend the financial dependence of countries in the South. Fair trade relies upon consumers in the developed countries, and their willingness to buy fair trade products may fluctuate with the economy, leaving the poor workers to compete in an unfair global market again (LeClair 2002:955-956).

Samnegård (2007:44) suggests a divide in the fair trade system between hired labour structured plantations and small scale producers so that both types benefit equally. One label for the small scale farmers and one for the bigger plantations. Both would have the same standards, but the consumers could decide on whom to support. Although difficult to draw the line between the two, the suggestion shows how the fair trade system is ready for some improvements. According to recent research done by McEwan and Bek (2009), there are many negative aspects of the fair trade system. Some of their research shows how fair trade and especially the FLO 'is bureaucratic, uses Eurocentric systems, and is more profit-making organisation than public interest company' (McEwan and Bek 2009:261). Further on, their research shows how 'WIETA standards are higher than FLO. WIETA have done all they can to challenge things [but] the producer would rather have a fair-trade audit, get a label and space in a UK shop' (McEwan and Bek 2009:262).

2.6 Summary

What is gathered in the literature review and theoretical framework tries to give the reader an insight into fair trade in general and in South Africa, as well as some of the obstacles the world faces today with regard to international trade and development. There are a great variety of opinions when it comes to what is right and what is wrong when concerned about the above mentioned issues. To be able to make a subjective opinion, this variety is tried implemented here. This section as well as section four have both influenced my final conclusion.

3. Research methodology

The intention with this section is to offer a detailed outline of the research methodology used in this study. The main focus is on the qualitative study and what it includes as well as the qualitative analysis.

3.1 The Qualitative study

According to Cresswell, a qualitative study “is defined as an inquiry process of understanding a social or human problem, based on building a complex, holistic picture, formed with words, reporting detailed views of informants, and conducted in a natural setting” (Cresswell 1994:1-2). Further on he says: “For qualitative studies the research problem needs to be explored because little information exists on the topic. The variables are largely unknown, and the researcher wants to focus on the context that may shape the understanding of the phenomenon being studied” (Cresswell 1994:10). “Qualitative interviewing refers to interviews of a semi-structured type with a single respondent (the depth interview) or a group of respondents (the focus group)” (Gaskell 2000:38). Further on, he says: “The real purpose of qualitative research is not counting opinions or people but rather exploring the range of opinions, the different representations of the issue” (Gaskell 2000:41).

...insights gained from qualitative interviewing may improve the quality of survey design and interpretation. In order to write appropriate questions it is necessary to appreciate both the concerns and the language of the target group. Equally, survey research often throws up results and surprises that need further exploration. Here the more in-depth understanding offered by qualitative interviewing may provide valuable contextual information to help to explain particular findings. (Gaskell 2000:39)

Among the four different designs in qualitative methods are case studies “in which the researcher explores a single entity or phenomenon (‘the case’) bounded by time and activity (a program, event, process, institution, or social group) and collects detailed information by using a variety of data collection procedures during a sustained period of time” (Cresswell

1994:12), the most appropriate design for this kind of research. The goal by doing a case study is to expand and generalize theories, not generalize statistics (Yin 2003:10). The most appropriate research strategy is the survey because this enables the researcher to use different methods within the strategy: observation, documents, interviews as well as questionnaires (Denscombe 1998:7). In this research I have done 39 face-to-face interviews, 31 rather short ones (maximum 10 minutes) and 8 in-depth interviews (varying from 1- 4.5 hours). For the shorter interviews I used the questions for the workers (see interview schedules), for the in-depth interviews I used the questions for the producers, traders and exporters (see interview schedules).

By using methods like face-to-face interviews followed by many hours observing the fair trade farms, their workers and managers, I feel more comfortable with my conclusion than I would have without using these two very important research tools. It must be noted that one cannot fully trust the respondents and their answers due to many factors: language barriers, mistakes done by an interpreter, fear of telling the truth and lack of knowledge. Since I speak Norwegian and know the German language quite well, I am able to understand some Afrikaans. Because of this I chose not to bring my own interpreter, but relied on English/Afrikaans-speaking people on the farms. Although most of the respondents in my research speak Afrikaans as their main language, there were surprisingly many who also speak quite a bit of English. Due to this there was always a third person available as an interpreter during the interviews. This person though, was never one of the managers or the farm owners, s/he was more a colleague and a friend of the respondents. To rely upon an interpreter is always a bit difficult because one cannot know if the interpreter translates correctly or tells you the whole truth. Because of my understanding of Afrikaans as well as the position of the translators, I feel quite confident that the answers I got were as close to the truth as possible.

Further on, I have used non-probability sampling because “the crucial and defining characteristics of non-probability sampling, whatever form it takes, is that the choice of people or events to be included in the sample is definitely not a random selection” (Denscombe 1998:15). First of all, I could not do a random selection because I did not have a complete list of all the people working within the South African fair trade wine sector. Secondly, I needed to find a great variety of respondents, a certain amount of women and men, skilled and un-skilled, those being critical to fair trade as well as those being informative,

possessing huge amounts of knowledge about fair trade in the South African wine sector. Another very important issue is that I wanted to be able to decide whom to interview. If, for instance, I had already interviewed 10 men, I wanted to be able to interview only women as the next 10 respondents. In the research I value the importance of variety quite high. By only interviewing men, I would not have found the answers I was looking for in the first place. This kind of sampling is also called purposive sampling.

With purposive sampling the sample is 'hand picked' for the research. The term is applied to those situations where the researcher already knows something about the specific people or events and deliberately selects particular ones because they are seen as instances that are likely to produce the most valuable data. In effect, they are selected with a specific purpose in mind, and that purpose reflects the particular qualities of the people or events chosen and their relevance to the topic of the investigation. From the researcher's point of view, the question to ask is this: 'Given what I already know about the research topic and about the range of people or events being studied, who or what is likely to provide the best information?'. (Denscombe 1998:15)

Another sampling method I have used is the snowball sampling. Although I originally did not have to use this method, because I had already found enough fair trade wine farms to visit, I used it to be able to locate other interesting people within the fair trade wine sector. One of my respondents in particular was found using snowball sampling. Without this method I probably would have missed out on rather interesting information. According to Denscombe, "People can be asked to nominate others who meet certain criteria for choice, certain conditions related to the research project and certain characteristics...In a nutshell, snowballing can be very useful for developing the numbers involved in the sample and the issues linked to the research" (Denscombe 1998:16). He also argues that when added together, snowball sampling and purposive sampling are completely compatible.

