Report No 791 - Amended

INVESTIGATION FOR REMEDIAL ACTION IN THE FORM OF A SAFEGUARD MEASURE AGAINST THE INCREASED IMPORTS OF OFFICE PAPER (A3 AND A4) CUT SHEETS OR UNCOATED COPY PAPER, USED FOR WRITING, PRINTING OR OTHER GRAPHIC PURPOSES OFFICE PAPER IN DIFFERENT SIZED CUTS, MAINLY A3 AND A4 COPY PAPER. A3 COPY PAPER, (ACTUAL SIZE: 297MM X 420MM) WHICH IS CLASSIFIED UNDER TARIFF SUBHEADING 4802.56.20 HAS A MASS OF 40G/M² OR MORE BUT NOT MORE THAN 150G/M², IN SHEETS WITH ONE SIDE 360MM AND THE OTHER SIDE 150MM IN THE UNFOLDED STATE IN RECTANGULAR (INCLUDING SQUARE) SHEETS A4 COPY PAPER (ACTUAL SIZE: 297MM X 210MM), WHICH IS CLASSIFIED UNDER TARIFF SUBHEADING 4802.56.90: PRELIMINARY REPORT

The International Trade Administration Commission of South Africa herewith presents its **Report No 791: INVESTIGATION FOR REMEDIAL ACTION IN THE FORM OF A SAFEGUARD MEASURE AGAINST THE INCREASED IMPORTS OF OFFICE PAPER (A3 AND A4) CUT SHEETS OR UNCOATED COPY PAPER, USED FOR WRITING, PRINTING OR OTHER GRAPHIC PURPOSES OFFICE PAPER IN DIFFERENT SIZED CUTS, MAINLY A3 AND A4 COPY PAPER. A3 COPY PAPER, (ACTUAL SIZE: 297MM X 420MM) WHICH IS CLASSIFIED UNDER TARIFF SUBHEADING 4802.56.20 HAS A MASS OF 40G/M² OR MORE BUT NOT MORE THAN 150G/M², IN SHEETS WITH ONE SIDE 360MM AND THE OTHER SIDE 150MM IN THE UNFOLDED STATE IN RECTANGULAR (INCLUDING SQUARE) SHEETS A4 COPY PAPER (ACTUAL SIZE: 297MM X 210MM), WHICH IS CLASSIFIED UNDER TARIFF SUBHEADING 4802.56.90: PRELIMINARY REPORT**



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Ayabonga Cawe
CHIEF COMMISSIONER

PRETORIA
22 October 2026

INTERNATIONAL TRADE ADMINISTRATION COMMISSION OF SOUTH AFRICA

INVESTIGATION FOR REMEDIAL ACTION IN THE FORM OF A SAFEGUARD MEASURE AGAINST THE INCREASED IMPORTS OF OFFICE PAPER (A3 AND A4) CUT SHEETS OR UNCOATED COPY PAPER, USED FOR WRITING, PRINTING OR OTHER GRAPHIC PURPOSES OFFICE PAPER IN DIFFERENT SIZED CUTS, MAINLY A3 AND A4 COPY PAPER. A3 COPY PAPER, (ACTUAL SIZE: 297MM X 420MM) WHICH IS CLASSIFIED UNDER TARIFF SUBHEADING 4802.56.20 HAS A MASS OF 40G/M² OR MORE BUT NOT MORE THAN 150G/M², IN SHEETS WITH ONE SIDE 360MM AND THE OTHER SIDE 150MM IN THE UNFOLDED STATE IN RECTANGULAR (INCLUDING SQUARE) SHEETS A4 COPY PAPER (ACTUAL SIZE: 297MM X 210MM), WHICH IS CLASSIFIED UNDER TARIFF SUBHEADING 4802.56.90: PRELIMINARY REPORT

SYNOPSIS

On 05 June 2026, the International Trade Administration Commission of South Africa ("the Commission") initiated an investigation for remedial action against increased imports of A3 and A4 paper through Notice No. 3968 in *Government Gazette* No. 54783.

The application is brought by Mondi South Africa (Pty) Ltd ("the Applicant" or "Mondi"), being the major producer of the subject product in the Southern African Customs Union ("SACU"), supported by Sappi, the other manufacturer of the subject product.

The investigation was initiated after the Commission considered that there was *prima facie* evidence to show that events cited by the Applicant can be regarded as unforeseen developments, which resulted in a surge in imports of the subject product, causing serious injury to the SACU industry.

On initiation of the investigation, the World Trade Organisation ("WTO") and countries

with a significant interest in exports of the subject product were notified of the initiation of the investigation.

Interested parties responded by submitting comments on the initiation of the investigation, which were taken into consideration by the Commission in making a preliminary determination.

The Commission made a preliminary determination that the events cited can be regarded as unforeseen developments and that these unforeseen developments and the effect of the obligations incurred under the GATT 1994 led to the increased volume of imports in absolute and relative terms and that the surge in the volume of imports is recent, sharp, significant, and sudden enough.

The Commission also made a preliminary determination that the SACU industry is experiencing serious injury; and that there is a causal link between the serious injury experienced by the SACU Industry and the surge in volume of imports resulting from the unforeseen developments.

The Commission made a preliminary determination to request the Commissioner of SARS to impose provisional measures in the form of a duty of 21 percent *ad valorem* on the imports of office paper (A3 and A4) cut sheets or measure uncoated copy paper, used for writing, printing or other graphic purposes office paper in different sized cuts, mainly A3 and A4 copy paper. A3 copy paper, (actual size: 297mm x 420mm) which is classified under tariff subheading 4802.56.20 has a mass of 40g/m² or more but not more than 150g/m², in sheets with one side 360mm and the other side 150mm in the unfolded state in rectangular (including square) sheets A4 copy paper (actual size: 297mm x 210mm), which is classified under tariff subheading 4802.56.90 pending the finalization of the investigation.

1. APPLICATION AND PROCEDURE

1.1 LEGAL FRAMEWORK

This investigation is conducted in accordance with the International Trade Administration Act, 2002 ("ITA Act"), the Commission's Safeguard Regulations ("SGR") and giving due regard to the World Trade Organisation's Agreement on Safeguards ("the Safeguard Agreement").

1.2 APPLICANT

The application is brought by Mondi South Africa (Pty) Ltd ("the Applicant" or "Mondi"), being the major producer of the subject product in the Southern African Customs Union ("SACU"), supported by Sappi, the other manufacturer of the subject product.

1.3 ALLEGATIONS BY THE APPLICANT

The Applicant alleged that the increased imports, as a result of unforeseen developments and of the effect of obligations incurred under the GATT 1994, are causing serious injury to the SACU industry. The Applicant submits that a confluence of events forms the basis of unforeseen development that supports the application, which is, ultimately, the structural collapse in global demand for office paper, persistent global overcapacity in office paper production, Acceleration of demand decline due to Covid-19 and permanent changes in work patterns as well as the constraints arising from WTO tariff bindings and trade liberalization commitments causing a surge in imports into the SACU.

1.4 INVESTIGATION PERIOD

The data evaluation for the purposes of determining increased imports and serious injury covers information for the period 01 January 2023 to 31 December 2025.

1.5 INVESTIGATION PROCESS

1.5.1 The information submitted by the Applicant was verified on 09 and 10 April 2026.

1.5.2 The application was accepted as being properly documented on 08 June 2026.

1.5.3 The investigation was initiated on 05 June 2026.

1.5.4 The SACU importers of the subject product known to the Applicant are:

- The Navigator Company
- Gerber Paper
- Vital Solutions/Dot Graphics
- Converted Paper Products

1.5.5 The exporters and foreign producers of the products exported to SACU known to the Applicant are:

- The Navigator Company
- Sylvamo (Brazil)
- Suzano
- April Group
- APP Group
- Double A
- Sylvamo (France)
- JK Paper Ltd
- Ballarpur Industraies Ltd
- Deli Group Co.Ltd
- Guangzhou Paper Group Co., Ltd
- Syktyvkar Pulp & Paper Mill

1.5.6 The following interested parties responded and provided comments on the investigation:

- Embassy of the Republic of Indonesia
- Bidvest Paperplus (Pty) Ltd/ TA BDPP
- Gereber Paper (Pty) Ltd
- Sylvamo Exports LTD
- Asia Pulp & Paper on behalf of PT Indah Kiat Pulp & Paper Tbk and PT Pindo Deli Pulp & Paper Mills (“Pindo Deli”)
- The Ministry of Economic Development of the Russian Federation

- Sylvamo The World's Paper Company
- Dot Graphics Supplies (Pty) Ltd
- Formax (Pty) Ltd
- Western Cape Stationers
- Shakti Distributors CC
- Embassy of Brazil
- Printing SA (The Printing Industries Federation of South Africa)
- Jackaroo Paper
- April Fine Paper Trading (Middle East) Fze's ("April)

1.5.7 In this report the following periods will apply:

01 January 2023 – 31 December 2023 will be referred to as **2023**;

01 January 2024 – 31 December 2024 will be referred to as **2024**

01 January 2023 – 31 December 2024 (period of the surge);

01 January 2025 – 31 December 2025 will be referred to as **2025**; and

01 January 2023 – 31 December 2025 (Period of Investigation)

1.6 COMMENTS FROM INTERESTED PARTIES

The Commission considered comments received from interested parties prior to making its preliminary determination. All submissions made by interested parties are contained in the Commission's public file for this investigation and are available for perusal. It should be noted that this report does not purport to present all comments received and considered by the Commission. However, some of the salient comments received from interested parties and the Commission's consideration of these comments are specifically included in this report.

Comments on initiation of the investigation

Comments by Sylvamo France

Sylvamo France submitted that its exports of the product under investigation to South Africa had been limited in volume and had declined significantly over the period under review. The company argued that its share of total imports and

the SACU market had remained small and had decreased steadily throughout the investigation period. On this basis, Sylvamo contended that its exports were insignificant in the context of the overall market and could not reasonably have been regarded as a cause of serious injury or threat of injury to the domestic industry.

Sylvamo further submitted that the products it exported differed from those manufactured domestically by Mondi South Africa. According to the company, its exports mainly consisted of specialised paper grades, including coloured copy paper, digital and presentation paper, and inkjet-optimised paper products. Sylvamo argued that these products were not manufactured locally and therefore did not compete directly with, or serve as substitutes for, domestically produced paper. As a result, the company maintained that its imports could not have displaced domestic sales or caused injury to the local industry.

The company also submitted that its products had been sold at prices consistently above the average import prices referenced in the investigation. Sylvamo stated that these higher prices reflected the specialised and premium nature of its products rather than competition with standard copy paper products. It therefore argued that its imports had not undercut domestic prices or exerted downward pressure on the local market.

Based on the limited and declining nature of its exports, the differentiated characteristics of its products, and their premium pricing, Sylvamo concluded that there was no causal link between its imports and any injury allegedly suffered by the SACU industry. The company therefore requested that the proposed safeguard measure not be imposed. Alternatively, it requested that specialised paper grades not manufactured domestically be excluded from the scope of any safeguard measure.

Applicant's response to Sylvamo's comments

The Applicant submitted that it disagreed with Sylvamo France's contention that its exports were too small and declining to have contributed to injury. The

Applicant argued that safeguard investigations examined the cumulative effect of all imports rather than the conduct of individual exporters. It maintained that the evidence demonstrated a significant increase in imports relative to domestic consumption and production during a period of declining demand in the SACU market. Accordingly, the Applicant contended that the limited volume of Sylvamo's exports did not detract from the broader finding that increased imports collectively had caused injury to the domestic industry.

The Applicant further submitted that products should not be excluded from the scope of the investigation solely because they were marketed as coloured, digital, inkjet-compatible, or premium grades. While acknowledging that products that were genuinely non-substitutable and not manufactured locally could potentially be excluded if supported by objective evidence, the Applicant maintained that the products identified by Sylvamo competed within the broader uncoated office paper market. It argued that coloured paper, higher-grade digital paper, and inkjet-compatible paper shared similar production inputs, distribution channels, customer bases, and end uses with domestically produced products and therefore contributed to import penetration and competition in the market.

The Applicant also rejected Sylvamo's pricing and causation arguments, submitting that safeguard measures did not require proof of dumping or price undercutting by individual exporters. According to the Applicant, even imports sold at higher prices or positioned as specialised products could contribute to increased import penetration and losses in domestic market share. The Applicant maintained that the domestic industry's declining performance indicators, including profitability, production, capacity utilisation, market share, and returns, had coincided with rising import levels amid global overcapacity, digitisation, changing market conditions, and intensified export competition. It therefore argued that Sylvamo's submissions focused too narrowly on its own exports and did not refute the overall evidence indicating that increased imports collectively had caused or threatened to cause serious injury to the SACU industry. The Applicant consequently requested that the Commission reject Sylvamo's objections and continue its assessment on the basis of the full

evidentiary record supporting the imposition of safeguard measures.

Comments by the Navigator Company SA ("Navigator")

Navigator stated that the SACU uncoated woodfree (UWF) paper market was highly concentrated, with the Applicant and Sappi Stanger accounting for most domestic production capacity. It argued that neither producer had made significant recent investments in UWF production and that graphic papers were not central to their long-term strategies. According to Navigator, strategic decisions and limited investment over time had reduced domestic supply and created operational constraints that affected production volumes and product quality.

Navigator further stated that these domestic supply limitations had created demand for a reliable alternative source of supply. It stated that this demand had led to the establishment of its South African subsidiary to import, stockhold and distribute UWF paper at service levels comparable to those of a domestic producer. Navigator also argued that the Applicant participated in downstream distribution through Paperlink, which competed directly with independent merchants. In addition, it contended that domestic mills faced structural challenges, including exposure to imported pulp costs due to a lack of pulp integration and potential future capacity reductions arising from the strategic direction of their parent companies. Navigator contrasted this with its own position as a fully integrated producer with a continuous investment record and the ability to reliably supply a broad range of UWF products.

Navigator contended that imports were a structural requirement of the SACU market because domestic producers exported substantial volumes of UWF paper to regional markets. According to Navigator, these exports reduced the volumes available for domestic consumption and consequently necessitated imports to meet SACU demand.

Navigator further submitted that UWF paper was marketed through a variety of distribution channels, including paper merchants, stationery retailers, original equipment manufacturers, grocery retail chains, scholastic manufacturers and

government tenders. It argued that domestic producers actively competed across all of these channels.

