A critical review of emerging wine farmers in the Western Cape province of South Africa: implications for transformation and land redistribution

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Introduction

The South African wine industry has a long history, with the first wine made by Jan Van Riebeeck in 1653 in the cape (Du Plessis & Strydom, 2003). Since then it has grown to be an export oriented business. The wine industry has further evolved over time due to policy changes, for example, the deregulation of the agricultural sector in the 1990s (Vink & Kirsten, 2000).

Today the wine industry is made-up of three important role players. These are 3029 wine grape producers, 546 wine cellars which crush grapes and 122 wholesalers (SAWIS, 2017).

Table 1: South African wine industry structure

Wine production phases	Actors in South Africa
Pre-production	3029 Wine grape producers
Production	48 Producer cellars 472 Private wine cellars 26 Producing wholesalers
Wholesalers	1 22 Bulk wine buyers (including producing wholesalers)

Source: Adapted from SAWIS (2017)

Transformation and emerging farmers

Transformation is a buzz word in contemporary South Africa. It refers to the process of deracialising various economic sectors in the country, including the agricultural industry. Transformation in the wine industry is achieved through

– **Land redistribution**
– **Transformation Charter** and
– **Black Economic Empowerment**

Emerging wine grape producers

Table 2 below provides a summary of the database of emerging wine grape producers and wine companies that was commissioned by the ARC in 2002/2003 in the most important wine producing regions in South Africa (Fourie & Mudzunga, 2003). This is, to our knowledge, the most recent and detailed database on a national level.

Despite being dated, some patterns are evident. It shows that about 35% of the farms were producing on their own land, 41% were equity share schemes and 24% had land lease agreements (Fourie & Mudzunga, 2003).

Table 2: Emerging wine grape producers by province

Project number	Province	No. of beneficiaries	Area under grape production (ha)
1	WC	3	7.3
2	WC	4	5
3	NC	5	5
4	WC	42	133
5	WC	40	5
6	NC	42	5.6
7	WC	27	32
8	WC	36	17
9	FS	7	1.5
10	NC	14	1
11	NC	1	10
12	WC	147	76
13	WC	16	12
14	WC	52	36
15	NC	12	12
16	WC	Whole community	208.1
Total			**566.5**

Source: Fourie & Mudzunga, 2003

Emerging wine companies

One way to classify emerging wine companies is through their market output. Table 3 below gives an general picture of the output size of some of the emerging wineries. It shows that most of the emerging wineries are small producing less than 40 000 bottles a year.

Table 3: Emerging wine grape producers by province

Bottles per year	Number of companies	Typologies by size
0 – 5000	6	Very small
<10 000	4	
<30 000	8	Small
<40 000	4	
<100 000	2	Medium
<150 000	3	
400 000 to 600 000	3	Large
600 000 to 2 500 000	2	Very Large
Total	32	

Source: Adapted from Oertle, 2017

Conclusions, implications for land redistribution and way forward

There are only few non-white land owners and wine grape producers. Equity share schemes are found, but these can be criticized for benefiting the Black elites and white farmers. The establishment of black emerging wine brands seems to be working. The state will need to improve and increase financial support to emerging wine producers however, since wine farming is capital intensive. Beneficiary selection should focus more on competence and skills. The state needs to rethink it's objectives, given the current situation in the Western Cape. It is not clear whether the promotion of single black land ownership or mass shared ownership of farm workers is prioritized.

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