Among the documents I have used for this research is also the sampling frame. Denscombe highlights the importance of using a sampling frame because it is "an objective list of "the population" from which the researcher can make his or her selections" (Denscombe 1998:17). Further on he says that sampling frames might be out of date or incomplete, which in turn

might lead to a biased sample (Denscombe 1998:18). The sample frame used in this research (found at https://internal.flo-cert.net/index.php?tname=plain_partners_list), is incomplete and out of date. According to my personal view, it excluded things which should be included. Although the sample frame contained most of the fair trade wine producers, processors, traders and exporters in South Africa, some of the contact details were wrong. This in turn, made my work quite a lot more difficult than what I first thought. Not only did I have to find the right names and addresses, I also had to find the right phone numbers and e-mail addresses. During my fieldwork, different people told me I should interview one particular person because of her/his knowledge. I knew the name of the company where s/he was working, but when using the contact details in the sample frame, they turned out to be wrong. After plenty of time trying to find any information about this person and the company s/he was working for, I finally found the right contact details as well as a fair trade project in which both the person and the company were involved with. When I made contact, the information I received through interviews and visits showed to be highly valuable to my research. Due to the incomplete sample frame and the time spent finding the right contact details, my final interviews were done 2-3 months later than what was expected. When I tried to locate the original sample frame in April 2009, I could not find it. The web-page was suddenly not accessible as of March/April 2009. Instead there was an improved list at: <http://www.flo-cert.net/flo-cert/operators2.php?id=10>. Although this list is updated, it does not contain any contact details as the first list did, and is not as helpful (even though the first list was incomplete). Unfortunately, there are some differences between the two lists (in my original sample frame there were 21 fair trade wine operators in South Africa, in the new list there are 35), but both contain the fair trade wine farms I visited during my fieldwork. I have also used documents containing financial information about one of the farms.

It must be noted that although I was advised to keep the absolute minimum amount of respondents to 15, I chose to interview as many as possible. According to Denscombe, “In the case of qualitative research there is a different logic for the size of the sample and the selection of cases to be included. A small sample size is quite in keeping with the nature of qualitative data” (Denscombe 1998:25). After visiting the first three fair trade wine farms, I was not fully satisfied and started looking for a fourth and final farm. Again, due to the incomplete sample frame, this took quite some time. Eventually I made contact, did 4 interviews and finally felt I had enough information. I needed someone to answer a few more questions though. As Denscombe says: “Almost like a detective, the researcher follows a trail

of clues. As each clue is followed up it points the researcher in a particular direction and throws up new questions that need to be answered” (Denscombe 1998:25). I wanted to know more about the FLO and the FLO-CERT and already knew whom to contact. Due to lack of time, I sent two e-mails containing questions (see interview schedules) which hopefully, if being answered, would clear my mind. Although I would have interviewed more people and visited other fair trade wine farms, the lack of time and money prevented me from doing so.

According to Oppenheim, “The word ‘fair’ is extremely ambiguous and will mean different things to different people” (Oppenheim 1992:144). Since many questions in the interview schedules are concerned about the fairness of fair trade, I had to be aware of the point Oppenheim makes. Although the majority of my respondents would be working for or within the fair trade wine sector, I could not be certain that what I mean with fair trade would mean the same for my respondents. Another obstacle is the one of validity and reliability. How can a researcher be sure the respondent has understood the questions or given the correct answers? What the researcher might find straight-forward and easily understandable, might be sensitive or difficult for the respondents. Hence, the researcher must be very careful when dealing with the reliability and validity of questions (Oppenheim 1992:144-149).

According to Kvale (1996), there are many ethical issues to consider in interview inquiries. Among them are the informed consent form which “involves the question of how much information should be given and when” (Kvale 1996:113), confidentiality and protection of the respondents privacy (Kvale 1996:114), consequences and how the researcher has to be aware of the possible consequences for the respondent or the group the respondent belongs to (Kvale 1996:116) as well as the role of the researcher. “...researchers need both cases and principles from which to learn more about ethical behaviour. More than this, they need two attributes: the sensitivity to identify an ethical issue and the responsibility to feel committed to acting appropriately in regard to such issues” (Kvale 1996:117).

3.2 The qualitative analysis

Interpretation is the act of identifying and explaining the core meaning of the data. It involves communicating the essential ideas of your study to a wider audience, remaining faithful to the perspectives of your participants. The purpose of the

interpretation...is to identify ways that the many different pieces of your research puzzle (emerging themes and subthemes, connections, and contradictions) fit and what it all means. (Ulin et.al. 2002:160-161)

When analysing the data found from qualitative research, there are many issues to be aware of to prevent doing common mistakes. It is very important to be open to new findings as well as not be too hasty to explain them (Ulin et.al. 2002:135-136). While reading, collecting, coding and translating data, the researcher develops theories, formulates questions and tries to validate the data found (Ulin et.al. 2002:158). “If there are no surprises in the data, no contradictions or revisions to theories, then you may not have dug deeply enough, but instead, discovered only what you originally set out to discover” (Ulin et.al. 2002:165). When doing a qualitative analysis, the researcher has to focus on the research questions and the objectives while linking the findings from these to the analysis (Ulin et.al. 2002:169-170).

Before the fieldwork commenced, I decided to bring a tape recorder with me. I thought it would make it easier for me to do the interviews and be able to focus on the respondent instead of writing down the answers and details in a hurry. Another factor was how it might help me to remember certain details forgotten after the visit, but saved on the tape recorder. It turned out to be highly valuable, especially after writing down the details from the in-depth interviews. With regard to the research analysis, the data saved on the tape recorder helped me remember what I originally wanted to focus on in this research. Although this might have changed a bit, I still wanted to find the most appropriate answers to the original research objectives and questions.

The data found are based on the information received from the above mentioned case studies. When I interviewed a worker, I followed the interview schedule for the workers (see appendix 1). When I did an in-depth interview, I followed the interview schedule for the producers/traders/exporters (see appendix 1). It must be noted though that due to the duration of these interviews, I had the possibility to ask random questions not part of the interview schedule. This way I received much more information from the in-depth interviews than expected. When I sent an e-mail to the FLO and the FLO-CERT, I followed the interview schedule for the FLO/FLO-CERT (see appendix 1).

At Stellar I did 17 interviews with the workers and 3 in-depth interviews. I also observed as well as I received financial documents from the managers. The data from this case study showed to be the most extensive due to the many respondents found. At SONOP I did 7 interviews with the workers and 1 in-depth interview. At Koopmanskloof Wingerde I did 5 interviews with the workers and 1 in-depth interview. At Fairhills I did 2 interviews with the workers and 2 in-depth interviews. I also used part of the interview schedules when interviewing a person at Fairtrade South Africa. Although I did not find any new data from this interview, the data I did get confirms previous data and information. Because of the choice of methods, sampling and strategies, the data and information found can be trusted, although never 100%. One very important point to remember is how the word 'fair' means different things to people. Since dealing with how and if fair trade in the wine industry in South Africa is fair, this has to be remembered, especially since most of the respondents live completely different lifestyles from the researcher. With this duly noted, I still regard the data found highly reliable and valid. Had the sample frame contained the correct information, the time spent finding and contacting respondents would have been reduced. Although time consuming, it has been worth it and the choice of case studies has been highly appreciated. Because of the issue with confidentiality and ethical obstacles, I have decided to keep all my respondents confidential. Although the majority of the workers, producers/traders/exporters and FLO-CERT interviewed signed the informed consent forms and/or allowed me to use their names, I chose to do it differently. This research is purely academic and will not be published, but I intend to send copies to the 4 case studies involved. I could have kept the case studies confidential as well, but because of the transparency experienced while doing the fieldwork, I cannot see any future damaging consequences of giving out the real names of the wine farms.