Navigator maintained that the difficulties experienced by the domestic UWF industry arose primarily from structural and operational factors unrelated to imports. It identified several disruptions that had adversely affected domestic production, including the KwaZulu-Natal floods, damage to the sole supplier of bagasse used by Sappi Stanger, a major fire involving infrastructure shared between the supplier and Sappi, and prolonged electricity supply constraints and load shedding in South Africa. Navigator argued that the cumulative impact of these events had resulted in a significant decline in domestic UWF production and reduced industry operating rates over the period under review, which it considered evidence of long-standing structural weaknesses in domestic supply.

On this basis, Navigator submitted that the difficulties facing the domestic industry could not be attributed to imports. It argued that reductions in the Applicant's capacity resulted from strategic business decisions driven by cost and profitability considerations, while operational disruptions arose from natural disasters, energy instability and decisions taken by domestic producers themselves. Navigator further stated that Sappi had indicated an intention to shift away from graphic paper production towards other product categories. It therefore concluded that the challenges experienced by the domestic industry were attributable to domestic and structural factors rather than import competition.

Applicant's response to Navigator’s comments

The Applicant stated that much of Navigator’s response related to broader industry and company-specific issues that were not central to the statutory requirements of a safeguard investigation. The Applicant argued that the Commission’s assessment should focus on whether unforeseen developments and the effect of South Africa’s WTO obligations had resulted in increased imports that caused or threatened to cause serious injury to the SACU industry, and whether the conditions for safeguard relief had been met.

The Applicant rejected Navigator’s contention that imported paper products occupied a separate premium market segment that did not compete with domestic production. The Applicant maintained that imported and locally produced products were like or directly competitive products, sold through the same distribution channels, serving the same customers, and competing for the same demand. According to the Applicant, any perceived differences in product quality did not eliminate substitutability or market competition.

The Applicant further submitted that maintaining a viable domestic manufacturing industry was an important public-interest consideration, as domestic production supported employment, industrial capacity, tax revenues, and security of supply. The Applicant argued that reliance on imports during periods of domestic supply disruption demonstrated the importance of maintaining supply resilience rather than increasing dependence on imported products.

The Applicant also disputed Navigator’s assertions regarding investment and competitiveness, stating that it had made significant investments aimed at improving operational efficiency, productivity, reliability, energy performance, and product development. The Applicant argued that these investments reflected a long-term commitment to the industry and that the challenges facing the domestic sector were attributable to structural changes in global and domestic office paper markets and increased import competition, rather than a lack of investment. The Applicant further rejected the claim that domestic producers enjoyed significant advantages under the AfCFTA, maintaining that implementation of the agreement remained limited and had not yet provided the substantial market access benefits alleged by Navigator.

Comments by the Western Cape Stationers

Western Cape Stationers ("WCS") opposed the safeguard application on the grounds that it would adversely affect competition, security of supply, independent merchants and consumers, while further strengthening the Applicant's position in the domestic market.

WCS submitted that the Applicant's trading policies and distribution structure favoured certain channels, including Paperlink and larger stationery wholesalers, while independent merchants did not receive equivalent access to pricing, support or rebate arrangements. According to WCS, independent stationers were often required to procure paper through entities within the Mondi group while competing against customers that were able to purchase directly from the Applicant on more favourable terms. WCS argued that these arrangements placed independent merchants at a structural competitive disadvantage and that additional protection would further entrench the Applicant's market position.

WCS further contended that imports played an important role in maintaining security of supply and market resilience. It referred to past instances of domestic supply disruptions, including the temporary closure of the Applicant's Merebank facility and supply constraints experienced during the COVID-19 period, as examples of circumstances in which import supply chains enabled merchants to continue servicing customers. In its view, measures that reduced the competitiveness of imports would increase dependence on a limited number of domestic production facilities and expose the market to greater supply risks in the event of future disruptions.

WCS also submitted that the Applicant occupied a dominant position in the domestic uncoated fine paper market and already benefited from structural advantages, including vertical integration across the value chain and the protection afforded by existing customs duties on imported paper products. WCS further noted that domestic producers had implemented significant price increases during the period under review and argued that the Applicant had reported strong financial performance during the same period. On this basis, WCS disputed the contention that the Applicant was experiencing serious injury as a result of import competition and characterised the application as an attempt to obtain additional protection that would restrict lower-cost imported alternatives and further strengthen its market position.

From a public-interest perspective, WCS argued that imports performed an important competitive and supply-security function by providing alternative sources of supply, constraining domestic pricing and ensuring product availability during periods of disruption. WCS submitted that the imposition of safeguard measures could increase market concentration, enhance the Applicant's pricing power, reduce competition and consumer choice, and negatively affect merchants, downstream users and consumers, particularly those who relied on imported products as a more affordable option.

Accordingly, WCS requested that the Commission carefully consider the impact of the proposed safeguard measure on competition, security of supply and the broader public interest. It also sought clarification regarding the ownership, role and relationship between Paperlink and the Applicant's direct sales operations as part of the Commission's assessment of the application.

Commission's consideration

The Commission noted the concerns raised by interested parties that office paper is widely used throughout the economy, including by educational institutions, government departments, businesses and the printing sector. However, it also noted the Applicant's submission that the products under investigation are predominantly finished end-use products rather than intermediate manufacturing inputs requiring significant downstream processing. While interested parties argued that the proposed safeguard measure could increase costs for downstream users, limited quantified evidence was submitted to demonstrate the likely magnitude of any cost increases, employment effects or reductions in competitiveness that could result from the measure.

The Commission further noted the arguments that downstream sectors, including printing, distribution and related industries, employ significantly more workers than the domestic office paper manufacturing industry and that the net employment effects across the value chain should therefore be considered. The Commission recognised the importance of this consideration in evaluating the public interest. However, it found that the submissions did not contain verified

employment data or economic impact assessments quantifying the potential adverse effects on downstream employment. In contrast, the Applicant submitted evidence indicating deterioration in various performance indicators of the domestic industry, including production, capacity utilisation, employment and profitability. Accordingly, while the concerns regarding downstream employment were noted, the extent of any potential employment impact could not be independently verified based on the information available.

The Commission also considered the concerns relating to security of supply and reliance on domestic production. Interested parties submitted that imports play an important role in maintaining continuity of supply and market resilience, particularly during periods of domestic supply disruption. The Applicant, on the other hand, argued that safeguard measures would not prevent imports and that both imports and domestic production contribute to supply security. The Commission considered that imports currently complement domestic production and may enhance market resilience during periods of disruption. At the same time, the continued viability of domestic manufacturing capacity also contributes to long-term security of supply. The Commission therefore considered that an appropriate balance would need to be struck between maintaining supply diversification and supporting the sustainability of domestic production.

The Commission further noted concerns regarding coloured and tinted paper, digital printing grades and other specialised paper products for which no domestically produced equivalents were alleged to exist. These concerns were considered relevant, particularly where objective evidence demonstrates that such products are not substitutable with domestically produced products. The Commission therefore considered that product-specific exclusions may warrant further examination where there is sufficient evidence that no local substitutes are available.

The Commission also noted the submissions that safeguard protection may not necessarily improve the competitiveness of the domestic industry and could instead result in higher costs for downstream users. In this regard, the Applicant

submitted an Adjustment Plan containing commitments relating to investment, production growth, product diversification, operational improvements and energy-efficiency initiatives. The Commission considered that the existence, credibility and implementation of these measures would be relevant in assessing whether any safeguard relief would facilitate the industry's adjustment to increased imports in accordance with the objectives of safeguard legislation.

Finally, the Commission noted the concerns raised regarding consumer welfare, inflationary pressures, downstream competitiveness and broader industrial development. The Commission considered these to be relevant public-interest factors that should be weighed against the evidence relating to import trends, market developments and the performance of the domestic industry. Accordingly, the Commission considered that any assessment of the proposed safeguard measure should take into account both the condition of the domestic industry and the broader economic implications for downstream industries, consumers, employment and overall supply-chain resilience.

1.7 PRELIMINARY DETERMINATION

The Commission made a preliminary determination that:

- The events cited can be regarded as unforeseen developments and these unforeseen developments and the effect of the obligations incurred under the GATT 1994 led to the increased volume of imports in absolute and relative terms;
- The surge in the volume of imports is recent, sharp, significant, and sudden enough;
- The SACU industry is experiencing serious injury; and
- There is a causal link between the serious injury experienced by the SACU Industry and the surge in volumes of imports resulting from the unforeseen developments.

The Commission made a preliminary determination that critical circumstances exist that justify the imposition of provisional measures.

The Commission, therefore, made a decision to request the Commissioner for SARS to impose provisional measures in the form of a duty of 21 percent *ad valorem* on the imports of office paper (A3 and A4) cut sheets or uncoated copy paper, used for writing, printing or other graphic purposes office paper in different sized cuts, mainly A3 and A4 copy paper. A3 copy paper, (actual size: 297mm x 420mm) which is classified under tariff subheading 4802.56.20 has a mass of 40g/m² or more but not more than 150g/m², in sheets with one side 360mm and the other side 150mm in the unfolded state in rectangular (including square) sheets A4 copy paper (actual size: 297mm x 210mm), which is classified under tariff subheading 4802.56.90 pending the finalisation of the investigation.

2. PRODUCTS, TARIFF CLASSIFICATION AND DUTIES

2.1 IMPORTED PRODUCTS

2.1.1 Description

The Applicant described the imported product as office paper (A3 and A4) cut sheets or uncoated copy paper, used for writing, printing or other graphic purposes office paper in different sized cuts, mainly A3 and A4 copy paper. A3 copy paper, (actual size: 297mm x 420mm) which is classified under tariff subheading 4802.56.20 has a mass of 40g/m² or more but not more than 150g/m², in sheets with one side 360mm and the other side 150mm in the unfolded state in rectangular (including square) sheets A4 copy paper (actual size: 297mm x 210mm), which is classified under tariff subheading 4802.56.90 ("office paper" or "the subject product").

2.1.2 Tariff classification and WTO obligations

The subject product is imported under the following tariff headings:

Table 2.1.2

Tariff heading	Tariff subheading	Description	Statistical unit	Rate of duty			
				General	EU	EFTA	SADC
48.02		**Uncoated paper and paperboard, of a kind used for writing, printing or other graphic purposes, and non-perforated punch cards and punch tape paper, in rolls or rectangular (including square) sheets of any size (excluding paper of heading 48.01 or 48.03); hand-made paper and paperboard:**					
	4802.56	**Of mass of 40g/m² or more but not more than 150g/m², in sheets with one side not exceeding 435mm and the other side not exceeding 297mm in the unfolded state:**					
	4802.56.20	In rectangular (including square) sheets with one side exceeding 360mm and the other side exceeding 150mm in the unfolded state	kg	5%	free	free	free
	4802.56.90	Other	kg	10%	free	free	free

The Applicant stated that prior to 1994, South Africa's trade policy was anchored on import substitution Industrialisation, a strategy designed to reduce

external dependency and foster national self-sufficiency. The broader regulatory environment was characterized by high entry barriers for foreign goods, which included protective tariff regime designed to support local manufacturing, extensive quantitative restrictions and import controls, High Most Favoured Nation (MFN) customs duties, and so on.

The Applicant further stated that prior to 1994 the domestic paper and pulp industry was identified as a strategic asset, and a protection for A3 and A4 office papers was specifically designed to shield local mills from the volatility of global commodity paper prices. To highlight some of the protective measures implemented prior to 1994, the Applicant quoted the average economy-wide tariff of 30% in 1990 as well as additional surcharges that were levied on top of standard duties.

The Applicant stated that in 1994, when South Africa undertook to commit to the World Trade Organisation's policies and the GATT, it was expected that demand for uncoated fine paper would grow in line with the GDP. Between 1994 and 2007, the global demand for paper increased at an annual rate of 2.3% with global production capacity growing in tandem with global demand. However, from 2007, with the introduction of digitisation where iPhone and smart phones were launched, the demand for paper started to decline. As a result, the global demand for office paper from 2007 to 2023 declined by approximately 17%. Consequently, there has been an overcapacity to produce office paper meanwhile the demand for it declined, which then necessitated that excess products be exported to other countries.

2.1.3 Possible tariff loopholes

The Applicant stated that it is not aware of any tariff loopholes. However, it is aware that there are instances where they would see a paper of a particular origin which does not tie up with the import statistics from SARS. The Applicant stated that there have been instances reported where products are imported under incorrect tariff codes the intentions of which seem to be avoidance current duties in place.

2.1.4 Production process

The Applicant indicated that the production process is as follows:

Pulp preparation

- Dried pulp is mixed with water to create a thin, watery fiber suspension.
- The fibers are processed (beaten and refined) to make them softer and to help them bond better.
- Chemicals like dyes, sizing agents (to control absorbency), and fillers are added to the mixture to achieve the desired paper properties.

Sheet formation

- The diluted pulp is pumped to the headbox of a paper machine and spread evenly across a large, moving screen or wire mesh.
- As the water drains through the mesh, the fibers begin to interweave and form a wet mat or "web" of paper.
- Suction boxes under the screen help to remove even more water.

Pressing

- The wet web is fed through a series of rollers
- The pressure from the rollers squeezes out a significant amount of the remaining water

Drying

- The now-damp paper web is passed over large, steam-heated cylinders.
- This process evaporates most of the remaining moisture, which also helps the fibres bond together more strongly
- The finished paper is then wound into large, jumbo rolls

Finishing

- These large rolls are then cut into smaller reels which are manageable which are in turn converted into sheets (A4 or A3) or sold to end customer

in reels.

- The final finished products (A4, A3 or reels) are packaged and wrapped.

2.2 SACU PRODUCT

2.2.1 Description

The Applicant described the SACU product as office paper (A3 and A4) cut sheets or uncoated copy paper, used for writing, printing or other graphic purposes office paper in different sized cuts, mainly A3 and A4 copy paper. A3 copy paper, (actual size: 297mm x 420mm) which is classified under tariff subheading 4802.56.20 has a mass of 40g/m² or more but not more than 150g/m², in sheets with one side 360mm and the other side 150mm in the unfolded state in rectangular (including square) sheets A4 copy paper (actual size: 297mm x 210mm), which is classified under tariff subheading 4802.56.90 ("office paper" or the "subject product").

