

DEPARTMENT OF TRADE, INDUSTRY AND COMPETITION

NOTICE 4174 OF 2026

INTERNATIONAL TRADE ADMINISTRATION COMMISSION OF SOUTH AFRICA

OUTCOME OF TARIFF AMENDMENT INVESTIGATION

RE: ITAC REPORT NO. 679: APPLICATION FOR AN INCREASE IN THE RATE OF CUSTOMS DUTY ON OTHER PAPER AND PAPERBOARD CLASSIFIABLE UNDER TARIFF SUBHEADINGS 4802.55.20, 4802.56.90 AND 4802.57.20

The International Trade Administration Commission of South Africa ("ITAC" or "the Commission") has completed its reconsideration of the application lodged by Mondi South Africa (Pty) Ltd for an increase in the rate of ordinary customs duty on certain uncoated paper and paperboard products used mainly for office printing, photocopying and conversion purposes.

The application sought an increase in the rate of customs duty on other paper and paperboard, not containing fibres obtained by a mechanical or chemi-mechanical process or of which not more than 10 per cent by mass of the total fibre content consists of such fibres classifiable under tariff subheadings 4802.55.20 and 4802.57.20 from free of duty to 20 per cent *ad valorem*, through the creation of additional 8-digit tariff subheadings and tariff subheading 4802.56.90 from 10 per cent *ad valorem* to 20 per cent *ad valorem*, respectively.

The matter was reconsidered after the former Minister of Trade, Industry and Competition (the "former Minister") referred the Commission's earlier recommendation back for further investigation and consideration. The referral requested that ITAC consider, among other things, updated trade statistics following the recovery from the COVID-19 pandemic, prevailing domestic and international market conditions, and other relevant factors affecting the industry.

During its investigation, the Commission considered information submitted by the Applicant, comments from interested parties, updated market and trade information, production and employment trends, import data, cost developments, price competitiveness, and South Africa's international trade obligations, including applicable World Trade Organisation (WTO) bound tariff commitments.

The Commission found that the domestic industry was operating in a market characterised by long-term structural decline associated with digitisation, changing consumer behaviour, weak economic growth and subdued demand for paper products. The Commission further found that import volumes of A4 paper increased during the period under review, with a growing share originating from the European Union, while imports under the General tariff column declined.

The Commission also found that there was no *prima facie* evidence that imports entering under the General column constitute the primary threat facing the Applicant. Furthermore, most import competition, at the time, originated from the European Union, which benefits from preferential trading arrangements with South Africa. Consequently, an increase in the General rate of customs duty would then not effectively address the source of import competition and could have potentially resulted in higher costs for downstream industries and consumers.

In light of the information before it at the time, including stakeholder comments, market analysis and WTO bound rate considerations, the Commission recommended that no increase be made to the customs duty applicable to the subject products. The Commission further considered that trade-remedy instruments, such as anti-dumping and/or safeguard duties, may constitute more appropriate measures should evidence of injurious import competition emerge in future.

The Minister of Trade, Industry and Competition approved ITAC's recommendation not to increase the customs duty on paper and paperboard classifiable under tariff subheadings 4802.55.20, 4802.56.90 and 4802.57.20.

However, the Minister of Trade, Industry and Competition, simultaneously requested ITAC, in terms of Section 16(1)(d)(i) of the International Trade Administration Act, Act No. 71 of 2002 ("ITA Act"), to undertake a sector-wide paper and paper products industry investigation and recommend an appropriate trade policy instruments that can drive the industry towards sustainability and resilience.

Reasons for the review are set out below:

- a) "The South African pulp and paper industry is under tremendous strain, particularly in the uncoated paper, newsprint, packaging, and tissue segments. The sector has raised concerns about the growing challenges of rising import penetration, declining demand for print paper, and the slowdown in the domestic economy.
- b) In addition, increasing input costs, particularly electricity and transportation expenses, are placing significant pressure on local manufacturers and squeezing local producers' profit margins. However, if these challenges are not effectively addressed, the economy risks losing significant industrial investments, employment opportunities, and the economic sustainability of many rural communities that depend on the sector.
- c) The South African pulp and paper industry has made substantial investments in recent years and currently possesses technological innovation, sufficient installed production capacity, and over the past seven years, over R33bn have been invested in the sector. The sector's processing capacity is highly intertwined with the virgin fibre production as well as the recycled fibre, supporting a wide range of enterprises and employment.

- d) The Minister indicated that ITAC may consider, *inter alia*, potential injury to the industry and its upstream activities due to the concern of rising imports; the latest trade statistics following USA trade policy, the recent war in the Middle East; the conditions in the domestic and global markets; exchange rate fluctuations; and other related factors.”

Stakeholders are encouraged to consult ITAC Report No. 679 as well as Government Gazette No. 55409, Notice 4154 of 2026 published on 18 September 2026 for a detailed account of the investigation and the Commission's findings and the initiated review, available on the ITAC website: www.itac.org.za

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