4. Research findings

This section involves the findings from the fieldwork. Included is a presentation of each of the 4 cases visited, as well as the answers gathered from the interviews with the workers, the in-depth interviews and the e-mail interview with the FLO-CERT.

4.1 Presentation of the 4 cases

This section contains facts about the 4 fair trade wine farms visited during this research. To keep the information as genuine and informative as possible, the following section is based on conversations with the respondents from the in-depth interviews only.

4.1.1 Stellar Winery

Stellar consists of 4 businesses: 'Stellar Farming', 'Stellar Winery', 'Stellar Agri' and 'Stellar Organics'. The owners (4 brothers) have shares in all the four businesses together with the workers. Stellar Winery has a wine cellar with a capacity of 3000 tons where both fair trade wine and organic wine is produced. The owners named the vineyard 'Stellar Organics' in the beginning in 2003, now it is called 'Stellar Winery'. They have experienced very rapid growth, from 13500 bottles in 2003 to 1.7 million last season, to about 2.4-2.5 million next season. Stellar Winery started to buy grapes from other areas producing bulk wine. They very quickly went to 4500 tons, then to 6000 tons and last season they processed more than 14000 tons of grapes. Today they have outgrown their capacity cellar. They are innovative with an enormous growth, and improving when it comes to the quality of wine. Stellar Winery has a 'Stellar Employees Trust', which is a democratically elected committee, managing all sources of income for the workers. Stellar Winery also created a 'Joint Body', which is the liaison between the management and the workers, protecting the financial rights of the workers. This way, there is a very strong control on money earned. There is no separation between temporary and permanent workers, they are all part of fair trade and will all benefit from it. Temporary workers tend to work for a long time, not just a few weeks. Stellar Winery tries to teach the workers basic knowledge on how to run a business so they in the future can run the winery and teach new workers on how to do the same. This is a huge challenge for the owners,

but they are determined to empower the workers and are willing to spend money on education and external specialists.

Stellar Winery is the largest privately owned cellar in South Africa. Stellar Winery was the first South African winery to produce no sulphur added wine, and they are definitely the world's largest producer of commercially viable sulphur free wine in the world. They are also the 'number one' wine brand in the UK at the moment (December 2008). The workers own 26 % share in the cellar and 50 % share in the Stellar Agri. There are about 60 permanent workers in the farming operation, more women than men, and during peak season the number can reach 120 or more. At the winery they have 35 permanent workers, 11 women and 24 men. With regard to the BEE scorecard, Stellar Winery has reached 89 %. The acceptable amount is 65 % for fair trade wine producers, meaning 89 % is fairly good. Although the owners would prefer to score higher on the scorecard, they are not investing in a 'black' company until they are sure it is a viable business. One of the reasons for this scepticism is a tendency where workers who improve their work are pressured by the rest of the community to quit their jobs. Some people do not like it when others do a good job, especially women, and the ones doing a good job resign because they need the acceptance from the rest of the community.

Stellar Winery had arrangements (workers committees, a day-care centre, a school for the children, two social workers, a community centre and a mobile monthly clinic with a doctor) even before fair trade. What has changed since they started fair trade is, among others, inclusion of the seasonal workers, a more focused education plan for the workers, land ownership as well as winery ownership.

Some of the money the workers have earned have been used for fencing, an organic vegetable garden, computer classes, a project for the children where they teach how to do organic production, a newspaper, a youth programme, improvements of the day-care centre, a soccer team, a coffee evening and social committees. What they want to do now (December 2008) is a complete overhaul of all the workers' houses because they are old. Another important focus is the children in the area. The workers as well as the owners will do what they can to educate and skill the children with regard to farming and wine production. This way they receive a proper education as well as security for the future because they will have farming and production skills.

On Stellar's wish-list is a bus. At the moment (December 2008) they only have a truck to transport the workers with, and during winter time this can become very cold. A bus can also be used for social events, for instance a trip to Cape Town (most of their workers have never been there), go to the movies, see an escalator etc.

HIV/AIDS is not the biggest health problem in the area, TB is. They used to have compulsory TB testing in the area, but not anymore. Many of the locals smoke as well, and instead of blaming TB they think the reason being sick is the smoking. Stellar Winery also educates the locals on alcohol abuse because it is a big problem, and some of the workers have even gone through a rehabilitation program. Most of the social projects are sponsored by the winery and the income gained from the fair trade wine production (the 'fair trade Premium'), but some projects are also sponsored by external sources.

4.1.2 SONOP

African Terroir is the processor and exporter while SONOP wine farm is the producer. Both are FLO registered. African Terroir registered for fair trade in 2004 as an export company while SONOP was registered as a fair trade wine producer. They only do organic production and 18 to 24 workers are the beneficiaries of fair trade. Although they actually do not want it, but are forced to because of the climate and the heat, SONOP uses machines to do a lot of the work on the farm. The workers do the general maintenance and the spraying of the fields. The wine farm does not have all the documents in order yet to be listed on the BEE scorecard, but it is concerned about its BEE status, biodiversity as well as eco-friendliness. SONOP is a rather small farm with 75 hectares of vineyard of which they produce about 500 tons of grapes a year. They sell 9 million litres of wine (bulk wine, conventional wine and fair trade wine) a year where 8 % is fair trade. The 'Organic Differential Premium' as well as the 'fair trade Premium' both benefit the workers. On average the workers get 85 cents for every kilogram grapes sold. The SONOP 'Joint Body Trust' identifies the workers' needs and decides how the 'Premium' should be used. SONOP does not tell the workers how they should spend their money, but they guide them and give them strategic planning work-shops as well as training and education. Previously, the workers bought a truck which enables them to do small deliveries, creates business opportunities as well as it makes it easier for them to get to and from work. If SONOP suddenly left the fair trade system, the workers would still

have this truck and would be able to make some money by doing deliveries to Paarl, Cape Town and surrounding areas. In the past the 'Premium' has paid for education for the children, school uniforms for the children as well as personal training, and will probably pay for a computer centre in the future. SONOP focuses on skill-transference which basically means they try to educate the workers to do the job by themselves, without supervision. They already got the license to start selling fair trade wine in South Africa and will distribute it to stores like 'Woolworths' and 'Pick and Pay'. Although production of fair trade wine is not very business-friendly for the winery at the moment because of all the paperwork, the owner believes it will probably improve in a few years time simply because it is a popular business.