2.2.2 Production process

Mondi's manufacturing process for the subject product consists of the following steps:

Pulp preparation

- Dried pulp is mixed with water to create a thin, watery fiber suspension.
- The fibers are processed (beaten and refined) to make them softer and to help them bond better.
- Chemicals like dyes, sizing agents (to control absorbency), and fillers are added to the mixture to achieve the desired paper properties.

Sheet formation

- The diluted pulp is pumped to the headbox of a paper machine and spread evenly across a large, moving screen or wire mesh.

- As the water drains through the mesh, the fibers begin to interweave and form a wet mat or "web" of paper.
- Suction boxes under the screen help to remove even more water.

Pressing

- The wet web is fed through a series of rollers
- The pressure from the rollers squeezes out a significant amount of the remaining water

Drying

- The now-damp paper web is passed over large, steam-heated cylinders.
- This process evaporates most of the remaining moisture, which also helps the fibres bond together more strongly.
- The finished paper is then wound into large, jumbo rolls.

Finishing

- These large rolls are then cut into smaller reels which are manageable which are in turn converted into sheets (A4 or A3) or sold to end customer in reels.
- The final finished products (A4, A3 or reels) are packaged and wrapped.

2.2.3 Application or end use

The Applicant stated that the SACU like product, A4 sheets, are the most widely used paper types/sizes, being used for, inter alia, photocopying, printing and general use in businesses, government, schools and homes. A3 are used for the same purposes however at much reduced volumes. Traditionally the highest usage sector for cut sheet paper has been the corporate environment. Typically, this constituted centralised print rooms as well as desktop printers generating business documents. The education sector is also significant with cut sheet paper used to print notes, study material, exam papers etc. Government sector consumes cut sheet paper in all areas where government administration occurs. Hospitals, police services, provincial and national administration. Home use has

grown, specifically since the evolution of hybrid and work from home models which have become more popular since Covid-19.

2.2.4 Categories of users

The Applicant stated that the SACU like product is mainly sold to corporations, educational institutions, home use and in the government sector.

2.3 LIKE OR DIRECTLY COMPETITVE PRODUCTS ANALYSIS

In terms of SGR 2, a like product is “a product which is identical, i.e. is alike in all respects to the product under consideration, or in the absence of such a product, another product which, although not alike in all respects, has characteristics closely resembling those of the product under consideration", while a directly competitive product is a product, other than a like product, that competes directly with the product under investigation.

In determining the likeness or directly competitiveness of the product the Commission uses the following criteria:

	Imported product	**SACU product**
Tariff Headings	4802.56.20 and 4802.56.90	4802.56.20 and 4802.56.90
Raw materials	The main raw material used is pulp, precipitated calcium carbonate (PCC) & other chemicals, water and electricity	The main raw material used is pulp, precipitated calcium carbonate (PCC) & other chemicals, water and electricity
Production process	The production process of the imported product is outlined in detail above.	The SACU product production process is outlined in detail above.
Physical appearance		

Categories of users	The imported product is mainly used by corporations, educational institutions, home use and in the government sector.	The SACU product is mainly used by corporations, educational institutions, home use and in the government sector.
Application or end-use	There are no catalogues, brochures or other literature available, however traditionally the highest usage sector for cut sheet paper has been the corporate environment. Typically, this constituted centralised print rooms as well as desktop printers generating business documents. The education sector is also significant with cut sheet paper used to print notes, study material, exam papers etc. Government sector consumes cut sheet paper in all areas where government administration occurs. Hospitals, police services, provincial and national administration. Home use has grown, specifically since the evolution of hybrid and work from home models which have become more popular since Covid-19.	A4 sheets, are the most widely used paper types/sizes, being used for, inter alia, photocopying, printing and general use in businesses, government, schools and homes. A3 are used for the same purposes however at much reduced volumes. Traditionally the highest usage sector for cut sheet paper has been the corporate environment. Typically, this constituted centralised print rooms as well as desktop printers generating business documents. The education sector is also significant with cut sheet paper used to print notes, study material, exam papers etc. Government sector consumes cut sheet paper in all areas where government administration occurs. Hospitals, police services, provincial and national administration. Home use has grown, specifically since the evolution of hybrid and work from home models which have become more popular since Covid-19.
Substitutability	The imported products are fully substitutable with the SACU products.	The SACU products are fully substitutable with imported products.

Comments by Bidvest Paper plus (Pty) Ltd

Bidvest, trading through its Bidvest Data, Print and Packaging division ("BDPP") stated that certain grades within the subject-product description are not manufactured within SACU. BDPP will request their exclusion from any measure.

BDPP further stated that it does not contest this generally, but Mondi's own application acknowledges that Mondi itself imports speciality tinted and coloured grades it does not produce locally. This confirms that the subject product description is not, in its entirety, manufactured within SACU.

Comments by Jackaroo Paper South Africa (Pty) Ltd ("Jackaroo")

Jackaroo stated that this investigation concerns only A3 and A4 cut-size office paper under tariff subheadings 4802.56.20 and 4802.56.90, yet the Applicant's capacity and surplus-capacity analysis repeatedly incorporate reels. Reels are not the subject product and including them inflates the "surplus capacity" and "forced exports"

narrative with tonnage that falls outside the scope of this investigation. The Commission is requested to require the Applicant to confine all injury and capacity data to the subject cut-size product.

Jackaroo further stated that Question C1.2 of the prescribed application form requires the Applicant to "enumerate in detail" any differences between the imported product and the SACU like product. That is a central question in any safeguard investigation, because the scope of the like product defines what may lawfully be subject to additional duties. The Applicant's entire answer is a single sentence.

Response by the Applicant to the comments made by Jackaroo

The Applicant stated that safeguard measure applies to the imported product class under the tariff headings under investigation. The existence of niche grades does not negate the fact that significant volumes of directly competing office paper imports enter the market. Moreover, Jackaroo's focus on specialist grades overlooks the substantial import volumes competing directly with domestically produced paper. The application demonstrates that imported products exert competitive pressure on the domestic industry. Jackaroo's distinction between inkjet and laser grades is overstated. Both are office paper products serving writing, printing and copying-related applications. Mondi's A4 and A3 paper grades are multifunctional grades that are compatible with inkjet printers and a wide range of other types of office machines. The fact that the HP grades Jackaroo refers to are marketed globally as multifunctional grades further emphasizes the point.

Comments by The Navigator Company, S.A. ("Navigator")

Navigator stated its products occupy a premium segment distinct from local production and its of high quality.

Response by the Applicant to the comments made by Navigator

The Applicant stated that the application demonstrates that imported and domestically produced products are like or directly competitive products. They are sold through the same channels, target the same end users and compete for the same demand. Perceived quality differences do not negate substitutability or competition.

Comments by Sylvamo Exports Ltda. ("Sylvamo Exports")

Sylvamo Exports stated that the subject product is different from the product produced by the domestic industry. Accordingly, the first step for the Commission is to determine whether the SACU domestic industry is producing "like" or "directly competitive products" to the subject product. To the extent that they are, the investigating authority must circumscribe the scope of the investigation only to those products that are determined to be "like" or "directly competitive". The types of A3 and A4 office papers produced by the Applicant are not "like" or directly competing with certain types of A3 and A4 office paper imports. Sylvamo Exports understands that the Applicant does not produce color, inkjet-optimized and certain digital/laser-grades office paper.

Response by the Applicant to the comments made by Sylvamo Exports

The Applicant stated that confidential application describes mainstream imported and domestically manufactured office paper as A3 and A4 cut sheets used for the same writing, printing and graphic purposes and supplied to the same broad customer groups through overlapping distribution channels. Product positioning as digital, laser, inkjet or premium does not, without evidence of non-substitutability, remove the product from direct competition. Applicant nevertheless accepts that genuinely non-substitutable speciality grades should be treated narrowly. Applicant's own limited imports of tinted and coloured paper not produced locally support a technically precise exclusion for verified speciality products, but not a broad exclusion based on marketing descriptions that could encompass ordinary office paper.

Comments by Sylvamo France SA

France SA stated that its exports to South Africa are concentrated in three product categories, none of which is produced by the Applicant in South Africa. This is not a brand-preference point: it is a question of whether the imported products compete with, and can be substituted by, the Applicant's domestic production at all. It further stated that its products are as follow:

(a)Coloured (tinted) copy paper

A portion of the Company's exports comprises coloured / tinted copy paper (the "Adagio" range, in colours such as blue, canary, candy and green). Mondi South Africa does not produce coloured copy paper. Coloured copy paper is used

predominantly in the education and government sectors. As this product is not domestically produced, a safeguard measure would simply raise its price to South African end-users without conferring any corresponding benefit on the domestic industry, because there is no domestic production for the imports to displace.

(b) Digital / laser-grade paper in 90gsm, 100gsm and 120gsm

A further portion of the Company's exports comprises digital / presentation grades (the "Pro Design" range) in basis weights of 90gsm, 100gsm and 120gsm and larger formats (A3, SRA3). Mondi South Africa produces a single basis weight of cut-size copy paper, namely 80gsm. The heavier digital and presentation weights supplied by the Company are not produced domestically and serve specific applications (presentation paper, covers, digital print) that the Applicant's single-weight production does not address.

(c) Inkjet-optimised 75gsm / 80gsm copy paper

A last portion of the Company's exports is copy paper specifically designed to run on inkjet printers in 75gsm and 80gsm. Mondi South Africa produces laser-grade copy paper only; it does not produce an inkjet-optimised equivalent. Inkjet paper serves home offices and households, where inkjet printers predominate on cost grounds. This is a distinct market segment that the Applicant does not supply. The Applicant does not produce coloured, heavier digital/laser grades, or inkjet-optimised paper, the imports of these grades by the Company are not substitutable for the Applicant's domestic production and cannot have caused it injury. To impose a measure on products that are not manufactured domestically would raise costs for South African users while delivering no offsetting benefit to the domestic industry.

Response by the Applicant to the comments made by Sylvamo France SA

Sylvamo contends that Mondi does not produce coloured papers, heavier digital grades, or inkjet grades. Mondi accepts that genuinely non-substitutable speciality products should be considered carefully. The Application records Mondi's own imports of small quantities of tinted and coloured speciality paper not produced locally. That supports a narrow, evidence-based exclusion where objective technical specifications,

end uses, sales volumes and non-substantiality are demonstrated. It does not justify broad exclusions based only on marketing terms such as "digital", "inkjet" or "premium", because mainstream office papers can compete through the same channels and for the same procurement budgets. Any exclusion should be technically precise, customs-administrable and protected against relabelling or circumvention.

The Applicant further stated that the application defines the product concerned by tariff classification and explains that imported and domestic products are like or directly competitive products. Product differentiation alone does not remove goods from the scope of a safeguard proceeding. The key issue is competition within the broader office paper market and displacement of domestic production.

Commission's consideration

When analysing the above comments made by interested parties, it is evident that the imported subject product and the SACU product are similar in terms of production process, substitutability, physical appearance, category of users, application or end-use, and are substitutable.

After considering all the above, the Commission made a preliminary determination that the SACU product and the imported products qualify as "like products" or, at minimum, directly competitive products for purposes of comparison under the SGR.

3. INDUSTRY STANDING

3.1 DOMESTIC INDUSTRY

The Application was lodged by Mondi South Africa (Pty) Ltd ("the Applicant" or "Mondi"), being the major producer of the subject product in the Southern African Customs Union ("SACU") supported by Sappi, the other producer of the subject product. Together they constitute 100% of the production of the subject product by production volume.

Considering the above, the Commission made a preliminary determination that the application can be regarded as being made "by or on behalf of the domestic industry".

4. UNFORESEEN DEVELOPMENTS

4.1 Requirements of Article XIX of GATT – Effect of WTO Obligations

Article XIX of the GATT provides as follows:

> "If, as a result of unforeseen developments and of the effect of obligations incurred by a contracting party under this Agreement, including tariff concessions, any product is being imported into the territory of that contracting party in such increased quantities and under such conditions as to cause or threaten serious injury to domestic producers in that territory of like or directly competitive products, the contracting party shall be free, in respect of such product, and to the extent and for such time as may be necessary to prevent or remedy such injury, to suspend the obligation in whole or in part or to withdraw or modify the concession."

In terms of the WTO, the provision is interpreted to mean that the developments in the market should have been unforeseen at the time of negotiation of the relevant tariff concessions.

The Commission analysed the effects of the obligations incurred with regard to the subject product under the GATT 1994.

4.2 Information submitted by the Applicant

The Applicant submitted the following information to support its allegation on unforeseen development:

The Applicant stated that prior to 1994, South Africa's trade policy was anchored on import substitution industrialisation, a strategy designed to reduce external dependency and foster national self-sufficiency. The broader regulatory environment was characterized by high entry barriers for foreign goods, which included protective tariff regime designed to support local manufacturing, extensive quantitative restrictions and import controls, High Most Favoured Nation (MFN) customs duties, and so on. The Applicant further stated that prior to 1994 the domestic paper and pulp industry was identified as a strategic asset and a protection for A3 and A4 office papers was specifically designed to shield local mills from the volatility of global commodity

paper prices. To highlight some of the protective measures implemented prior to 1994, the Applicant quoted the average economy-wide tariff of 30% in 1990 as well as additional surcharges that were levied on top of standard duties.

The Applicant also stated that in 1994, when South Africa undertook to commit to the World Trade Organisation's policies and the GATT, it was expected that demand for uncoated fine paper would grow in line with the GDP. Between 1994 and 2007, the global demand for paper increased at an annual rate of 2.3% with global production capacity growing in tandem with global demand. However, from 2007, with the introduction of digitisation where iPhone and smart phones were launched, the demand for paper started to decline. As a result, the global demand for office paper from 2007 to 2023 declined by approximately 17%. Consequently, there has been an overcapacity to produce office paper meanwhile the demand for it declined, which then necessitated that excess products be exported to other countries.

The applicant further highlighted the structural shift in working conditions that were necessitated by Covid-19. The emergence of the Covid-19 pandemic, in 2020, necessitated that a new culture be enforced where people would work from home. This meant that the demand for office paper would decline as people were forced to move towards digitalisation – less printing of paper. This new culture prevailed even post Covid-19 pandemic as most workplaces adopted a hybrid working system where employees only go to offices on specific days, and work from home for most days of the week. This further put a strain on overcapacity for production of office paper and pulp. As a result, the domestic demand for office paper between 2019 up to 2025 has declined by an estimated 22%. Because of this decline in demand, Mondi had to decommission some of its machinery/plant as they are constantly having high levels of inventory due to decline in demand for the finished products.

The Applicant also highlighted the effects of South Africa's commitments to WTO agreements as follows:

- Bound its tariffs on printing and writing paper products at reduced ceiling levels of 20%;
- Rationalised and reduced tariff protection; and

- Eliminated quantitative import restrictions.

These commitments materially limited South Africa's ability to adjust tariffs in response to unforeseen import surges. The binding of tariffs at relatively low levels has had the effect of:

- Increasing market accessibility for foreign producers;
- Limiting the use of ordinary tariffs and tariff increases to counter destabilising import volumes; and
- Exposing the domestic industry to intensified global surplus capacity.

Moreover, the Applicant expanded to note that in 1994, imports constituted a minor share of the South African cut-sheet market and largely comprised speciality grades not produced domestically. By contrast, under current conditions of global overcapacity:

- imports have captured a significant share of the domestic cut-sheet market;
- Imported products compete directly with locally manufactured grades;
- Pricing behaviour has become increasingly aggressive and volatile as exporters seek to secure market share in a contracting global environment.

This transformation from niche supplementary imports to direct, high-volume competition is directly linked to the unforeseen global structural imbalance described above.

To conclude, the Applicant submitted that:

- The structural global decline in uncoated fine paper (UFP) demand beginning in 2007, driven by digitisation and accelerated by COVID-19, constitutes an unforeseen development within the meaning of Article XIX of the GATT 1994;
- The resulting persistent global overcapacity has redirected surplus production into open markets, including South Africa;

- South Africa's tariff bindings and market-access commitments under the WTO framework have had the effect of enabling increased imports under conditions of heightened competitive pressure; and
- The increased imports of cut sheets are therefore the result of both unforeseen developments and the effect of the obligations incurred.

Commission's consideration

The Commission is of the view that the WTO panels have established that investigating authorities must demonstrate the existence of unforeseen developments and their logical connection to increased imports causing injury to domestic producers. The panels have developed a 3-part enquiry to determine if this requirement is fulfilled (for example, European Union ("EU") – Safeguard Measures on Steel (Turkey).

The following 3-part enquiry demonstrate the existence of unforeseen developments and their logical connection to increased imports causing injury to the SACU:

The first part of the enquiry requires authorities to identify the events or (confluence of) events claimed to be unforeseen. In fulfilling the first requirement in terms of the 3-part enquiry the Applicant submitted that a confluence of events forms the basis of the unforeseen development. The Applicant claimed that the forecasted increase in global demand at an annual rate of 2.3% has proven to be the opposite of what was anticipated at the time of committing to the WTO and GATT. The Applicant further stated that between 1994 to 2007, the overall demand and capacity had increased by 35% over that period. However, the Applicant indicated that the year 2007 marked a fundamental break from the historic growth that had been happening as forecasted in 1994. The global demand for the uncoated fine paper started to decline from 2007. The decline from 2007 up to 2023 has been estimated to be 17% which is something that was unforeseen at the time of engaging in WTO agreements, thus fulfilling the first part of the 3-step requirement.

For the second part of the enquiry, authorities must provide evidence-based explanations for unforeseen circumstances when relevant concessions or obligations were made. Mere allegations are not sufficient; an explanation must be provided as to why the circumstances were unforeseen.

The Applicant submitted information that demonstrates that upon introduction of iPhone in 2007 as well as the introduction of other new smart phones and computer devices, the demand for paper declined as a new digitized world emerged. This meant that the more people owned these sophisticated devices the need for printouts started to decline as people could share documents through emails and other applications without having to print. The Applicant further highlighted the structural shift in working arrangement which widely came because of the Covid19 pandemic which necessitated that employees work from home, globally. This structural shift gave birth to a hybrid system of working arrangement whereby most organisations continued to allow employees to work from home post-covid-19. As it well known that copy paper is widely used in workplaces, this meant the more people work from home the less the demand for copy paper as soft copies are now widely used. Since Covid-19 pandemic there has been an increase in remote jobs which means that there is less usage for the copy paper. The drastic move to an advanced digitalised world and the Covid-19 pandemic which introduced the "work from home" culture was unforeseen in 1994. Hence, the second part of the requirement has been met.

Finally, regarding the 3rd part of the enquiry, the EU–Safeguard Measures on Steel (Turkey) Panel stated that authorities must provide a reasoned and adequate explanation for the existence of a "logical connection" between the unforeseen development and the increase in imports being "the result of" unforeseen developments, rather than just referring to them separately.

The introduction of iPhone and new other smartphones in 2007 has really led to a more digitized world where documents could be shared electronically without having to make any printouts. This is evident as the statistics demonstrate that the demand for uncoated paper gradually decreased. Most employment places and educational institutions started to provide their employees and students with

mobile devices that allow for sharing of information electronically. Hence, the demand for copy paper has been decreasing over time. The Covid-19 pandemic accelerated the need for use of electronic devices and gave birth to new working arrangement that require use of digitalisation, leaving the over-capacitated industry with excess inventory levels that need to be exported to other countries.

Based on the analysis above, the Commission is of the opinion that the 3-part inquiry requirement has been satisfied to demonstrate the link between the unforeseen developments and the increase in imports causing injury to domestic producers.

Comments by the Government of Brazil

The Government of Brazil ("Brazil") argue that, under Article XIX:1(a) of the GATT 1994, a safeguard measure can only be justified where increased imports result from both unforeseen developments and the effect of a WTO Member's obligations, including tariff concessions. Although the Agreement on Safeguards does not explicitly repeat this requirement, WTO jurisprudence, particularly the Appellate Body decision in Korea – Dairy, confirms that safeguard measures must comply with both Article XIX of the GATT 1994 and the Agreement on Safeguards. South Africa identified several alleged unforeseen developments, including the global decline in demand for uncoated fine paper (UFP) due to digitisation and COVID-19, resulting global overcapacity, and the impact of WTO market-access commitments that allegedly enabled increased imports.

Brazil acknowledges evidence supporting the existence of a long-term decline in global UFP demand but questions whether this development actually caused the increased imports observed during the investigation period. Brazil notes that the data supplied by the Applicant does not demonstrate persistent global overcapacity leading to surplus production being redirected into export markets. Instead, the data appears to show that global production generally tracked declining demand and was often insufficient to meet consumption levels. Even where a production surplus existed in 2022, Brazil argues that no clear evidence links that surplus to the increase in imports recorded in 2024 and 2025.

Brazil further emphasises that WTO case law requires investigating authorities to provide a reasoned and adequate explanation demonstrating a logical connection between unforeseen developments, tariff obligations, and increased imports causing serious injury. Citing US – Steel Safeguards, Brazil highlights that the phrase "as a result of" requires authorities to show that increased imports are the direct effect or outcome of the alleged unforeseen developments. In Brazil's view, South Africa has not yet sufficiently explained this causal relationship and therefore requests clarification to ensure that the investigation complies with the requirements of Article XIX of the GATT 1994.

Response by the Applicant to the comments made by Brazil

The Applicant stated Brazil's analysis is too narrow because structural excess capacity is not disproved merely because reported annual production does not exceed apparent consumption. Capacity is the installed ability to produce, while actual output is adjusted through closures, curtailments and commercial downtime when demand falls. The Applicant explains that capacity investment continued through the historical growth period, including up to 2007, when demand was still expected to expand. The subsequent digitisation-driven contraction was a fundamental break from those expectations, and COVID-19 entrenched hybrid work and reduced office-based printing. These left producers competing more aggressively for lower global volumes, increased the export orientation of surviving capacity and redirected supply toward accessible markets. South Africa's tariff bindings and removal of quantitative restrictions provided the market-access channel through which that pressure could translate into increased subject imports. The logical connection is therefore a confluence: unforeseen structural demand destruction created a persistent capacity imbalance and intensified the search for export outlets; WTO obligations-maintained access to SACU; and imports consequently rose materially and gained share while the SACU market contracted. Brazil's focus on a single global surplus year does not address that full mechanism or the product-specific import outcome recorded in the Application.

Comments by Sylvamo Exports Ltda ("Sylvamo")

Sylvamo stated that digitisation and related technological change were

foreseeable, that the evidence does not demonstrate persistent global overcapacity, and that Mondi has not established a logical connection between the alleged unforeseen developments and the increase in imports into SACU.

Response by the Applicant to the comments made by Sylvamo

The Applicant stated that its case is not based on the proposition that technological change in the abstract was unforeseen. The confidential application identifies the scale, timing and permanence of the structural break in global uncoated fine paper demand after 2007, followed by the COVID-19 acceleration of remote and hybrid working and the lasting reduction in office printing. Sylvamo's comparison of production and consumption does not resolve the overcapacity issue because production is not the same as installed capacity. Producers may curtail output while excess capacity and low utilisation continue to intensify export pressure. The logical connection is evidenced by the combination of global demand decline, slow capacity adjustment, South Africa's open market conditions and the domestic outcome of higher import volumes, declining import prices and increased import share in a contracting market.

Comments by Jackaroo Paper South Africa (Pty) Ltd

Jackaroo stated that it contends that Mondi has failed to establish the existence of unforeseen developments within the meaning of Article XIX of GATT and the Safeguards Agreement. It argues that digitisation and the effects of the COVID-19 pandemic are neither recent nor unexpected developments but rather represent a long-term structural decline in demand for office paper that has been evident for many years. Jackaroo therefore submits that these factors cannot constitute unforeseen developments and cannot form the basis for safeguard relief.

Response by the Applicant to the comments made by Jackaroo

The Applicant stated that digitisation is the primary unforeseen development identified in application. A compelling indication that the effects of digitisation were unforeseen is the fact that substantial new office paper capacity continued to be invested in globally up to and around 2007. If producers had reasonably foreseen the magnitude and speed of the demand decline that subsequently

occurred, such investments would not have been made. The continued expansion of capacity immediately prior to the acceleration of digital substitution demonstrates that industry participants expected demand to remain far stronger than ultimately proved to be the case.

Comments by Asia Pulp and Paper Group ("APP Group")

APP Group stated that it contends that digitisation should have been foreseen. It further argues that, if digitisation caused the increase in imports, that increase should have occurred much earlier.

Response by the Applicant to the comments made by APP Group

The Applicant stated that this argument oversimplifies the unforeseen-developments analysis and misstates Applicant's case. The Applicant identifies digitisation as the primary unforeseen development giving rise to a structural contraction in global office-paper demand and a consequential reorientation of international supply toward remaining markets. The relevant issue is not whether digital technology existed at an earlier date, but whether the scale, speed and cumulative market consequences of digitisation, together with the resulting displacement of global capacity and intensified export pressure, were reasonably foreseen when the relevant obligations were incurred.

The fact that investment in new office-paper capacity continued up to 2007 supports the conclusion that the subsequent depth and persistence of the demand shift were not anticipated in the manner APP Group suggests. A structural change may unfold over time and still produce unforeseen consequences. The Application and appendices explain the development, its effect on global supply and demand, and the mechanism through which it contributed to increased imports into SACU. The Applicant does not contend that digitisation mechanically caused an immediate import increase in the year it first emerged. Rather, digitisation altered global market conditions over time, creating excess export-oriented supply and stronger competition for contracting markets. APP Group's attempt to impose an immediate one-to-one timing test is therefore misplaced.

Comments by The Government of Indonesia ("GOI")

The GOI stated that the Applicant bases its claim of unforeseen developments on the structural decline in global demand of Uncoated Fine Paper (UFP) due digitalization and the effects of COVID 19 pandemic. The GOI further stated that the Applicant failed the legal test for unforeseen under Article XIX of GATT 1994.

Commission's consideration on the above comments

The Commission considered the comments submitted by Brazil, Sylvamo, Jackaroo, APP Group and the Government of Indonesia, together with the Applicant's responses thereto. The Commission noted that Article XIX:1(a) of the GATT 1994 requires that increased imports result from both unforeseen developments and the effect of obligations incurred by a Member under the WTO framework. The Commission further noted the jurisprudence cited by interested parties, including Korea – Dairy and US – Steel Safeguards, which confirms the need for a reasoned and adequate explanation demonstrating a logical connection between the unforeseen developments identified and the increased imports that are alleged to be causing serious injury. Accordingly, the evidence on record was examined to establish the existence of unforeseen developments and their relationship to the observed import trends.

The Commission is of the view that the structural decline in global demand for uncoated fine paper (UFP), commencing around 2007 and subsequently accelerated by the COVID-19 pandemic, constitutes an unforeseen development within the meaning of Article XIX. The Commission noted the Applicant's explanation that the relevant unforeseen development is not the existence of digitisation itself, but rather the scale, speed and permanence of the demand contraction that followed, together with its cumulative effects on the global office paper industry. In this regard, the continuation of significant investment in office paper production capacity up to and around 2007 lends support to the proposition that industry participants did not reasonably anticipate the magnitude of the subsequent structural decline. The Commission does not, at this stage, consider the arguments that digitisation was generally foreseeable to be determinative of whether the specific market developments identified by the Applicant were reasonably foreseen when the relevant WTO obligations were incurred.

With regard to the existence of global overcapacity and the alleged absence of a causal link identified by Brazil and other interested parties, the Commission noted the Applicant's distinction between installed production capacity and actual output. The Commission is of the view that comparisons between annual production and apparent consumption do not, by themselves, conclusively determine whether structural overcapacity exists, as producers may respond to declining demand through curtailments, closures and lower capacity utilisation. The evidence on record indicates that the contraction in global demand created significant competitive pressures among producers serving a shrinking market, encouraging a greater export orientation and intensified competition for available markets. The Commission is of the opinion that, this provides a reasonable basis for the Applicant's contention that the structural demand decline and the resulting capacity imbalance contributed to increased export pressures globally, even where annual production did not continuously exceed consumption.

The Commission further noted that South Africa's tariff bindings and market-access commitments maintained access to the SACU market and provided the conditions through which intensified international competitive pressures could be transmitted into increased imports of the subject product. Having considered the totality of the evidence currently on record, the Commission is of the preliminary view that a logical connection exists between the unforeseen developments identified by the Applicant, the effect of South Africa's WTO obligations, and the increase in imports observed during the period of investigation.