The FLO gives SONOP standards with regard to payment. These standards are above the South African minimum wage, and at SONOP the unskilled workers earn about R8 per hour. The skilled workers earn more. The fair trade system is quite strict with regards to minimum wage and does random controls to check if the wine farm is paying and treating the workers according to the system. During the peak season the wine farm employs about 10 other workers to help out. These do not necessarily work under the fair trade conditions, but SONOP makes sure they comply with the fair trade standards. Although African Terroir and SONOP do not want to increase their fair trade work-force, they have visited other wine farms in the area telling them about fair trade. If these farms start working under the fair trade label, they can all cooperate, trading grapes and wine as they please. They already cooperate to some extent, but not with regard to the fair trade system. When it comes to the FLO standards and how much money the business has to spend on the workers and education, it is not that user-friendly. Another sensitive issue with the FLO standards is that they demand the producers to pay the FLO within 30 days. This is not very business-friendly when it can take up to 9-10 weeks to transport the wine from the producer to the buyer, and although the buyers will pay when they receive the wine, the producers often have to pay the FLO before they receive the actual money from the buyers.

SONOP used to pay R35 000 a month for a school with two teachers taking care of 36-52 children (about 10 children from SONOP, the rest from other farms in the area). Because of a decrease in the sales of fair trade wine, SONOP could not sustain the school any longer. This shows that although the fair trade system is a good system, it is not sustainable enough. If, for instance, a buyer wants a certain amount of fair trade wine, this amount has to be registered at the FLO by the producer. If suddenly the buyer changes his mind regarding the amount of

wine s/he wants or the producer finds out s/he cannot produce as much fair trade wine as ordered, this has all got to be registered at the FLO. This is time consuming because of all the paperwork as well as it causes problems for most parties involved.

SONOP/African Terroir had to go via Holland to become a licensed organic wine producer because it is not possible to do in South Africa. In this case, dealing with countries abroad is necessary with regard to maintaining the competitive ability. Through export markets, fair trade producers become aware of the demand and supply side of trade, which is necessary if they want to experience economic growth. One tricky aspect of the system though is to sell fair trade wine to some of the Scandinavian countries as well as to Canada and Russia because of the monopolies. If, for instance, one Scandinavian monopoly decides to import only one fair trade wine from South Africa, that is it. The South African fair trade wine producers have nothing to say because the decision has already been made by the monopoly. Another issue with the monopolies is that they send out tenders the South African producers often cannot afford.

Before fair trade, in 1997, African Terroir sold 14 hectares of land to its workers. Already then the workers owned their own houses, their own land and grapes. This was also before the BEE and only 3 years into democracy. Even before they started fair trade they sold a lot of wine based on the principle of the workers owning their own land and the buyers wanting to support this. As things developed they heard about fair trade and the FLO standards, and they decided to become a fair trade producer. The reason why they did not implement fair trade earlier was a lack of knowledge as well as there was not an environment for fair trade wine in South Africa until recently.

4.1.3 Koopmanskloof Wingerde

Koopmanskloof Wingerde was built in 1801 and is an old vineyard. Altogether the wine farm is about 700 hectares of which 100 hectares are a private nature reserve, 520 hectares are vineyards and the rest are olive trees. Koopmanskloof grows 11 different varieties of grapes of which 4 are white and the rest are red. There are in total 100 people working on the wine farm where 88 of them work under the fair trade label.

Koopmanskloof keeps this number to a minimum because they get help from temporary

labourers. These workers have got representation in the fair trade 'Joint Body', because fair trade makes provision for both permanent workers as well as temporary workers. There are mainly coloured Afrikaans speaking workers at the wine farm. Koopmanskloof has a negative carbon footprint because they keep the nature reserve, as well as they do not use many machines. There is about a 50/50 split between women and men working on the farm. Koopmanskloof is one of the biggest wine farms in Stellenbosch and it is 100% fair trade.

W.S. Smith and 'the Friedhoek Workers Trust' are the landowners. Together they decided to create a company called 'the Koopmanskloof Wingerde', which manages their farms. 56% of the company is owned by W.S. Smith, 'the Friedhoek Workers Trust' owns 26%, and the rest was given out to black, non-executive directors (because of the BEE). Koopmanskloof applied for fair trade certification in July 2007 and received it in December 2007. They started fair trade because it is the only category still growing in the traditional markets.

Fair trade is built on economic development, environmental development and social development. Koopmanskloof keeps the 100 hectares nature reserve for the environmental development, and every plant in the reserve is indigenous (except from the cactus plants and the palm trees) to South Africa. For social development they have 4 housing developments on the farm. For economic development the workers have their own farm. Koopmanskloof consists of 6 farms where 5 farms belong to the owner and 1 farm belongs to the workers. Besides that, Koopmanskloof is a company with shareholding where the workers own 26% shares. The farms are managed together, and they are all taken care of by the company. Every wine farm has to pay a certain amount to maintain their fair trade certification. They have to pay for the accreditation and the houses, the vineyards are supposed to be maintained, all the tools and equipment needed to run a farm have to be there - everything according to the fair trade standards.

The workers at Koopmanskloof are paid above the industry's standards, they own their own farm from which they have their own grapes as well as they own 26% share in the company from which they benefit. Koopmanskloof produces fair trade wine as well as bulk wine, which makes the farm more sustainable than many other farms. They do not make a lot of money from the fair trade production yet, but it will increase during the

next few years. With regard to alcohol, Koopmanskloof does not allow the workers to drink, but the managers cannot control the workers when they do not work. There are still many children affected by the previous tendency where mothers were drinking during pregnancy. The owners and the managers believe education and monitoring are important tools on how to get rid of the problem with alcohol, as well as creating role models for the young people.

Koopmanskloof is currently (December 2008) cooperating with other vineyards in the area producing fair trade wine for exports to Sweden. This can be a step towards increased fair trade wine production in the region.

4.1.4 Fairhills

The Fairhills Project was first developed in South Africa in 2005, and it is currently the largest fair trade wine project in the country. 1257 individuals are benefiting from the Fairhills project, a combination of employees, their families and children. Fairhills has for instance three day care facilities which serve not only their employees' children but also the local community. Parents not working for the Fairhills farms can send their children to one of these facilities, as long as they make a small contribution. There are also several initiatives Fairhills has undertaken to uplift the local community. The project in South Africa has been growing quite well and quickly, the structure of the project is rather strong and 'the Joint Body' has gained more power in the project. Fairhills has become strong due to the fact that they have managed to export large volumes of wine, therefore the income has been quite high. Various retailers have also contributed to the project, paying an additional amount on top of 'the fair trade Premium', which can be used to further development of community projects.

The Fairhills project is concerned about environmental and carbon emission standards, and wants to take it further than only being concerned about fair trade. With regard to the BEE, the individual farms at the Fairhills project are too small and not financially viable, so what they have done is currently all the employees have a stake in 'the Fairhills trademark'. 'The Fairhills Association', which represents all the members of Fairhills, owns 25 % of 'the Fairhills trademark'. 25% of the profits they make of the sales of the Fairhills brand will eventually be accumulated to buy a farm. This basically means the project has addressed the

BEE concept, as well as the regulation of fair trade with regard to the ownership they have with the trademark. Eventually 'the Joint Body' is going to sell off the 25% of the trademark to the board of directors of the Du Toitskloof (which is the winery where they produce the wine), where all the producers are shareholders. In return they will be offered an even bigger share, like a double ownership system.

The main idea behind the Fairhills is to develop a project which will benefit the farm workers no matter what skin colour they have. They all work together to try to improve the conditions for the general farm workers. Instead of giving out wages in cash every week, Fairhills pay their workers every month via bank accounts. They also provide the workers with financial management training as well as other kinds of training. The workers are for instance allowed to join different unions if they want to, and the project tries to equalize the relationship between the workers and the management. The role of women is still a very sensitive aspect, and what they have done so far is to employ only women in all available positions. Two years ago almost 100 % of the female workforce was temporary/seasonal workers whereas now about 20-40 % of the female workforce is on contracts.

At the entry level, the general wage at Fairhills is R1500 per month. This amount is increasing every year depending on the workload, responsibilities, promotions etc, and is definitely above the general South African wage in agriculture. One obstacle the project faces is to get the workers become more independent of their employers so they can manage and run the farms in the future. Another obstacle is alcohol abuse. In 2005, 95 % of the people working on a farm had an alcohol addiction problem, there was a very bad relationship between the workers and the farm manager, the salaries were minimal, the houses were in very bad condition and there were plenty of fighting in the weekends because of alcohol. Today, only 5 % have a drinking problem and the majority of those are above 50 years old. If a worker at the Fairhills is sick, s/he receives paid leave. They have different consultation groups as well as religious groups. They have appointed 27 females working at three day care facilities where the workers' children spend their days. There are also transport facilities for the workers as well as a community centre, a library and a computer centre where the workers get computer training. There is a craft centre where visitors can buy other fair trade products, a restaurant and a coffee shop. There is also a primary school in the informal settlement in Stellenbosch as well as the project has spent R3.5 million on improving the workers' houses. The Fairhills has so far done a lot of work, but there are still improvements to be made.

The annual fees every fair trade farm has to pay the FLO (to become or to remain fair trade) are quite high, and it is easier to become financially sustainable for big co-ops than smaller farms. Fairhills is rather financially stable because it consists of many smaller farms (a co-op), as well as it receives financial support from initiatives abroad. In the beginning (2006), one of the major priorities of 'the Fairhills Joint Body' was to build crèches. Although these are mainly for the fair trade workers' children, there are also other children whose parents work for non-fair trade farms in the area. Those working for fair trade have to pay a small amount every month to the crèche, whereas those working for other farms have to pay a bit more since they are not part of fair trade. For instance, one crèche is taking care of a little girl with meningitis, whose parents are not working for fair trade. They receive treatment and help, something they cannot afford on their own. Even though nobody knows how long the girl will live, Fairhills tries to help her as much as possible. Various farms in the area are now considering becoming fair trade because of the improvements they see take place at Fairhills.

At the time of initial research (December 2008), Fairhills wines are only sold abroad. Although they want to sell the Fairhills wines locally, it is a long process to market and to actually sell fair trade wine in South Africa at the moment. Although there already are a few fair trade wines available for purchase, South African consumers have yet not shown too much interest in buying fair trade products.

4.2 Findings based on answers from the workers

The youngest person working at the fair trade wine farms I have visited is 18 years old while the oldest is 59 years. The 31 workers I have interviewed do a great variety of work. Some are cleaners or working in the lab, general workers or working at the bottling machine/labelling machine, truck-drivers or just drivers, chair persons at the Joint Bodies, working with a newsletter or working at the schools and crèches. One is a cellar master, another one is a fair trade officer and one is working with the water pumps and prepares the wine. Some of the workers have several different tasks and are both working in the field, driving the truck and being a general worker (for instance). When the workers were asked if they enjoy their work, all the 31 respondents said yes.

When it comes to the question of the workers' salary, it is a bit blurred. During the interviews at Stellar, I had already received documents from one of the owners containing information about every worker and their salaries. This information did not always match the information received from the respondents. Considering the tendency where many workers in rural areas lack basic knowledge, I decided to trust the financial documents received and not put too much weight on the answers from the respondents. Although this is dangerous due to the fact that those benefiting from this trust are the owners, I put my trust in their openness and friendliness. They did not have to give me the financial documents. I did not receive financial documents at the other fair trade wine farms I visited, but I was constantly aware of possible irregularities. According to the answers I got at Stellar, the lowest paid worker made R900 per month while the highest paid worker made R2000 per month (4 workers did not reply). According to the financial documents, the highest paid worker among my respondents at Stellar makes R7000 per months while the lowest paid worker makes R1160 per month. Most of the workers though, makes between R1200-R1500 per month. At SONOP the wages are slightly higher, where the lowest paid worker among my respondents makes R1900 per month and the highest paid worker makes R4000 per month. At Koopmanskloof Wingerde and Fairhills the lowest paid worker makes R1300 per month while the highest paid worker makes R8000 per month. Altogether there is a tendency showing how the majority of the workers at all the fair trade wine farms earn between R1200-R2000. It must be noted though that this assumption is based on the data found, a higher amount of respondents could have led to other results. Another point to make is that there does not seem to be huge differences in the salaries between female/male workers.

Some of the workers have been working with fair trade for 4 years, while others have only been part of it for 2 months. Among the 31 respondents, 6 of them have not experienced increases in their salaries after working for fair trade while 4 workers have not noticed any life improvements since working under the fair trade label. These numbers show how the majority of the respondents have experienced higher salaries as well as better life conditions since they started working for fair trade. Although 100% positive answers would be ideal, the findings suggest major improvements so far. 25 of the respondents find fair trade production better than other production. One respondent is sceptical about it, one did not want to answer while 4 workers were not sure what to answer. Interestingly enough, the one being sceptical is among the higher paid workers. When asked if they want to continue working with fair trade, 30 workers said yes while one said not if s/he finds work elsewhere. Again, it must be noted

that the data cannot be fully trusted because the workers might have replied the way they think they are supposed to answer, and not telling the truth.

4.3 Findings based on answers from the in-depth interviews

One of the respondents from the in-depth interviews started working with production of fair trade wine in 2003. One respondent only recently began (2008). Although fair trade has existed for many years, production of fair trade wine is rather new. Fair trade differs from other trade with regards to its focus on how to make the workers profit and benefit. The workers at the fair trade wine farms visited in this research are both property owners, brand owners and manufacturing owners. The fair trade Premium is available for the workers and their communities, and the workers themselves decide what to use the money for. What can happen is that the farm owners or the managers guide, train and educate the workers on how to spend the Premium wisely, but they can never tell them what to do with it. Although the Premium money does not make a major difference in the beginning, it will probably lead to profit. What the Premium already has paid for, the workers keep as their own in case the wine farm suddenly decides to stop producing under the fair trade label.