Based on the above information, the Commission made a preliminary determination that unforeseen developments and the effects of the obligations incurred with regard to the subject product under the GATT 1994 led to the surge of imports of the subject product, as per the provisions of Article XIX of GATT 1994.

5. SURGE OF IMPORTS

5.1 Import volumes

The following table shows import volumes as sourced from SARS for the period 01 January 2023 to 31 December 2025.

Table 5.1: Import volumes (tons)

Tons	2023	2024	2025
*All countries import volumes	12 039	18 769	19 427
Annual % increase in imports		55.90%	3.51%
2-year % increase in imports			61.4%

*All country's import volumes represent the rest of the world excluding SACU imports.

The information above indicates that there was an overall increase in imports of the subject product throughout the period of investigation from 12 039 tonnes in 2023 to 19 427 tonnes in 2025, an increase of 61.4 percent. The information in the table above further indicates that there was a surge in imports in absolute terms of the subject product from 12 039 tonnes for the 2023 period to 18 769 tonnes for the 2024 period, an increase of 55.90% in absolute terms.

5.2 Countries with significant interest

The following table outlines the market share of countries with significant interest for the period 01 January 2025 to 31 December 2025:

Table 5.2: Countries with significant interest

Country	Import Volume (tons)	Market Share (%)
Portugal	6 636	33.19%
Indonesia	5 647	28.24%
Brazil	4 100	20.50%
Thailand	821	4.11%
United Arab Emirates	646	3.23%
Total	18 464	92.33%

The information above indicates that imports of the subject product were highly concentrated among six countries. Collectively, these countries accounted for

approximately 92.3% of total imports during 2025. Portugal was the largest exporting country, with imports of 6 636 tons, representing 33.19% of total imports. Indonesia and Brazil were the second and third largest exporting countries, accounting for 28.24% and 20.50% respectively. Thailand, the United Arab Emirates (UAE), and China each recorded market shares slightly above the 3% threshold with Thailand accounting for 4.11%, UAE 3.23% and China 3.06%.

5.3 Imports from WTO developing countries

The following table shows the imports from WTO developing countries for the period 01 January 2025 to 31 December 2025:

Table 5.3: imports from developing countries

Country	Import Volume (tons)	Share of Total Imports (%)
Indonesia	5 647	28.24%
Brazil	4 100	20.50%
Thailand	821	4.11%
United Arab Emirates	646	3.23%
Total	11 215	56.08%

The data shows that imports from Brazil, Indonesia, Thailand and the United Arab Emirates collectively accounted for approximately 56.08% of total imports of A3 and A4 office paper during the period under review. These countries are WTO developing country Members.

Under the WTO Agreement on Safeguards, developing country Members are generally excluded from safeguard measures only where their individual share of imports does not exceed 3%, provided that the collective share of all such developing countries with less than 3% import shares does not exceed 9% of total imports.

In this case:
Indonesia (28.24%), Brazil (20.50%), Thailand (4.11%) and United Arab Emirates (3.23%) each individually exceed, or in the case of the UAE exceed, the 3% threshold. Collectively, these developing countries account for approximately 56.08% of total imports.

Their combined import share therefore far exceeds the 9% cumulative threshold contemplated for the exclusion of developing countries from safeguard measures.

Comments by the Formax (Pty) Ltd on the Commission's initiation

Formax (Pty) Ltd ("Formax") submitted that the decrease in market share of Mondi is a result of Mondi's attempt to increase prices by 8% in 2023, which led to the start of increase in demand for imported paper. Formax added that the start of increase in demand for imported paper because of Mondi increasing prices in 2023 saw Mondi and Sappi decreasing their prices by 5% in the following year, 2024. According to Formax, this decrease in prices was still not sufficient as Mondi and Sappi's prices were already not market related, hence, there was a further increase of 5000 tons in import volumes in 2024. Formax further argued that this increase in volumes in 2024 was approximately a 2% increase in imports' market share in the SACU industry. They further argued that the market prices continued to decrease due to oversupply in international markets by 25%, which benefited the end users.

Response by the Applicant to Formax's comments

The Applicant submitted that Formax reduces a complex safeguard inquiry to selected list-price movements and an assertion of self-inflicted injury. The Applicant stated that the relevant question is whether increased imports, under the conditions demonstrated in the record, caused or threatened serious injury to the SACU industry. The Applicant argued that the application and appendices assess import volumes, import prices, domestic sales, market share, output, capacity utilisation, commercial downtime, employment and profitability cumulatively.

The Applicant further argued that evidence shows imports increasing materially and capturing market share in a contracting market, while domestic sales and production deteriorated. A domestic producer's response to intensifying import competition, including price reductions intended to defend volume and customer relationships, does not establish that the resulting injury was self-created. Rather, it is consistent with the price and volume pressure documented in the Application.

Comments by Jackaroo Paper (Pty) Limited on the Commission's initiation

Jackaroo Paper (Pty) Ltd ("Jackaroo Paper") submitted that the application treats all imports as a single undifferentiated category despite significant differences between origins, prices, volumes and product types. Jackaroo Paper added that a substantial proportion of imports consists of grades that Mondi does not produce, including coloured paper, inkjet-optimised paper and various non-standard weights. Certain imports are re-exported into neighbouring markets and are not consumed in South Africa at all. The blended import statistics relied upon by the Applicant therefore overstate both the volume of imports allegedly competing with domestic production and the extent of any price effects.

Response by the Applicant to Jackaroo's comments

In response to the comments made by Jackaroo, the Applicant argued that the safeguard measure applies to the imported product class under the tariff headings under investigation. The existence of niche grades does not negate the fact that significant volumes of directly competing office paper imports enter the market. Moreover, Jackaroo's focus on specialist grades overlooks the substantial import volumes competing directly with domestically produced paper.

The Applicant further argued that the application demonstrates that imported products exert competitive pressure on the domestic industry. According to the Applicant, Jackaroo's distinction between inkjet and laser grades is overstated. Both are office paper products serving writing, printing and copying-related applications. Mondi's A4 and A3 paper grades are multifunctional grades that are compatible with inkjet printers and a wide range of other types of office machines. The fact that the HP grades Jackaroo refers to are marketed globally as multifunctional grades further emphasizes the point.

Comments by interested parties (APP Group, Embassy of the Republic of Indonesia, Sylvamo Exports LTDA, Embassy of Brazil, April Fine Paper, Russian Federation, and The Navigator Company) on the Commission's initiation

The interested parties argued that the surge in imports in 2024 was due to low base during the Covid period. The interested parties further argued that factors other than increased imports need to be objectively considered as required by Article 4.2(b) of

the Agreement on Safeguards. The interested parties referred to such factors as the contraction in domestic market between 2019 and 2025 by 22%, the overcapacity of the SACU industry by 117 000 tons compared to the actual demand of only 131 000 tons per annum as illustrated by the Applicant on pages 21 and 35 of the non-confidential version which may be contributing factor to the injury suffered by the Applicant. The interested parties further argued that by the last year of the period of investigation, the Applicant's profitability indicators had already shown recovery raising questions as to whether the injury was merely caused by the increase in imports. The interested parties suggested that the Commission should analyse the imports from 2018 to 2025, and the Commission will note that the imports have increased by only 12.9% over that period. They argued that the analysis of imports should be over a prolonged period, and that this will reveal that imports have been rather small and consistent, for instance, over the last two decades.

The interested parties submitted that the Commission must demonstrate through objective evidence and reasoned analysis that increased imports and no other independent market factors are the genuine cause of serious injury to the SACU market. The exporters added that the increase in imports as reported by the Applicant did not increase 'in such quantities" as to cause or threaten to cause serious injury as required by Article XIX(1)(a) of the GATT 1994. Overall, the exporters concluded that there has not been a been a recent, sudden, sharp and significant increase in imports in either absolute terms or in relation to domestic production.

Response by the Applicant to the interested parties' comments

The Applicant submitted that the interested parties' characterisation of increase in imports between 2023 and 2024 is not supported by the broader import evidence in the application and associated appendices. The Applicant further submitted that the assessment is not confined to a comparison of two selected years or to whether imports continued increasing in every successive year. The Applicant argued that the application evaluates the trend in imports over the relevant investigation period, both in absolute terms and relative to domestic production and consumption, and demonstrates a material increase in import penetration while the domestic market was under pressure.

The Applicant further argued that regarding the prolonged period for analysis of imports suggested by the interested parties, the Commission should rather focus on the import trends relevant to the product under investigation and the period analysed in the application. The Applicant added that the existence of imports historically does not preclude a safeguard action. The Applicant further submitted that the WTO jurisprudence recognises that imports may become injurious under changed market conditions.

Commission's consideration

The Commission considered that in the US — Line Pipe, the Panel found that "there is no need for a determination that imports are presently still increasing. Rather, imports could have 'increased' in the recent past but not necessarily be increasing up to the end of the period of investigation or immediately preceding the determination.

"There remains the question of whether the finding of increased imports can be maintained in light of the decline in absolute imports from the first semester of 1998 to the first semester of 1999. In order to answer this question, we recall our discussion regarding the meaning of 'recent', and our finding that 'recent' does not imply an analysis of the present. We are also of the view that the fact that the increase in imports must be 'recent' does not mean that it must continue up to the period immediately preceding the investigating authority's determination, nor up to the very end of the period of investigation. We find support for our view in Article 2.1, which provides 'that such product is being imported in such increased quantities'. The Agreement uses the adjective 'increased', as opposed to 'increasing'. The use of the word 'increased' indicates to us that there is no need for a determination that imports are presently still increasing. Rather, imports could have 'increased' in the recent past but not necessarily be increasing up to the end of the period of investigation or immediately preceding the determination, provided that the investigated product 'is being imported' at such increased quantities at the end of the period of investigation, the requirements of Article 2.1 are met."

Furthermore, the panel observed that an increase in imports before the date of a determination but not sustained at the date of the determination could still cause actual serious injury at the time of the determination.

The Commission considered that in this investigation, it was established that during the period of surge between 2023 and 2024 the imports increased by 55.9%. It was further established that during the entire period of investigation the overall increase in imports from 2023 to 2025 is 61.4%.

The Commission, in analysing the above information, must decide on a surge in imports, which according to the Appellate Body ruling on *Argentina-Footwear*, must meet the conditions of recent enough, sudden enough, sharp enough, and significant enough.

The analysis of the four conditions with regard to the subject product is as follows:

- Sudden enough: The Commission must decide whether the January 2023 – December 2024 period which is cited as the year when imports started increasing is sudden enough, meaning can the rate and amount of imports during the period between December 2023 and December 2024 be deemed as unexpected or abrupt enough to meet the conditions of the Safeguard Agreement. The rate and amount of increase from the period ending December 2023 and the period ending December 2024, can be seen as abrupt, and this abrupt disturbance of the SACU market by imports was maintained throughout the period of investigation both in relative terms and absolute terms;

- Sharp enough: The Commission must decide whether the rate at which imports increased from January 2023 to December 2024 is sharp enough or severe enough to meet the conditions of the Safeguard Agreement. The imports increased by 55.90% from 12 039 tonnes to 18 769 tonnes between January 2023 and December 2024;

- Significant enough: The Commission must decide whether the rate at which imports increased in January 2023 – December 2024 is significant enough or noteworthy enough to meet the conditions of the Safeguard Agreement. The

amount of increase from January 2023 – December 2024 was 55.90% and is a significant enough increase when looking at the full-year period; and

- Recent enough – The Commission must decide whether the January 2023 – December 2024 period which is cited as the period where increases in imports were experienced is indeed recent enough to meet the conditions of the Safeguard Agreement.

Based on the above, the Commission made a preliminary determination that there was a surge in the volume of imports of the subject product that is recent enough, sharp enough, sudden enough and significant enough.

6. SERIOUS INJURY

6.1 DOMESTIC INDUSTRY – MAJOR PROPORTION OF PRODUCTION

The following serious injury analysis relates to Mondi for the period 1 January 2023 to 31 December 2025. Mondi is a major producer of the subject product by production volume. Sappi supported this application. Sappi, the only other producer in the SACU market. The two producers accounts for 100% of the SACU production.

Article 4.1 (c) states that *"in determining injury or threat thereof, a "domestic industry" shall be understood to mean the producers as a whole, of the like or directly competitive products operating within the territory of a Member, or those whose collective output of the like or directly competitive products constitutes a major proportion of the total domestic production of those products*

The Commission made a preliminary determination that this constitutes "a major proportion" of the total domestic production, in accordance with the SGR.

6.2 CONSEQUENT IMPACT OF THE INCREASED IMPORTS ON THE INDUSTRY

SGR 8.1 states that serious injury shall be understood to mean "significant overall impairment" in the position of the domestic industry.

6.2.1 Actual and potential decline in sales

The following table shows the SACU industry sales volume:

Table 6.2.1: Sales volume

Volumes (Tons)	2023	2024	2025
Applicant sales volume	100	86	84
Other producers in the SACU (estimate)	100	85	80
Total SACU sales volume	100	86	83
Volume of imports	100	156	161
Total market (SACU Producers + Imports)	100	91	89
Market share (Applicant)	100	94	94

Total market share held by SACU producers	100	94	93
Market share held by imports	100	171	181

*These figures were indexed due to confidentiality using 2023 as the base year

The information in the above table indicates that the SACU sales volume decreased at a rate of 14 index points during the period 2023 to 2024, which is the period of surge, and further decreased by 3 index points during the period 2024 to 2025. The table above shows that the SACU industry experienced a significant decrease of 17 index points across the period of investigation.

6.2.2 Profit

The following table shows the Applicant's profit situation:

Table 6.2.2: Profit

Description	2023	2024	2025
Units sold	**100**	**86**	**84**
Net selling price (R/ton)	100	98	94
Variable selling expenses (R/ton)	100	97	98
Ex Mill (R/ton)	**100**	**98**	**94**
Variable costs (R/ton)	100	101	89
Gross profit	**100**	**94**	**101**
Gross profit margin	100	96	108
Total gross profit (ZAR)	100	80	85
Fixed costs (R/ton)	100	109	108
Net profit per unit (R/ton)	**100**	**82**	**96**
Net profit margin %	100	84	103
Net profit ZAR	100	71	81
Pulp Cross Subsidy:			
Cost per ton of production (R/t)	100	131	107
Pulp price subsidy Value (ZAR)	100	113	89

*These figures were indexed due to confidentiality using 2023 as the base year

The Applicant stated that the margins and profitability presented above includes the benefit of the pulp cross-subsidy from their Richards Bay mill.