Because of the FLO standards and the money a wine farm is supposed to spend on its workers, fair trade is not very business-friendly. The wine farms are not guaranteed profit and might have to wait a few years before the business becomes financially viable. Another point is how the standards sometimes demand the wine producers to pay the FLO before they receive payment from the buyers, as well as rather huge amounts of paperwork to deal with. To control and monitor the fair trade system for transparency and legitimacy is another time-consuming aspect. These check-ups also control if the wine farm is paying and treating the workers according to the standards, as well as maintaining the workers' houses, tools and equipment. Every wine farm has to pay a certain amount to maintain their fair trade certification. According to the respondent in the in-depth interview 5, "grape producers pay €3000 per year and distributors and exporters in South Africa pay €500 per year to be registered as fair trade. This is a lot of money for smaller producers and farms and means the FLO makes a lot of money while the producers and the middle-men do not". This shows how fair trade does not guarantee success, especially not for the smaller vineyards. According to the respondent in the in-depth interview 6, "the biggest differences between fair trade and

other trade are the improvements of education, wages and opportunities to become promoted”. It seems fair trade wine farms are not necessarily better than other wine farms in South Africa, but the chances of them being better are much higher due to the fair trade standards.

Because of fair trade, many workers have experienced improvements in their lives. Seasonal workers can now work under the fair trade label, a great variety of projects focus on community development, sustainable development and social upliftment. The issue with workers becoming land/farm owners is also of major importance. The workers are better paid than previously and benefit their families and friends, as well as the community as a whole. Although some of the wine farms have not profited from fair trade production yet, they most probably will in a short period of time. Where they have profited, the workers have among others bought buses for transport with their Premium money. This enables them to transport the workers to and from work, as well as they can make money on doing deliveries on their own. There have been several housing developments, building of schools and crèches, training, education, computer classes etc. With regard to the history of paying farm workers in the Western Cape with alcohol, the fair trade farms visited are very strict when it comes to abuse of alcohol. They try to teach the workers how to enjoy and moderate the drinking and rather spend their salaries on basic nutrition and housing. (Sadly enough, some of the workers interviewed are marked for life due to their mothers’ alcohol abuse). Education and the creation of role models for the young people are highly valuable when teaching them how damaging alcohol abuse can be. Among the main improvements regarding the schools and the crèches are that the children are fed properly, they wear decent clothes and if they get dirty they will be cleaned.

According to the respondent in the in-depth interview 3, “fair trade should be promoted because it is there for the workers, the business, the traders, the exporters, the importers and the consumers”. For her/him, everybody grows together with fair trade and it changes people’s lives. The respondent in the in-depth interview 4 agrees even though s/he does not find fair trade very business-friendly. Although the respondent in the in-depth interview 5 finds fair trade complicated and does not guarantee success, it does play a major role when properly managed. Because fair trade benefits workers and their families, communities, development and the environment, the respondent in the in-depth interview 6 thinks it should be promoted. When people start consuming more fair trade products, the people working for fair trade will encounter improved living and working conditions. When consumers are

ethically aware, they will in turn force supermarkets and those selling fair trade products to also become aware of ethically traded products. This again will lead to an increase in the sales of fair trade products because those selling fair trade products have to import or trade more with those producing fair trade products. It is a positive circle where the fair trade workers are the beneficiaries. According to the respondent in the in-depth interview 8, “the reason why people start doing fair trade is not because it is business-friendly, but because it is about social upliftment, community development and sustainable development”.

According to the respondents in the in-depth interviews, there is no doubt that export-led growth can help South African farmers out of poverty (the ones interviewed here are highly skilled and educated people, and they were all very clear on this statement). Although it will probably not help all farmers out of poverty, it will help some. One respondent finds export necessary for South Africa’s economy to sustain. The way the respondent in the in-depth interview 4 sees it, it is the South producing for the North and South Africa needs to export more considering the financial aspect as well as job creation. According to the respondent in the in-depth interview 5, “South Africa has to make money through exports, and export-led growth can help South African farmers out of poverty”. According to the respondent in the in-depth interview 6, the Fairhills project would not have been so strong and beneficial for its workers had it not been for the large volumes of wine it is exporting. Although most of the respondents want an opening/increase of sales of locally produced fair trade wine in the South African market, they know this will take some time to develop as well as to be able to profit by. Considering how fair trade wine is a relatively new production in the country, it is not realistic to believe sales of fair trade wines in South Africa are profitable yet. So far and in this context, export-led growth is one option to help South African farmers out of poverty.

4.4 Findings based on answers from the FLO-CERT

FLO sets the standards for the use of the fair trade label and supports producers in the South who use the label. FLO-CERT is a profit company who audits producers and traders so they can be certified to use the fair trade label. FLO only sets generic and product specific standards for hired labour, small producers and traders internationally including South Africa. The generic standards state that local legislation and good practice will be incorporated into the interpretation of the FLO standards by FLO-CERT. In South Africa, FLO-CERT

interprets the BEE legislation as it affects employees of hired labour settings and is an additional compliance criteria for hired labour settings in the country. In every other sense, the generic standards by the FLO apply to all operators in South Africa. According to the FLO-CERT, there are no negative sides of fair trade so far and they seldom turn applicants down. Although there could always be some improvements, fair trade has shown to be an effective tool when using trade instead of aid for development of the agricultural trade between the North and the South. Fair trade is definitely one way of poverty alleviation because certified fair trade products can be sold in South Africa due to the FLO's international licensing. This means fair trade products can be traded in the South and not based on exports only. With regard to the financial crisis, the FLO-CERT has yet not seen any changes in the wine sales and according to them, sales of most fair trade products should stabilise.

(Sadly enough, the e-mail interview sent to the FLO in Bonn, Germany, has yet not been answered).

5. Research analysis

First of all, it is difficult to understand how the international trading system works. So far it seems rather unfair for the countries in the South, and apparently many efforts created to improve it do not work the way they should. For a long time countries in the South have been viewed as the producers, while the North has been part of the consuming world. This divide still exists. There are many different opinions when it comes to what is a good trading system (for all parts involved) as well as how to agree upon one set of trading rules. Governments, countries and the international institutions still do not manage to improve the international trading system. Yet, the knowledge about the unfairness is high. Today it is highly questionable why the international trading system has not changed in favour of the developing countries. It seems the rich countries in the North are determined to stay in power while neglecting the South. A good example of this unfairness is, for instance, tariffs. When a developing country has to pay as much in tariffs to the United States as a developed country, at the same time as the developing country receives aid from different developed countries because it is poor, something has to change. Another example is how tariffs on imports from developing countries can be four times higher than tariffs against products produced by developed countries.

There seems to be a mutual understanding among development economists that low-income countries in particular have experienced a decrease in their share of the global trade. Although middle-income countries are not so much affected as the poorest of the poor, they do not share the same profits from the global trade regime as the rich and western countries do. Although production for the local market only does not seem very sustainable at the moment, South Africa and many other developing countries should begin focusing on how to become independent from the developed countries. Maybe it is about time for the developing countries to return to ISI and implement protectionism, and would it be sustainable? The last two decades have shown that neoliberalism and a more free market have not been beneficial for developing countries. Maybe it is time to stop wishing neoliberalism is working for countries in the South and find something which is actually functioning properly. Although some development economists argue for a return of the ISI because this is what they regard as the most sustainable in the long turn, it seems what developing countries now need are instant improvements, not improvements taking place in 5 to 10 years. Although a return of the ISI would mean less dependency on developed countries, which is what I hope will happen in the

future, I do not think less exports from the South to the North will lead to any improvements for developing countries. Rather, it will make things worse. This research has seen how production of fair trade wine for export is much bigger than production for the domestic market in South Africa. All the producers interviewed agreed that more production for the domestic market would be highly beneficial for the country, but it simply is not profitable yet. They have to export to profit. Although this research has only seen and met a few out of many producers in the South, it seems the dependency tendency is important throughout the developing world. A return of more protectionism seems like a better solution, although this will probably also take quite some time because such changes do not occur quickly.

An important factor to remember when dealing with trade rules and developing countries is the role of agriculture. About 70% of the population in poor countries are dependent on agriculture, and while they are not subsidised, the major agricultural producers are. When agriculture is one of the most important keys on how to deal with rural poverty reduction, it is not understandable the way the WTO and the international trade regime do not allow subsidisation of agriculture in low-income/middle-income countries. Another issue is the standards on goods produced for exports/imports. There seems to be a tendency where the standards are relatively higher in developed countries than in developing countries. For instance, some of the fair trade wine farms in this research are experiencing difficulties getting their wines approved by certain monopolies in Northern European countries. Although it is understandable to set high standards on goods for exports/imports in general, the fair trade wines produced at the fair trade wine farms visited have already gone through very strict controls and should not be difficult to approve.

Although Structural Adjustment Programmes in the 1980s and the 1990s were created to help the poor countries and were developed with certain conditions, the programmes were made by the developed world and did not function as intended. With this duly noted, it is highly important to improve the way aid is given on realistic terms, probably with a strong focus on grassroots-level and a bottom-up approach. Considering the very unfair international trade regime and the power of the rich and western countries, improvements seem unlikely to happen in the nearest future. This is where fair trade enters the picture. So far, and in this context, fair trade seems like a good alternative to current trade as well as aid. Although fair trade is minor compared to other trade, it does make a difference to the workers interviewed in this research.

With regard to women, fair trade makes a huge difference because it empowers them. Although many countries in the South have implemented policies to improve the working conditions for the female population, there are many loop-holes and ways to contradict the current system. Women in developing countries tend to be disfavoured compared to men, and South Africa is no exception. Due to culture and tradition, many South African women are supposed to stay at home and take care of the children. Due to poverty, they are also forced to work. What this research has seen are female workers empowered by higher salaries than previously, they have an improved self-esteem and opportunities to prosper in the future due to access to education and training. In addition, their children are taken care of by the local fair trade crèche or school, receiving the proper nutrition and education. It is common knowledge that women are important when achieving sustainable development, as well as they are key contributors to sustain their families. Although 10 out of 31 workers interviewed in this research are women, it does not mean there are fewer women than men working with fair trade production of wine. This is probably not too far from the truth though, because women can not do the spraying of the fields, lifting as heavy work as the men or drive the buses/trucks etc. Therefore, according to the respondents from the in-depth interviews, they focus on employing more women or promoting the women they already employ. There is always room for improvements, but what this research has seen with regards to women in fair trade production of wine, is mainly positive.

The wine industry in the Western Cape comprises about 4500 growers. Although there are wine farms in other areas of the country, the Western Cape is the major wine producing area. According to different data, there are between 21-35 fair trade wine farms in total. Considering the huge amounts of wine farms in South Africa, there are not many vineyards producing under the fair trade label yet. Although fair trade is relatively new in the country, the extent of fair trade wine farms is minor. When considering the short period of time fair trade has existed in South Africa, the difficult context of the country (poverty, HIV/AIDS, inequalities etc.), the issue of access to foreign markets and the apparent minor knowledge about fair trade, the development of fair trade wine farms is quite impressive.

There are many advantages with fair trade, as well as there are disadvantages. To begin with the latter, to belong to the FLO is apparently quite expensive, especially for smaller producers. Although the wine farms visited in this research do not have difficulties paying the FLO, it seems a bit unfair when the main focus behind the fair trade idea is to benefit the poor

workers in the South, especially when poor workers in developing countries tend to be small producers. If bigger and sometimes cooperatively led fair trade wine farms complain about the price they pay to the FLO, it must be difficult for the smaller ones to sustain. Maybe the FLO should begin to consider dividing the fair trade standards between small producers and major cooperatively-led farms, as some suggests. Although difficult to draw the line between the two, it is apparent that something within the fair trade system has to change if it wants to remain sustainable for the smaller producers. Other disadvantages are the huge amount of paperwork the wine farms have to deal with as well as the part about fair trade not being business-friendly. Although dealing with paperwork seems quite the standard when running a business, it should not be a determinant to whether or not the business is profitable. This is not the case at the wine farms visited in this research, but it probably is an important factor for smaller producers. Say, for instance, a smaller fair trade wine producer cannot deal with the huge amount of paperwork by her/himself, s/he cannot afford to employ somebody to take care of this but is forced to by the FLO rules, the smaller producer will not profit and cannot produce under the fair trade label anymore. Another issue to remember with regard to whether or not fair trade is business friendly is the period of time it takes for a wine farm to profit. Especially one wine farm visited in this research had yet not profited. This is understandable because it takes time to access international markets and get the products approved, but some producers cannot wait for too long before they make money on their products. Considering this aspect, it seems like the right time for some improvements of the fair trade system and the FLO standards. One final important disadvantage with fair trade wine production in South Africa is how the producers become dependent of the consuming North. Although export tends to create employment and is a very important factor with regard to economic growth, it is probably about time for the developing countries to become independent. This will take time and it is not realistic to believe it is going to happen in the nearest future, but it is worth a thought.

Although the disadvantages of producing under a fair trade regime are many and very negative, it is important to remember the positive aspects. The main advantages are increased focus on community development, social upliftment and sustainable development. Again, considering the South African context, these advantages are highly beneficial for the workers and their communities, and are the main factors influencing the final conclusion in this research. Although it will take time for fair trade production of wine to prosper in the country, wine farms (not fair trade) around the country have already shown their interest in fair trade

production and some will eventually start producing under the fair trade label. Another issue here is that as of December 2008-January 2009, a few fair trade wines could be bought in South Africa and several others are ready for sales as soon as they get their approval.

Should fair trade be promoted as an alternative? If it is possible to promote the four fair trade wine farms visited in this research, I will. Fair trade at these places is definitely beneficial for the workers and can absolutely function as an alternative. What I cannot say is that fair trade everywhere else in the world works the same way. Although I could generalise and assume that other fair trade wine farms work the same way as those visited in this research, I choose not to.

6. Summary and conclusion

After the MDGs were established in 2000, there was an increased focus on how to improve the lives of the poor. Although there are many solutions to the problem, there is a tendency where the major international institutions (the UN, the World Bank, the IMF and the WTO) do not agree on what are the best possible solutions. One also has to remember that many of these institutions are influenced by countries (mainly rich countries in the western world), which agree on whatever suit their economies the most, not what benefits the countries in the South.