The Applicant also stated that the above table does not reflect the overall Merebank site profitability, as the site profitability is diluted by the reels and export markets it supplies which are only profitable at a gross profit level, but loss making on a net profit level.

The Applicant also highlighted that the Richards Bay mill has been discounting the price it charges its sister mill, Merebank, for the hardwood pulp it transfers to Merebank. This has been done to assist Merebank improve its competitive position relative to imports. Pulp prices have however declined sharply with

severe consequences for the Richards Bay mill profitability, and the mill cannot continue to absorb this subsidy.

Regarding changes in profitability, the Applicant commented that sales prices reduced by 1.75% from 2023 to 2024 and 4.64% from 2024 to 2025, due to price undercutting by importers. Whilst both the gross profit and net profit has increased from 2024 to 2025, this is due to significantly lower raw material pulp prices, which were cyclically low in 2025 and expected to normalise into the future which will adversely impact profitability

The Applicant added that at a net profit level there has been a decline of 19% from 2023 to 2025. This has been due to lower sales volumes (down 16% mainly due to the increased level of imports), and lower net profit per ton. The lower net profit per ton is due to lower sales prices (6.3% lower) as prices have been cut to offset price under cutting by importers and higher fixed costs (8.4% higher) due to inflationary pressures on personnel and maintenance costs, partially offset by lower variable costs (11% lower) mainly from lower raw material pulp prices.

The Applicant further added that at a gross profit level there has been a decline of 15% from 2023 to 2025. This has been due to lower sales volumes (down 16% mainly due to the increased level of imports), and a higher gross profit per ton. The higher gross profit per ton is due to lower variable costs (11% lower) mainly from lower raw material pulp prices.

Comments by the interested parties

The interested parties submitted that the Applicant has not presented prima facie evidence that the SACU industry has sustained serious injury within the meaning of Safeguard Regulations and the WTO Agreement on safeguards during the POI. The interested parties argued that based on the information contained in the application the SACU industry is performing positively across several factors. They highlighted that both the gross profit and the net profit increased in 2025. They further noted an increase in gross profit per unit. In light of these positive profitability indicators, the interested parties argued that it is

rather hard to reconcile how there can be "significant impairment" of the domestic industry when profit per unit is increasing significantly. The interested parties further argued against the Applicant's submission that the profit data does not reflect the overall profitability of the Merebank mill due to subsidy from the pulp producing sister mill. The interested parties' argument is that the subsidy value has also decreased across the POI by 17%.

Response by the Applicant to the interested parties' comments

The Applicant submitted that serious injury must be assessed through the overall position of the industry rather than selected indicators viewed in isolation. The Applicant added that their application demonstrates deterioration across a range of injury indicators including domestic sales, production, capacity utilisation, employment and profitability.

The Applicant further stated that while certain per-unit profitability measures improved during the period because of lower variable costs and management interventions, the overall performance of the industry remained under significant pressure. The Applicant highlighted that improvements in productivity and continued investment reflect management's actions designed to preserve competitiveness and these do not negate the broader deterioration experienced by the industry.

Commission's consideration

The information provided to the Commission pertains to the Applicant's profitability in the domestic market during the period of investigation. It is evident from the table above that the Applicant's domestic sales have decreased over the period of investigation by 16 index points. The Commission noted that the Applicant's domestic sales continued to decrease throughout the period of investigation even when the selling prices per unit had been dropped. It has further been observed that in 2024, the period of surge, the Applicant's variable costs per unit and the fixed costs per unit increased. On the other hand, the value of the of the pulp cross-subsidy per unit also increased, which leads to cost savings that would not have been possible without it. However, in that same period both the gross profit per unit and the net profit per unit decreased. The

net profit for the Applicant decreased by 29 index points during that same period of surge, 2024. The Commission also noted that even though there has been some improvement in profitability in the last year of the period of investigation, this does not erase the significant impairment in profitability that occurred during the period of surge.

6.2.3 Output

The following table outlines the Applicant's domestic production volume of the subject product during the period of investigation:

Table 6.2.3: Output

Description	2023	2024	2025
Applicant total production (cut sheets and reels)	**100**	**99**	**95**
Applicant cut sheets production (product concerned)	100	99	92
Applicant reels production	100	107	102
Applicant's production of the product concerned for SACU consumption	100	86	84
Other SACU producers' production for SACU consumption	100	85	80
Total SACU production	**100**	**86**	**83**

*These figures were indexed due to confidentiality using 2023 as the base year

The Applicant stated that its total 2025 production was 5% lower than 2023 and 5% lower than 2024 with cut sheets being 8% and 6% lower than 2023 and 2024 respectively. According to the Applicant the main reason for the lower production is declining demand and the increase in imports into the SACU region (2025 imports up 7,388t vs 2023 and 658t vs 2024, increases of 61% and 4% respectively). The Applicant added that the weaker demand and increased imports resulted in Mondi taking commercial downtime in 2025 with the mill not producing for 14 days.

Comments by the interested parties

The interested parties argued that article 4.2(b) of the Agreement on Safeguards mandates that when factors other than increased imports are causing injury to

the domestic industry at the same time, such injury must not be attributed to increased imports. The interested parties noted that the Applicant indicated that, in section H of the non-confidential application, the total SACU manufacturing capacity stands at 350 000 tons with Mondi contributing 250 000 tons and the rest of SACU contributing 70 000 tons. In contrast, the total domestic demand for cut sheets is recorded at 131 000 tons. According to the interested parties, this represents a baseline imbalance which generates massive, permanent domestic structural surplus of 117 000 tons that the local market cannot absorb under normal economic conditions. They added that the Applicant has installed capacity exceeding the total domestic market demand. As a result, Mondi has to export to neighbouring countries to maximize capacity utilization. They submitted that the Applicant is requesting for Safeguard Measure only to monopolize the market to cover the financial losses that the company is facing due to its internal financial management problems.

Response by the Applicant to the interested parties' comments

The Applicant submitted that the interested parties' analysis conflates different product forms and uses broad uncoated woodfree figures that do not, by themselves, determine the capacity available for the product under investigation. The Applicant added that nameplate or theoretical machine capacity is not equivalent to saleable capacity dedicated to A3 and A4 office paper. The Applicant argued that actual output is affected by product mix, grammage, operating configuration, maintenance, production losses and the allocation of capacity among cut-size paper, reels and other grades. The Applicant further argued that the existence of capacity, or the export of part of output, does not negate serious injury caused by increased imports.

Commission's consideration

The information provided to the Commission pertaining to the Applicant's production based on demand of the subject product in the domestic market. It is evident that the Applicant's production for consumption by the SACU industry has decreased by 14 index points during the period of surge, 2024, and by 16 index points over the period of investigation

6.2.4 Market share

The following table shows the market share for the subject product based on sales volumes:

Table 6.2.4: Market share

Tons	2023	2024	2025
Applicant sales volumes of the subject product	**100**	**86**	**84**
Other SACU producers	100	85	80
Total Office Paper SACU sales volumes by SACU producers	**100**	**86**	**83**
Volume of Imports	100	156	161
Total Market (SACU producers + imports)	**100**	**91**	**89**
Applicant's market share	100	94	94
Other SACU producers	100	94	93
Total SACU market Share	100	93	97
Import market share	100	171	181

*These figures were indexed due to confidentiality using 2023 as the base year

The table above shows that the Applicant's market share decreased by 6 index points between 2023 and 2024 period. Even though the market share in percentage terms remained unchanged between 2024 and 2025, the actual sales volumes of the Applicant decreased as a direct result of the surge in imports. It is further evident that the market share for other SACU producers, Sappi, has been decreasing from 100 index points in 2023 to 93 index points in 2025 because of this recurring surge in imports.

Comments by the interested parties

The interested parties argued that the Applicant and Sappi enjoyed the substantial market share of 85% of the SACU industry in the last year of the period of investigation which was lower by approximately 2% than in 2024. According to the interested parties, the remaining market share utilised by the imports is so insignificant that it cannot constitute a serious injury in the context of the WTO's Agreement on Safeguards.

Response by the Applicant to the interested parties' comments

The Applicant argued that its application demonstrates deterioration across multiple indicators including sales volumes, output, capacity utilisation, market share and financial performance. The Applicant submitted that serious injury

must be evaluated holistically. No single indicator is determinative.

Commission's consideration

The Commission considered that during the period of surge, 2024, the Applicant lost 6 index points of SACU market share, meanwhile the rest of the SACU producers (Sappi) lost 6 index points. Meanwhile, imports gained 6% of SACU market share during the period of surge. The 6% of the SACU market share lost to imports needs not be evaluated in isolation. Its impact when assessed with other injury indicators is significant.

6.2.5 Productivity

The following table shows the productivity of the Applicant:

Table 6.2.5: Productivity

	2023	2024	2025
Cut sheet production (tons)	100	99	92
Reels production (tons)	100	107	102
Total production volume (tons)	**100**	**99**	**95**
Number of employees (manufacturing)	100	97	85
Tons per employee (manufacturing)	100	103	112
Total employment	100	97	87
Total investment (ZAR M)	100	112	124
Output per R1m of Capital Employed	100	89	76

*These figures were indexed due to confidentiality using Dec 21 - Nov 2022 as the base year

The Applicant stated that they have reduced their 2025 manufacturing workforce through natural attrition, thereby improving productivity. This has been achieved by upskilling mill employees and broadening their areas of responsibility.

The Applicant indicated that it continues to invest in its Merebank operation with strategic investments to improve the mills energy self-sufficiency and cost position, thereby making it more competitive. The additional investments do not increase the overall output of the mill and therefore the Output as measured per R1 of investment has declined.

Comments by the interested parties on the Commission's initiation

The interested parties argued that trends in employment and productivity, per the application, reflect a domestic industry that is buoyant and well-performing. They highlighted that the productivity of the Applicant improved by 12% across the POI. They further added that there have been no negative changes in the level of production, productivity and capacity utilization that could in any way be attributed to the imports.

Response by the Applicant to the interested parties' comments

The Applicant argued that improvements in productivity and continued investment reflect management actions designed to preserve competitiveness and do not negate the broader deterioration experienced by the industry.

Commission's consideration

The Commission considered that output per employee has increased over the period of investigation. This is a positive indication that the injury suffered by the Applicant cannot be attributed to employee inefficiencies.

6.2.6 Utilisation of production capacity

The following table provides the Applicant's capacity utilisation, using plant capacity and output for the subject product:

Table 6.2.6: Utilisation of production capacity

Tons	2023	2024	2025
Applicant's capacity			
Cut Sheets	250 000	250 000	250 000
Reels	20 000	20 000	20 000
Total Applicant's capacity	**270 000**	**270 000**	**270 000**
Applicant's capacity utilisation			
Cut Sheets	100	99	92
Reels	100	101	98
Total Applicant's capacity utilisation	**100**	**99**	**95**
Rest of SACU Capacity (*)			
Cut Sheets	70 000	70 000	70 000
Reels	10 000	10 000	10 000
Total	**80 000**	**80 000**	**80 000**

Rest of SACU Production (#)			
Cut Sheets	41 700	35 500	33 400
Reels	4 800	5 000	4 300
Total	**46 500**	**40 500**	**37 700**
Rest of SACU Capacity Utilisation (#)			
Cut Sheets	60%	51%	48%
Reels	48%	50%	43%
Total Rest of SACU Capacity Utilisation (#)	**58%**	**51%**	**47%**

*These figures were indexed due to confidentiality using 2023 as the base year

(#) Source: Management Estimate

The Applicant stated that whilst its Merebank mill can technically produce 250 000 tonnes of cut sheets per annum, the demand within South Africa and the export markets it operates in does not match this capacity. Mondi therefore has to produce reels which are less profitable than cut sheets, *in lieu* of producing cut sheets at the maximum capacity. The overall mill output (in tons) reduces when reels are produced due to lower efficiencies and lower grammages of reels on average.

6.2.7 Employment

The following table provides the Applicant's total employment figures:

Table 6.2.7: Employment

Description	**2023**	**2024**	**2025**
Number of employees (manufacturing only)	100	97	85
Total employment	100	97	87

*These figures were indexed due to confidentiality using 2023 as the base year

The Applicant stated that it reduced its 2025 manufacturing workforce through natural attrition, thereby improving productivity. This has been achieved by upskilling mill employees and broadening their areas of responsibility.

The above table shows that the total employment decreased from 100 index points in the period from 2023 to 87 index points in 2025.

Commission's consideration

The Commission considered that the table above indicated a decrease in employment in manufacturing.

6.3 Summary - serious injury

Based on the above information, the evaluation of the injury information of the Applicant for the period January 2023 to December 2025 is shown in Table 6.3.1

Table 6.3.1: Serious Injury Indicators

	2023 - 2024 (Period of surge)	**2023 – 2025**
Imports in absolute terms	Increased	Increased
Imports in relative terms	Increased	Increased
Sales volumes (kg)	Decreased	Decreased
Net Profit (R)	Decreased	Decreased
Output (kg)	Decreased	Decreased
Market share (Applicant)	Decreased	Decreased
Productivity (units per employee)	Increased	Increased
Utilisation of capacity (%)	Unchanged	Decreased
Employment (Number of employees)	Decreased	Decreased

Having assessed each injury factor and noting that there is a decline in the industry's performance as listed above, the Commission made a preliminary determination that the domestic industry is experiencing serious injury.

7. CAUSAL LINK

EXISTENCE OF A CAUSAL LINK

The Agreement on Safeguards does not provide any specific methodology as to how the existence of a causal link must be determined. However, the Commission must provide a reasoned, reasonable, and adequate explanation of its finding that there is a causal link between the increased imports and the serious injury suffered by the domestic industry. Previous WTO panels in assessing whether a Member has fulfilled the causation requirement considered, among other factors, (i) whether an upward trend in imports coincides with downward trends in the injury factors, and if not, whether an adequate, reasoned, and reasonable explanation was provided as to why nevertheless the data show causation; and (ii) whether the conditions of competition between the imported and domestic products as analysed demonstrate the existence of a causal link between the imports and any serious injury.

An upward movement in imports should normally occur at the same time as downward movements in injury factors in order for a coincidence to exist. A coincidence in trends by itself cannot prove causation. However, an absence of coincidence would create "serious doubts as to the existence of a causal link and would require a very compelling analysis of why causation still is present". Apart from the coincidence analysis, the competent authority may also use other analytical tools to determine the existence of a causal link, for instance, an analysis of the conditions of competition between imported and domestic products. The relevance of the conditions of competition is confirmed by the text of Article 2.1 of the Agreement on Safeguards, which refers to the increased imports occurring "under such conditions" as to cause or threaten to cause serious injury to the domestic industry.

The second sentence of Article 4.2(b) of the Agreement on Safeguards requires that a competent authority examine factors other than increased imports that

are causing injury to the domestic industry simultaneously with the increased imports and ensure that the injury caused by such other factors not be attributed to the increased imports.

The Appellate Body clarified that in order to comply with this requirement a competent authority must "make an appropriate assessment" of the injury caused to the domestic industry by the other factors and provide a "satisfactory explanation of the nature and extent of the injurious effects of the other factors". Once a competent authority determines that there are other factors causing injury to the domestic industry, it "must separate and distinguish" the injurious effects of the increased imports from the injurious effects of other factors, and "establish explicitly, through a reasoned and adequate explanation, that injury caused by factors other than increased imports is not attributed to increased imports".

In order to demonstrate that increased imports are causing serious injury, a competent authority must find a "sufficiently clear contribution" by those imports and explain its determination in that regard. The Appellate Body has stated, however, that the increased imports do not need to be the sole cause of injury, and that the causal link between increased imports and serious injury may exist even though other factors are also contributing at the same time to the situation of the domestic industry. In addition, when a competent authority considers that there are no other factors causing injury to the domestic industry, this must be clearly indicated and explained in its determination.

7.1 VOLUME OF IMPORTS AND MARKET SHARE

In considering whether there is a causal link between the imports of the subject product and the serious injury, the Commission considered all relevant factors, including factors other than imports of the subject product, which may have contributed to the SACU industry’s injury.

The following table compares the market share of the SACU industry with that of the imports:

Table 7.1: Market Share

Tons	2023	2024	2025
Applicant sales volumes of the subject product	100	86	84
Other SACU producers	100	85	80
Total SACU sales volumes	**100**	**86**	**83**
Volume of Imports	100	156	161
Total Market (SACU + Imports)	**100**	**91**	**89**
Applicant market share	100	94	94
Other SACU producers	100	94	93
Total SACU market Share	100	94	93
Import market share	100	171	181

*These figures were indexed due to confidentiality using 2023 as the base year

The table above shows that the Applicant's market share decreased by 6 index points between 2023 and 2024 period. Even though the market share in index points terms remained unchanged at 94 index points between 2024 and 2025, the actual sales volumes of the Applicant decreased as a direct result of the surge in imports. It is further evident that the market share for other SACU producers, Sappi, has been decreasing from 100 index points in 2023 to 93 index points in 2025 because of this recurring surge in imports.

Commission's consideration

The Commission considered that the SACU industry lost 7 index points of its market share during the period of investigation. The Commission also considered that the loss of the market share resulted in decline in sales volumes by 16 index points during the period of investigation while the imports increased by 61 index points.

7.2 CONSEQUENT IMPACT OF SURGE OF IMPORTS

Table 7.2: Serious Injury Indicators

	2023 – 2024 (Period of Surge)
Imports in absolute terms	Increased
Imports in relative terms	Increased
Sales volumes (kg)	Decreased
Net Profit (R)	Decreased
Output (kg)	Decreased
Market share (Applicant)	Decreased
Productivity (units per employee)	Increased
Utilisation of capacity (%)	Unchanged
Employment (Number of employees)	Decreased

The Commission noted that the increased imports not only coincided with a loss of market share but also with the downward trend in injury factors. As shown in the table above, there was a decrease in net profit.

7.3 VIEW OF THE APPLICANT'S CLIENTS REGARDING QUALITY, DELIVERY TIMES, SERVICE, AND AFTER SALES SERVICE

- **Quality**

The Applicant stated that they have managed to stay at the forefront of international papermaking technology and have maintained a strong reputation for quality in the market. This is borne out by results received in customer surveys conducted every 2 years.

- **Delivery times**

The Applicant indicated that delivery times are well managed and again, it has a strong reputation for reliability in this area. Stocks are well maintained and managed in all major regions and delivery lead times would be seen as a specific area of strength for Mondi.

- **Service**

The Applicant indicated that they have scored highly for service in customer surveys, across all aspects of this parameter. The Applicant stated that it has a dedicated team of Key Account Managers who handle all of the customer facing issues. This team is backed up by a strong technical team as well as a management team who maintain regular contact with customers, at all levels.

- **After-sales service, including guarantees and warranties and technical training to customers.**

The Applicant indicated that the after-sales service is another strength with their Technical Customer Service, Product Development and Production Technical teams being readily available to customers. Development and training are also handled both relating to products as well as our systems.

7.4 ATTITUDE OF THE WORKFORCE TOWARDS THE COMPANY

The Applicant stated that Management believes the attitude of its workforce towards the company is healthy and positive overall, substantiated through the results of the 2023 employee survey whereby:

- 90% of employees said they are proud to work for the company, and
- more than 75% reported being engaged.

Further to this, staff turnover at Mondi South Africa of 9% is significantly lower than the manufacturing industry average of 16.7%.

The Applicant added that approximately 44% of its South Africa's workforce is unionised with wage negotiations being done via a bargaining council framework, at plant level through negotiations between management and shop stewards. In the most recent wage negotiations, the Applicant and bargaining unit staff agreed on a 3-year wage deal. There have been no disputes with labour in the past 12 months, and Mondi management are optimistic on the 2026 wage negotiations. Non bargaining unit employees receive an annual inflationary based increase which is advised as opposed to negotiated.

7.5 FACTORS OTHER THAN THE INCREASED IMPORTS CAUSING INJURY

Table: 7.5

Strikes, go-slows, or lockouts during the past twelve months	The Applicant stated that there have been no strike, go-slows or locks in the past 12 months.
Contraction in demand or changes in patterns of consumption	The Applicant stated that there has been a contraction in demand for their product driven by digitalisation and hybrid working model resulting in paper usage declining significantly in recent years. The applicant indicated that there has been a decline of 14% in the total cut sheet market from 2023 to 2025 and a decline of 3% from 2024 to 2025.
Productivity of the domestic industry vis-a-vis that of the exporters	The Applicant indicated that productivity data of exporters is not available.
Development in technology	The Applicant indicated that their office paper products are standardised and there have not been major technology developments in this field. Continuous improvement practices are employed in the mill with the aim of achieving the highest level of efficiency and lower cost possible, limiting waste and focusing on consistent product quality.

Comments by the interested parties to the Commission's initiation

The interested parties argued that there is no causal link between the alleged serious injury and the increase in imports. They argued that factors other than the increase in imports of the subject product need to be factored in the assessment. They argued that there has been a noticeable contraction in demand of the subject product in the SACU market and that this decline is similar to the decline in global markets.

The exporters further argued that the Applicant did not demonstrate how the effects of the contraction in demand of the subject product in SACU are separated and distinguished such that after such disentanglement there is still a genuine and substantial causal relationship between increased imports and serious injury.

Response by the Applicant to the interested parties' comments

The Applicant argued that it recognises that demand contraction and other factors affected performance and does not attribute all deterioration to imports. However, demand contraction explains why the total market became smaller; it does not explain why imports increased by 61.4%, gained seven percentage points of market share and displaced SACU production within that smaller market. The Applicant added that forestry fair-value movements and pulp-level results are group or upstream matters that do not explain lower-priced imports, lost cut-sheet sales or commercial downtime at Merebank. Scheduled maintenance must also be distinguished from commercial downtime caused by insufficient economic orders.

The Applicant further stated that factors such as floods, load shedding, power instability and other operational events do explain the industry's position. However, safeguards law requires an assessment of whether imports contributed importantly to injury, not whether imports were the sole cause. The Applicant submitted that in a declining market, increased import penetration exacerbates the impact of fixed-cost absorption and directly reduces the domestic industry's ability to utilise productive assets efficiently.

Commission's consideration

The Commission considered the exporters' argument that the deterioration in the condition of the SACU industry was caused primarily by a contraction in demand for the subject product rather than by increased imports. The Commission noted that demand for the subject product did decline during the period of investigation, as reflected by the contraction of the total SACU market from 100 index points in 2023 to 89 index points in 2025, representing a decrease of approximately 11 index points.

However, the Commission considered that the evidence indicates that the decline in demand alone cannot explain the injury experienced by the SACU industry. While the overall market contracted, imports volume increased significantly from 12 039 tons in 2023 to 19 427 tons in 2025, representing an increase of 61.4% over the period of investigation. As a result, import market share increased from 8% in 2023 to 15% in 2025, a gain of 7 percentage points. Conversely, the combined SACU industry market

share declined from 92% to 85% over the same period, reflecting a loss of 7 percentage points.

The Commission further noted that if the contraction in demand had affected all market participants proportionately, both imports and domestic producers would have been expected to experience declining sales volumes and relatively stable market shares. Instead, the data show that imports increased substantially in both absolute and relative terms despite the shrinking market. This demonstrates that imports not only captured the market growth that did not exist but also displaced sales that would otherwise have been supplied by SACU producers.

The Applicant's sales volumes declined from 100 index points in 2023 to 84 index points in 2025, while other SACU producers' sales volumes declined from 100 index points to 80 index points over the same period. The combined SACU industry's sales volumes fell by approximately 17 index points, whereas import volumes increased by 61 index points. This indicates that imports gained the market share at the expense of the domestic industry during a period of contracting demand.

The Commission acknowledges that factors such as weaker market demand, operational challenges, floods, load shedding, power instability and other economic conditions may also have affected the industry's performance. However, safeguard investigations do not require imports to be the sole cause of serious injury. Rather, the Commission must determine whether increased imports contributed significantly to the serious injury suffered by the domestic industry.

The evidence before the Commission shows that, notwithstanding the contraction in demand, imports increased substantially, gained market share, and coincided with the loss of market share, declining sales volumes and reduced utilisation experienced by the SACU industry. The Commission is of the view that the contraction in demand does not negate the causal relationship between increased imports and the serious injury alleged by the Applicant. Instead, the increase in imports appears to have exacerbated the effects of the declining market by capturing a larger share of a shrinking market, thereby contributing significantly to the injury suffered by the SACU industry.

7.6 Summary - Causal link

Taking the above into consideration, the Commission made a preliminary determination that although there are factors other than the imports that contributed to the injury, such as global decline in demand and increase in fixed costs, these factors did not sufficiently detract from the causal link between the surge in imports and the serious injury suffered by the Applicant.

8. APPLICANT'S ADJUSTMENT PLAN

Regulation 21 of the SGR provides that a safeguard measure shall, amongst others, only be applied to facilitate adjustment of the SACU Industry.

It is therefore required from the Applicant to submit a plan indicating how it would adjust to increase its competitiveness.

8.1 Mondi's adjustment plan

Summary of Mondi's adjustment

The Applicant submitted an adjustment plan in accordance with the Safeguard Regulations, setting out how it intends to restore competitiveness and ensure long term sustainability should safeguard measures be implemented. The Applicant explained that increased imports of office paper have placed significant pressure on its Merebank's production volumes, profitability and return on investment.

The Applicant submitted that should a safeguard duty be imposed, it will utilise the safeguard period of adjustment to implement a structured programme of operational, commercial and capital initiatives aimed at restoring long-term competitiveness, improving profitability, increasing asset utilisation and reducing exposure to declining graphic paper markets. Its plan is centred around strategic pillars, namely:

- *Production growth and operational efficiency*
- *Product diversification*
- *Market diversification*
- *Fixed costs reduction and alternative revenue streams*
- *Energy efficiency and self-sufficiency*

With its plan centred around these 5 strategic pillars, the Applicant expects to increase production output by 12% between 2025 and 2029. The Applicant further expects to diversify production into higher-growth packaging segments, develop alternative export opportunities, significantly improve energy self-sufficiency through investment

in energy generation and optimisation initiatives, reduce fixed operating costs, generate new revenue streams and deliver significant competitiveness and financial sustainability improvements through production growth, product diversification, cost reduction and energy competitiveness initiatives.. To achieve these, the Applicant indicated that it will inject approximately R134 million in capital investment.

The Applicant indicated that it will increase production volumes through operational efficiency improvements, improved asset utilisation, reduced downtime and enhanced manufacturing reliability. These initiatives are expected to improve capacity utilisation and lower manufacturing costs per ton. The Applicant has indicated that a capital expenditure has been approved to mitigate production losses caused by municipal power dips from eThekwini Municipality, with commissioning scheduled for Q4 2026.

The Applicant further indicated that its product diversification plan is expected to reduce Merebank's dependence on declining graphic paper demand and improve utilisation of existing assets by transitioning production toward more resilient and growing packaging market segments. It further indicated that its mill is already progressing the development of bleached packaging grades, which are at an advanced stage of evaluation, while unbleached packaging products and several additional product opportunities are being investigated as part of a broader diversification strategy.

The Applicant also indicated that it has already established a sales channel for Envapost reels into the United States. This initiative forms an important component of its Merebank's market diversification strategy, and it supports its objective of reducing reliance on the domestic South African market.

As part of its plan to improve competitiveness, the Applicant indicated that its Merebank mill is implementing a maintenance cost optimisation programme aimed at reducing maintenance expenditure through improved maintenance efficiency and reliability-focused maintenance practices. Furthermore, a warehousing project for a sister mill will increase utilisation of existing infrastructure at Merebank and generate additional sundry income, strengthening overall profitability. It added that other warehousing opportunities for third parties are currently being investigated and remain

at ideation stage.

The Applicant has also highlighted that as part of its energy efficiency plan, significant investment has been committed over the period 2025 to 2028 to improve energy self-sufficiency, reduce purchased electricity requirements and strengthen long-term energy resilience. According to the Applicant, the key initiatives include optimisation of Turbine Generator 3, a proposed cooling tower project and a range of operational energy-efficiency initiatives being implemented across the mill.

Comments by The Navigator Company

The Navigator Company submitted that the Applicant's adjustment plan is incompatible with the legal provisions of the World Trade Organization ("WTO") as well as South Africa's Amended Safeguard Regulations. They argued that a safeguard measure cannot be imposed on the subject product to facilitate the Applicant to adjust its operations to products that are not the subject of the safeguard investigation and the actual safeguard measure. According to The Navigator Company, the Applicant is not intending to adjust to import competition on the subject product. Instead, all the proposed pillars of the Applicant's Competitiveness Adjustment Plan have absolutely nothing to do with the subject product. They added that Applicant's Competitiveness Adjustment Plan does not contain concrete, measurable, time-bound actions that will be implemented during the safeguard period and that will materially reduce the need for protection once the safeguard measure expires. They further argued that the adjustment plan does not have any credible causal link between the safeguard measures and a reduction in injury from increased imports of the subject product (e.g., lower costs, higher output, improved market share vs imports) within the safeguard period.

Comments by Jackaroo Paper South Africa (Pty) Ltd

Jackaroo Paper submitted that the Applicant's adjustment plan does not show how a safeguard measure will restore the competitiveness of the subject-product industry so that the protection can be removed. They argued that the Applicant's adjustment plan merely attributes its Merebank's position to declining graphic-paper demand and to domestic energy and cost handicaps; it proposes to adjust by diversifying out of office paper into packaging; it projects growth inconsistent with serious injury and with

continuing market decline; it repackages ordinary, already-committed capital projects that will proceed regardless of any measure; and it commits to no measurable competitiveness outcome in the subject product and no exit from protection.

Response by the Applicant to Jackaroo's comments

The Applicant submitted that Jackaroo's comments misunderstand Mondi's case. The Applicant argued that it has consistently acknowledged that digitisation and declining demand have affected global office-paper markets. However, these factors do not explain why imports increased materially and captured a growing share of a contracting SACU market. The Applicant added that the existence of structural demand decline does not eliminate the additional injury caused by increased import penetration. The Applicant supported their argument to state that the evidence before the Commission demonstrates that subject imports increased from 12,039 tons in 2023 to 19,427 tons in 2025, an increase of 61.4%, and increasing their market share by 81%. During the same period, domestic sales, output, utilisation and total profitability deteriorate.

The Applicant further argued that its adjustment plan addresses factors within management's control, including productivity, maintenance efficiency, energy competitiveness and market diversification. It further added that the existence of such initiatives does not eliminate the injury caused by imports. Rather, it demonstrates how Mondi intends to utilise the safeguard period to improve competitiveness and reduce future reliance on protection, which according to the Applicant, is precisely the purpose of a safeguard adjustment programme.

Commission's consideration

The Commission notes the adjustment provided by the Applicant in which it sets out how the SACU industry intends to adjust following the imposition of safeguard measures. The plan outlines intended operational, commercial and capital initiatives aimed at restoring long-term competitiveness, improving profitability, increasing asset utilisation and reducing exposure to declining graphic paper market. While the plan lacks specificity and offers limited evidence of concrete, actionable steps toward enhancing competitiveness, the Commission considers that it nevertheless outlines, in broad terms, certain initiatives that could support the industry's adjustment process.

On the information presently before it, the Commission made a preliminary determination that the Applicant has not submitted sufficient information in its development plan to demonstrate how it will adjust to increase its competitiveness. However, the Commission remains open to revising this view if the Applicant submits additional substantiating or clarifying information that more clearly indicates how the safeguard measure will facilitate adjustment.

The Commission made a preliminary determination that the Applicant has not submitted sufficient information in its development plan to indicate that it will adjust to improve its competitiveness.

9. CRITICAL CIRCUMSTANCES

9.1 Requirements of Safeguard Agreement

In accordance with Article 6 of the SGA, a member may impose a provisional safeguard measure pursuant to a preliminary determination in critical circumstances where delay would cause damage, which would be difficult to repair.

9.2 *Information on critical circumstances*

The volume of imports

Full year period 2023 to 2025

The surge of imports took place between the periods (January 2023 – December 2023) and (January 2024 - December 2024). During that time, imports of the subject product significantly increased by 55.9%. The analysis also shows that over the period of investigation, imports increased by 61.4%.

Impact on the Applicant

1. Sales volumes

Sales volumes for the domestic industry fell significantly, from 100 index points to 83 index points between 2023 and 2025. This 17 index points decline underscores the impact of increased imports on the SACU industry during the period of investigation.

2. Output

There was a significant decline in total production. Production of cut sheets (the subject product) declined significantly, falling from 100 index points in 2023 to 84 index points in 2025, a decrease of approximately 16 index points. This decline was particularly pronounced between 2023 and 2024, when production dropped by 14 index points.

3. Market share

The Applicant's market share decreased by 6 index points between 2023 and 2024 period. Even though the market share in percentage terms remained unchanged at 94 index points between 2024 and 2025, the actual sales volumes of the Applicant decreased by 14 index points. This decline directly correlates with the increase in import market share by 81 index points between 2023 and 2025, moving from 100 index points in 2023 to 181 index points in 2025, indicating a clear displacement of the domestic products by imports.

4. Profit/Loss

Units sold decreased from 100 index points tons in 2023 to 86 index points in 2024, before declining further to 84 index points in 2025. This represents a cumulative decrease of approximately 16 index points over the period of investigation.

Despite the decline in sales volumes, the Applicant's gross profit per ton fluctuated but remained at relatively strong levels. Gross profit declined from 100 index points in 2023 to 94 index points in 2024, before increasing to 101 index points in 2025. Overall, gross profit per ton increased by approximately 1 index point between 2023 and 2025. Similarly, the gross profit margin improved from 100 index points in 2023 to 108 index points in 2025.

However, the decline in units sold had a significant impact on total gross profit (in rands), which fell from 100 index points in 2023 to 85 index points in 2025. Although profitability per ton improved in 2025, lower sales volumes reduced the total gross profit generated by the Applicant.

A similar trend is evident for net profit per ton. Net profit per ton decreased from 100 index points in 2023 to 82 index points in 2024, before recovering to 96 index points in 2025. While net profit per ton in 2025 remained slightly below the 2023 level, it was nevertheless

substantially higher than in 2024. The net profit margin followed the same pattern, declining from 100 index points to 84 index points before increasing to 103 index points in 2025.

Notwithstanding the recovery in net profit per ton, total net profit declined from 100 index points in 2023 to 81 index points in 2025, a decrease of approximately 19 index points. This indicates that the reduction in sales volumes more than offset the positive effect of maintaining profitable sales on a per-unit basis.

Conclusion

The above data indicate that although the Applicant was able to maintain and, in some instances, improve its gross and net profit per ton, the substantial decline in units sold negatively affected the overall profitability of the business. As sales volumes decreased by 16 index points, total gross profit declined by 15 index points and total net profit declined by 19 index points during the period of investigation, this suggests that the injury suffered by the Applicant is reflected not in declining unit profitability, but in the loss of sales volumes, which reduced the total profits earned by the Applicant.

5. Capacity utilization

The Applicant's total production capacity remained constant at 270 000 tons throughout the period of investigation. However, actual production declined from 100 index points in 2023 to 95 index points in 2025, representing a decrease of approximately 5 index points.

As a result, the Applicant's overall capacity utilisation declined from 100 index points in 2023 to 95 index points in 2025. This indicates that an increasing portion of the Applicant's production capacity remained unused during the period of investigation.

The decline was more pronounced in relation to cut sheets, which constitute the subject product. Cut-sheet production decreased from 100 index points in 2023 to 92 index points in 2025, resulting in capacity utilisation falling by 8 index points. This suggests that the Applicant was unable to fully utilise its installed production capacity for the subject product.

6. Employment

The number of manufacturing employees declined from 289 employees in 2023 to 245 employees in 2025, representing a decrease of 44 employees or approximately 15.2% over the period of investigation. The most significant reduction occurred between 2024 and 2025, when manufacturing employment decreased by 35 employees.

Similarly, total employment decreased from 100 index points of employees in 2023 to 87 index points of employees in 2025, representing a decline of approximately 13 index points during the investigation period. Total employment declined by 3 index points of employees between 2023 and 2024 and by a further 10 index points of employees between 2024 and 2025.

The decline in employment occurred alongside reductions in production volumes, sales volumes and capacity utilisation. As demand for the Applicant's products weakened and domestic producers lost market share, fewer employees were required to support production activities.

9.3 Relief Sought

The Applicant requested the relief in the form of a safeguard duty in terms of SGR 11 (f) and 21.5 (a). The quantum of relief required is such that the imported price of the subject product is comparable to the average total cost of the subject product by the Applicant.

The Commission considered the above and made a preliminary determination

that there are critical circumstances that warrant the imposition of provisional measures.

10. PROVISIONAL MEASURES

10.1 In terms of the SGR 17.1, "*The Commission may request the Commissioner for SARS, in terms of section 57A of the Customs and Excise Act, 91 of 1964, to impose provisional payments as soon as the Commission has made a preliminary determination that;*

(a) there are critical circumstances where a delay would cause damage that it would be difficult to repair; and

(b) there is clear evidence that increased imports have caused or are threatening injury."

Commission's consideration

The SGA defines critical circumstance as circumstances where a delay would cause damage that would be difficult to repair. The agreement states that provisional measures may be imposed in such cases and such measures may be in the form of tariff increases only and may be kept in place for a maximum of 200 days.

The Applicant has proven that it suffered serious injury during the period of injury as a consequent of the sudden, recent, sharp and significant increase in volumes of imports in the form of decreases in sales volumes, net profit, output, market share, productivity, capacity utilization, and employment.

Should a provisional measure not be put in place, this could place the Applicant in a position where it finds itself having to close the cut sheet section of the business. This is a critical circumstance that would be difficult to repair as the Applicant is already experiencing serious injury.

10.2 Duration of provisional measures

In accordance with SGR 17.2, the duration of the provisional measures shall not exceed 200 days. The duration of such provisional measures shall be counted as part of the overall time frame of the safeguard measures.

10.3 Relief sought

The Applicant is requesting relief of 21% based on the average difference between the 2025 unit prices of imports and its average total cost of production for the year 2025.

According to the Applicant, in 2023 its average total cost was marginally (Confidential) higher than that of imports; however, aggressive price cutting of imported products (driven by the global surplus supply of paper) has widened the gap to 21% in 2025. This has largely been due to average unit prices of imported prices reducing by 21% from 2023 to 2025.

The Applicant submitted that it is noteworthy that the relief sought of 21% is also broadly in line with the 19% reduction in imported prices from 2023 to 2025.

Table 10.3 Calculation of the relief sought

	2023 R/Ton	**2024** R/Ton	**2025** R/Ton
Imports landed price per ton	**100**	**92**	**81**
Applicant's average total cost per ton	100	103	93
Add: Pulp price cross subsidy (*)	1 00	131	107
Applicant average total cost at pulp market price	**100**	**105**	**94**
Landed cost vs Applicant's cost at pulp market price		**- 13**	**- 13**
% differential of imports vs Applicant's costs		**18%**	**21%**

*These figures were indexed due to confidentiality using 2023 as the base year

Summary of the calculation of the 21% Relief Sought

The relief sought was calculated by comparing the **landed price of imports** with the Applicant's **average total cost of production adjusted to reflect the market price of pulp**. The adjustment was necessary because the Applicant benefits from an internal pulp price subsidy (cross-subsidy), which reduces its reported production

costs. To ensure a fair comparison with imported products, the value of the pulp subsidy was added back to the Applicant's costs.

The calculation was performed as follows:

1. The Applicant's **average total cost per ton** was determined for each year.
2. The **pulp price cross-subsidy** was added to the average total cost to derive the Applicant's cost of production at the market price of pulp.
3. This adjusted cost was then compared with the **average landed price of imports**.
4. The difference between the two figures was expressed as a percentage of the import landed price, indicating the extent to which imports undercut the Applicant's costs.

The calculations show that:

- In **2023**, imports entered the SACU market at a landed price of **R18 529 per ton**, while the Applicant's adjusted cost was (Confidential), resulting in imports undercutting the Applicant by **R631 per ton**, or approximately **3%**.
- In **2024**, the landed import price declined to **R17 131 per ton**, while the Applicant's adjusted cost increased to (Confidential) **per ton**. Imports therefore undercut the Applicant by **R3 081 per ton**, equivalent to **18%**.
- In **2025**, the landed import price declined further to **R15 000 per ton**, while the Applicant's adjusted cost was (Confidential) **per ton**. Imports undercut the Applicant by **R3 083 per ton**, which represents **21%**.

The evidence shows a widening gap between import prices and the Applicant's cost of production over the period of investigation. While imports were only **3%** below the Applicant's adjusted costs in 2023, the level of undercutting increased sharply to **18%** in 2024 and **21%** in 2025.

Accordingly, the **21% relief sought** was calculated based on the most recent period of investigation (2025), where the landed price of imports was **21% below** the Applicant's average cost of production after adjusting for the pulp price subsidy. The Applicant therefore submitted that a safeguard measure of **21%** is necessary to offset

the price disadvantage created by the low-priced imports and enable the domestic industry to compete on a sustainable basis.

11. PRELIMINARY DETERMINATION

The Commission made a preliminary determination that:

- The events cited can be regarded as unforeseen developments and these unforeseen developments and the effect of the obligations incurred under the GATT 1994 led to the increased volume of imports in absolute and relative terms;
- The surge in the volume of imports is recent, sharp, significant, and sudden enough;
- The SACU industry is experiencing serious injury; and
- The injury experienced by the SACU industry is causally linked to the surge in imports.

The Commission made a preliminary determination that critical circumstances exist that justify the imposition of provisional measures. As a result, the Commission made a preliminary determination to request the Commissioner for SARS to impose provisional measures in the form of a duty of 21 percent *ad valorem* on the imports of office paper (A3 and A4) cut sheets or uncoated copy paper, used for writing, printing or other graphic purposes office paper in different sized cuts, mainly A3 and A4 copy paper. A3 copy paper, (actual size: 297mm x 420mm) which is classified under tariff subheading 4802.56.20 has a mass of 40g/m² or more but not more than 150g/m², in sheets with one side 360mm and the other side 150mm in the unfolded state in rectangular (including square) sheets A4 copy paper (actual size: 297mm x 210mm), which is classified under tariff subheading 4802.56.90 pending the finalisation of the investigation.