The most interesting thing regarding the international trading system is how unfair it has been for a very long time, and how it keeps continue being unfair. Most economists today are aware of how poor most of the developing countries are, and how rich the developed countries are in comparison. There are several movements and NGOs protesting and working for more fair trade, many development economists who write books and articles about how to change the trade system and most people in the rich, western world are aware of the unfairness in the world. Why is the system not changing? Can one only blame the major international institutions like the WTO, the World Bank and the IMF or must one look further. An important fact to remember is that these institutions are highly controlled by the U.S., which does not seem to be interested in improving the trade system in favour of the poor developing countries. But one cannot blame the U.S. only. One very contradictory factor is how some of the countries giving more than 0.7% of GDP in aid to developing countries, also have a highly subsidized agriculture.

Although there are many critics of fair trade stating that it is not so fair as it should be or that there is something wrong with the fair trade system, there are many positive sides to it. Another point to make is that although important development economists say that what developing countries need is trade and aid, we have to start somewhere. Even before I started my research on fair trade I was rather positive towards the fair trade issue, but I was not fully persuaded that it really was so fair. Although one finds fair trade in many countries in the South and one cannot investigate them all, the overall picture shows positive results. Fair trade is better than other trade. Maybe the fair trade workers do not make a lot of money, but at least they make more than before they started working for fair trade. In a country where there are so many poor people as well as so many who lack basic education, a system like fair

trade should absolutely be promoted. Although the existing system can always be improved and developed, this research has shown how fair trade at the wine farms visited really does uplift its workers socially and economically.

Considering how badly paid and treated the majority of the population in South Africa is, I have to conclude with what I have seen and heard about fair trade in the country that it is mainly positive. Many of those working for fair trade are still badly paid, but without fair trade they would have been even worse off. Fair trade in South Africa is concerned about community development, social upliftment, sustainable development as well as it tries to educate their workers on all kinds of matters. Although the fair trade standards could have been better, one needs to be realistic. The inequalities in the country are enormous, and the general worker, especially in agriculture in the Western Cape, used to get paid in alcohol (although this has changed a lot during the last decade). To be able to get rid of the inequalities, one should definitely start slowly. Otherwise the highly skilled and paid workers will maybe leave the country to get paid properly elsewhere, which in turn would lead to a major brain drain. My main concern has been the workers and whether they are paid properly. My dilemma here is that I think they should be paid more simply because they need more money. But then again, it is not realistic and probably not sustainable because South African fair trade wines are not that popular yet and one cannot pay the workers more if this would ruin the fair trade business. It must be said though that the fair trade farms I have visited so far have come a long way in quite a short period of time.

One final point to mention is global climate change. This obstacle will probably not be beneficial for the fair trade workers in developing countries. Ethically aware consumers in developed countries might not be able to afford to buy fair trade wine, and then the workers will not benefit from the fair trade Premium. The global climate change might lead to changes in temperature and water which in turn will threaten vineyards in South Africa, which again will ruin the country's wine sector. Carbon taxes on transport will make fair trade much more expensive in coming years. Although Carter (2006) does not say anything about fair trade wine and how the projected climate changes might affect this industry, she does talk about the wine industry in South Africa. Therefore, in this case, the climate changes will most probably affect the fair trade wine industry as well. When concerned about climate changes, it seems fair trade wine in the future can either survive due to its 'ethical' and 'fair' focus (consumers in the Northern countries will be focused around these issues and will not care about the

price), or it will disappear because it is becoming too expensive for both producers and consumers (the price becomes too high compared to the 'fairness').

What will happen with South African fair trade wine in the future? People will always be concerned about the price on a product, today a growing number of people are also becoming aware of a just and fair product. Will the consumer pay more for a fair trade wine from South Africa or buy a cheaper, locally produced wine? The more realistic picture probably shows how most people go for the cheaper wine, while the minority buys the fair trade wine. Maybe, if the recent trend where people become more ethically aware develops, 'everything will be fair trade' (quote from one of the in-depth interviews). This quote is not just based on the positive effects of fair trade (the respondent was fairly critical to many aspects of fair trade), it is based on knowledge involving consumer demands and the global market. The respondent, as well as many others, believe consumers around the world will demand more fair trade products (as well as organic products, ethically traded products etc.). S/he believes fair trade will become the norm, and not just a trend.

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Appendices

Appendix 1: Interview Schedules

QUESTIONS FOR THE WORKERS:

- What is your name?
- What is your age?
- What do you do for a living?
- Do you enjoy work?
- What is your salary?
- How long have you been working with fair trade production?
- Has your salary increased since your last job?
- Has your life improved after working with fair trade production?
- Do you find fair trade production better than other production?
- Do you want to continue working with fair trade?

QUESTIONS FOR THE PRODUCERS/TRADERS/EXPORTERS:

- What is your name?
- What company/farm do you work for?
- How long have you worked with fair trade production?
- Do you find fair trade different than other trade (if yes, how)?
- Have you seen life improvements among the farmers working with fair trade production?
- Should fair trade be promoted (why)?
- Can export-led growth help South African farmers out of poverty?

QUESTIONS FOR THE FLO/ FLO-CERT:

- How long has FLO-CERT existed in South Africa?
- What are the main differences between FLO and FLO-CERT?
- What are the FLO-CERT standards for South Africa and do these vary a lot from the FLO standards?
- Positive and negative sides of fair trade in South Africa`
- Are there many wine producers in South Africa who want to be certified as fair trade wine producers, but are not allowed because they do not follow the standards?
- What do you think should be improved within the fair trade system?
- Can export-led growth help South African farmers out of poverty?
- Do you think sales of fair trade products will increase now with the financial crisis taking place?

Appendix 2: Informed Consent form

Informed Consent Form

(To be read out by researcher before the beginning of the interview. One copy of the form to be left with the respondent; one copy to be signed by the respondent and kept by the researcher.)

My name is Eli Tønnessen Berntsen (student number 206526441). I am doing an assessment of the fair trade wine sector in South Africa. This project is supervised by Dr. Patrick Bond at the School of Development Studies, University of KwaZulu-Natal. Should you have any questions, my contact details are:

Phone: 0768627474

E-mail: ohprom(at)hotmail.com

Thank you for agreeing to take part in the research. Before we start I would like to emphasize that:

- your participation is entirely voluntary;
- you are free to refuse to answer any question;
- you are free to withdraw at any time.

The interview will be kept strictly confidential and will be available only to members of the research team. Excerpts from the interview may be made part of the final research report. Do you give your consent for: *(please tick one of the options below)*

Your name, position and organisation, or	
Your position and organisation, or	
Your organisation or type of organisation <i>(please specify)</i> , or	
None of the above	

to be used in the report?

Please sign this form to show that I have read the contents to you.

----- (signed) ----- (date)

----- (print name)

Write your address below if you wish to receive a copy of the research report:

