

## **Report No. 151**

# **Reduction in the rates of duty on paper and paperboard**

The International Trade Administration Commission of South Africa (ITAC)  
herewith presents **Report No.151: REDUCTION IN THE RATES OF DUTY  
ON PAPER AND PAPERBOARD**



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**Ms N P MAIMELA**  
**CHIEF COMMISSIONER**

**PRETORIA**  
**..... 9.1.02. / 2006**

# REPUBLIC OF SOUTH AFRICA

## INTERNATIONAL TRADE ADMINISTRATION COMMISSION OF SOUTH AFRICA

### REPORT NO.151

#### REDUCTION IN THE RATES OF DUTY ON PAPER AND PAPERBOARD

##### SYNOPSIS

The Commission considered an application from the Printing Industries Federation of South Africa for a reduction in the rates of duty on paper and paperboard. Eighty-one tariff subheadings formed part of the investigation that was published in the Government Gazette of 20 May 2005, for comment by interested parties.

Amongst other reasons, the applicant argued that:

- The domestic paper manufacturing industry is highly concentrated and international competition provides the only alternative form of competition to ensure that prices remain competitive. Continued protection insulates the domestic market from this competition; and
- Tariff protection on paper products combined with zero output tariffs for the printing and publishing sector have led to negative effective rates of protection for the publishing industry.

The application was published in the Government Gazette No. 27579 of 20 May 2005. Four companies and an industry organisation supported the application, while one industry organisation and one company objected to the application. The following comments were made in support of the application:

- Whilst certain of the tariff subheadings do cover products that are produced in the SACU, the reality is that sufficient time has passed for the SACU paper industry to become competitive in these markets.
- The coated base paper used in the manufacture of metallised paper is not manufactured within the SACU.
- The SACU paper industry applies strategies, which have a materially detrimental effect on the marketing potential of the end product.
- A reduction in the customs duty will have a cost saving effect on the downstream industry, which is a major export industry.
- SACU has a competitive advantage in terms of plantation yields and therefore can produce paper cheaper than most countries.
- The Printing, Publishing and Packaging industries of SACU are experiencing a decline due to the population reading less and focussing more on entertainment provided by the electronic media i.e. Television; Internet access as well as cell phones and the National Lottery.

Amongst other, the following issues were addressed objecting to the application:

- The evolution since 1992 of the Customs Duty dispensation concerning the South African paper manufacturing industry.
- Tariff dispensations concerning paper (including non-tariff barriers) in certain overseas countries.
- Price trends in the paper industry and in the printing and publishing industries and the price effect of import tariffs on end products.

The Commission found that about 76% of imports under tariff headings 48.01, 48.02, 48.04, 48.05, 48.07, 48.08, 48.10 and 48.11, excluding tariff headings 48.09 and 48.16, are from the EU. These imports are either duty-free or the duties are in the process of being phased down to free of duty in 2012. In order to develop a uniform duty structure for the paper and paperboard industry, the Commission decided to align its recommendations parallel with the evolution in the duty structures of the EU.

Furthermore, the Commission established that the forestry industry in the SACU has a competitive advantage in terms of plantation yields and the duties have a cost raising effect on downstream industries.

During discussions with the dti's EIDD Division, it was established that an investigation into the pulp and paper industry and import parity pricing practises would be undertaken. EIDD submitted that this study would commence early 2006.

Further, it is contrary to ITAC's tariff policy to have duties in place on input materials for an indefinite period, as this renders the downstream industries uncompetitive, as many of them do not enjoy tariff protection on the products that they produce.

The Commission decided to recommend that:

- a) The duties payable on the following tariff subheadings be reduced from 5 per cent ad valorem to free of duty:

4801.00.10, 4801.00.20, 4802.54.20, 4802.55.20, 4802.56.20, 4802.57.20, 4802.58.20, 4802.61.20, 4802.62.20, 4802.69.20, 4804.11, 4804.19, 4804.21, 4804.29, 4804.31, 4804.41, 4804.42, 4804.49, 4804.51, 4804.52, 4804.59, 4805.11, 4805.12, 4805.19, 4805.24, 4805.25, 4805.50, 4805.91.90, 4805.92.90, 4805.93.90, 4807.00, 4808.10, 4808.20, 4808.30, 4808.90, 4809.10, 4810.13.90, 4810.14.90, 4810.19.90, 4810.22.90, 4810.29.90, 4810.31.90, 4810.32.90, 4810.39.90, 4810.92.90, 4810.99.90, 4811.10.90, 4811.49.90, 4811.51.90, 4811.59.90, 4811.60.90 and 4811.90.90.

- b) Tariff subheadings 4809.20, 4816.10 and 4816.20 be phased down from 10 per cent ad valorem, in the general column, to free of duty, which is in

line with the phase down schedule in terms of the SA/EU free trade agreement, as follows:

YEAR	DUTY
2005	8.8%
2006	7.5%
2007	6.3%
2008	5%
2009	3.8%
2010	2.5%
2011	1.3%
2012	Free

- c) Tariff subheadings 4802.54.90, 4802.55.90, 4802.56.90, 4802.57.90, 4802.58.90, 4802.61.90, 4802.62.90, 4802.69.90, 4810.13.20, 4810.14.10, 4810.19.10, 4810.22.10, 4810.29.10, 4810.31.10, 4810.32.10, 4810.39.10, 4810.92.10, 4810.99.10, 4811.10.10, 4811.41.10, 4811.49.10, 4811.51.10, 4811.59.10, 4811.60.10, and 4811.90.10 be phased down from 15 per cent ad valorem, in the general column, to free of duty, which is in line with the phase down schedule in terms of the SA/EU free trade agreement, as follows:

YEAR	DUTY
2005	13.2%
2006	11.25%
2007	9.45%
2008	7.5%
2009	5.7%
2010	3.75%
2011	1.95%
2012	Free

- d) Tariff subheading 4811.41.90 be phased down from 20 per cent ad valorem, in the general column, to free of duty, as follows:

YEAR	DUTY
2005	20%
2006	18%
2007	16%
2008	14%
2009	12%
2010	10%
2011	8%
2012	6%
2013	4%
2014	2%
2015	Free

- e) Tariff subheadings 4801.00.10, 4801.00.20, 4801.00.90, 4802.54.20, 4805.91.10, 4805.91.90, 4805.92.10, 4805.92.90, 4805.93.10, 4805.93.90, 4810.13.30, 4810.14.05, 4810.19.05 and 4810.29.05 be deleted as it will make a contribution towards tariff simplification.
- f) Rebate provisions 310.02/4805.50/01.06, 310.05/4804.49/01.06, 310.05/4804.5/01.05, 310.07/4810.1/01.05, 310.07/4810.1/02.05, 316.04/48.07/01.04, 316.04/4805.09/01.05, 311.12/4811.5/01.05 and 316.04/4808.30/01.06, be withdrawn as the duties payable on the paper classifiable under the tariff subheadings have been reduced to free.

## 1. INTRODUCTION

1.1 The Printing Industries Federation of South Africa, PIFSA, applied for a reduction in the rates of duty on paper and paperboard. Eighty-one tariff subheadings formed part of the investigation that was published in Government Gazette of 20 May 2005, for comment by interested parties.

1.2 Amongst other reasons, the applicant argued that:

- The domestic paper manufacturing industry is highly concentrated and international competition provides the only alternative form of competition to ensure that prices remain competitive. Continued protection insulates the domestic market from this competition.
- Tariff protection on paper products combined with zero output tariffs for the printing and publishing sector have led to negative effective rates of protection for the publishing industry.

## 2. TARIFF POSITION

2.1 The current tariff position in respect of paper and paperboard being the subject of the investigation is reflected in Table 1 below.

**Table 1: Tariff subheadings forming part of the investigation**

Tariff heading	Description	Tariff subheadings	Rate of duty
48.01	Newsprint	4801.00.10, 4801.00.20	5% 5%

48.02	Uncoated paper and paperboard	4802.54.20, 4802.54.90, 4802.55.20, 4802.55.90, 4802.56.20, 4802.56.90, 4802.57.20, 4802.57.90, 4802.58.20, 4802.58.90, 4802.61.20, 4802.61.90, 4802.62.20, 4802.62.90, 4802.69.20, 4802.69.90	5% 15% 5% 15% 5% 15% 5% 15% 5% 15% 5% 15% 5% 15% 5% 15%
48.04	Uncoated kraft paper and paperboard	4804.11, 4804.19, 4804.21, 4804.29, 4804.31, 4804.41, 4804.42, 4804.49, 4804.51, 4804.52, 4804.59	5% 5% 5% 5% 5% 5% 5% 5% 5% 5% 5%
48.05	Other uncoated paper and paperboard	4805.11, 4805.12, 4805.19, 4805.24, 4805.25, 4805.50, 4805.91.90, 4805.92.90, 4805.93.90	5% 5% 5% 5% 5% 5% 5% 5% 5%
48.07	Composite paper and paperboard	4807.00	5%
48.08	Paper and paperboard, corrugated, creped or crinkled	4808.10, 4808.20, 4808.30, 4808.90	5% 5% 5% 5%
48.09	Carbon paper and self-copy paper	4809.10, 4809.20	5% 10%

48.10	Coated paper and paperboard	4810.13.20,	15%
		4810.13.90,	5%
		4810.14.10,	15%
		4810.14.90,	5%
		4810.19.10,	15%
		4810.19.90,	5%
		4810.22.10,	15%
		4810.22.90,	5%
		4810.29.10,	15%
		4810.29.90,	5%
		4810.31.10,	15%
		4810.31.90,	5%
		4810.32.10,	15%
		4810.32.90,	5%
		4810.39.10,	15%
		4810.39.90,	5%
		4810.92.10,	15%
4810.92.90,	5%		
4810.99.10,	15%		
4810.99.90	5%		
48.11	Paper and paperboard, cellulose wadding	4811.10.10,	15%
		4811.10.90,	5%
		4811.41.10,	15%
		4811.41.90,	20%
		4811.49.10,	15%
		4811.49.90,	5%
		4811.51.10,	15%
		4811.51.90,	5%
		4811.59.10,	15%
		4811.59.90,	5%
		4811.60.10,	15%
		4811.60.90,	5%
		4811.90.10,	15%
4811.90.90	5%		
48.16	Carbon paper and self-copy paper	4816.10 and	10%
		4816.20	10%

2.2 During the investigation, the Commission considered the developments in the duty structure of the EU column and aligned its recommendations in this regard. The table below shows the phase down schedule for paper, with duties payable of 20, 15 and 10 per cent **ad valorem** respectively on imports emanating from the EU.

**Table 2: SA/EU phase down schedule**

YEAR	20%	15%	10%
2005	12%	13.2%	8.8%
2006	10%	11.25%	7.5%
2007	8%	9.45%	6.3%
2008	6%	7.5%	5%
2009	4%	5.7%	3.8%
2010	2%	3.75%	2.5%
2011	free	1.95%	1.3%
2012		Free	free

(Source): Customs and Excise



### 3. COMMENTS ON THE PUBLICATION

(a) An interested party supported a reduction on all products that are not manufactured in the SACU but objected to a reduction in the rate of duty on self-adhesive paper classifiable under tariff subheading 4811.41.90, as:

- It manufactures self-adhesive paper in the SACU;
- It purchases SACU manufactured products and is a converter thereof, which not only adds value to the SACU produced input, but also creates employment as a result;
- A reduction would result in them considering terminating their SACU manufacturing facilities and becoming an importer of self-adhesive paper; and
- It employs 80 people and has budgeted to increase production from 20 to 34 million square metres in the 2006 financial year.

A phase-down schedule of the customs duty of 2% per annum will give the industry sufficient time to increase its competitiveness to compete with imported products. 69% of imports under this tariff heading are from the EU, which is subject to a phase-down schedule.

(b) An interested party supported the application for a reduction in the rates of duty on products classifiable under the following tariff subheadings: 4802.55.20, 4802.56.90, 4802.57.20, 4802.58.20, 4805.25, 4808.90, 4809.16, 4809.20, 4810.31.90, 4810.32.90 and 4810.92.90 to free of duty.

It stated that the duty on the range of products has been in place for a significant period. Whilst certain of the tariff subheadings do cover products which are produced in the SACU, it argued that the reality is that sufficient time has passed for these large international corporations to become competitive in these markets.

(c) An interested party supported the application for a reduction in the rate of duty on coated base paper classifiable under tariff subheading 4810.13.90, used in the manufacture of metallised paper, as the product concerned is not manufactured within the SACU.

(d) An interested party supported the application for a reduction specifically for tariff subheadings 4804.51 and 4805.11 as the paper manufacturing industry in the SACU apply strategies which have a materially detrimental effect on the marketing potential of their end product.

It further submitted that a reduction in the rate of duty would lead to a reduction in the packaging cost which would according to them contribute to employment, growth and sustainability in the agricultural sector.

A reduction in the customs duty would have a cost saving effect on the downstream industry, which is a major export industry.

(e) Amongst other, the following issues were addressed by firms objecting to the application:

- The evolution since 1992 of the Customs Duty dispensation concerning the South African paper manufacturing industry.
- Tariff dispensations concerning paper (including non-tariff barriers) in certain overseas countries.
- Price trends in the paper industry and in the printing and publishing industries and the price effect of import tariffs on end products.

#### 4. INDUSTRY AND MARKET

##### 4.1 PRIMARY INDUSTRY

Plantation forestry provides the raw materials for downstream industries such as, pulp milling, paper manufacturing, saw milling and furniture manufacturing.

In the SACU, 1.37 million hectares are under forest plantations. The provincial share of these plantations is as follows:

- Western Cape = 4.4%
- Limpopo = 4.7%
- Eastern Cape = 11%
- Kwa-Zulu Natal = 39.6%
- Mpumalanga = 40.3%

Plantation owners can be grouped into three categories, namely small (emerging), medium and large growers, which are divided as follow:

Sector	Percentage %
<b>Small:</b> Individuals	14,6%
<b>Medium:</b> State	22%
<b>Large:</b> Private (Mondi, Sappi and SAFCOL)	63.4%

#### 4.2 INTERMEDIATE INDUSTRY: SACU Pulp and Paper Manufacturing Industry

The five largest manufacturers of pulp and paper products in the SACU are Sappi, Mondi, Nampak, Gayatri and Kimberly–Clark. The combined output of these five manufacturers makes up some 96% of South African pulp, paper and paperboard production. Sappi and Mondi are both fully integrated producers, being directly involved in the forestry industry as well as the pulp and paper industries. By turnover Sappi is ranked 20<sup>th</sup> and Mondi 15<sup>th</sup> on the list of the largest pulp and paper companies in the world.

According to the industry some of its more important characteristics are that it:

- Forms an integral component of the forestry/forestry products processing pipeline – sometimes referred to as the FTTP industry (forestry, timber, pulp and paper industry);
- All levels of the industry require large long-term investments and commitment by participants;
- The FTTP industry is very large and a major source of direct and indirect employment with an estimated 170 000 people employed;
- To optimize efficiency, pulp and paper processing plants should ideally be situated close to raw material input sources, and the markets for the end products, and should have secure long term access to such resources. In the South African context, this has resulted in the two major players in the industry, namely Sappi and Mondi, developing substantial interests in the forestry sector;
- Inputs used in the paper and pulp manufacturing industries are traded globally and are subject to international price trends for such inputs. Similarly, paper products are also globally traded and subject to international price trends for paper products; and
- The international market prices of inputs used in paper manufacturing as well as for the outputs of paper are volatile.

The financial profile of the South African wood, wood products, pulp and paper and paper products industry, is as shown in Table 3 below:

**Table 3: Financial profile of SACU industry**

	<b>2003</b>
Annual sales value of wood, wood products, pulp and paper and paper products (est.)	R 25 bn
Annual value of exports	R 9,9 bn
Annual value of imports	R 5,0 bn

Forestry investment (est.)	R 17,0 bn
Pulp and paper manufacturing investment (est.)	R 60,0 bn

(Source: PAMSA)

The recently released industry study conducted by Genesis Analytics (a joint DTI/industry venture) that was commissioned with the purpose of evaluating the forestry, timber, pulp and paper (FTPP) industries in South Africa found that the industry components covered contributed an estimated R12,2bn (1%) to the South African GDP in 2003, and earned net foreign exchange of approximately R8,8bn.

The industry is a major source of employment. Estimates made for the Genesis study indicate that the FFTP industry employed an estimated 170 000 permanent, contract and informal workers of which a large proportion was low skilled and concentrated in rural areas with high unemployment. This amounted to 1,4% of total formal employment in South Africa.

Table 4 below provides a perspective of the South African paper industry in global context:

**Table 4: SACU paper industry in global context**

Region	Pulp production capacity (millions of tons)	Paper production capacity (millions of tons)	Paper consumption kg/per annum per capita
World	185	330	52
North America	67	115	303
Europe	51	113	125
Asia	45	75	29
South America	14	19	35
South Africa	2,6	2,6	42

(Source: PAMSA)

#### 4.3 **SECONDARY INDUSTRY: SACU Printing, Publishing and Packaging Industries**

The printing, publishing and packaging industries form part of the commodity chain between the paper manufacturing industry and the consumer. Paper is a product of the pulp and paper mills and is the main resource user in the manufacturing of the end product of the printing, publishing and packaging industries. The printing, publishing and packaging companies add value to the paper (on average 100% of the cost of paper) by converting it into a variety of products including books, magazines and packaging material.

PIFSA's 844 members currently employ 32 649 people.

The printing, publishing and packaging industries differ significantly from the paper manufacturing industry in that the former is characterized by a number of small to medium sized competitors. According to the industry, a concentration of wealth and power is not as prevalent as in the paper manufacturing industry, which is dominated by two multi-national companies viz. Sappi and Mondi.

The printing, publishing and packaging industries' market, employment and sales are declining. The printing industry alone, in 1996, had 1277 members, which declined to 844 in 2005.

According to the SACU printing, publishing and packaging companies it is necessary to import paper products, for the following reasons:

- The local printing, publishing and packaging companies enter into long-term contracts with paper manufacturers to secure a better price and also to enable the paper manufacturers to keep stock levels and production at optimum efficiency. The disadvantage of these long-term contracts is that they are inflexible. If the local printing, publishing and packaging companies experience an increased demand, the local paper manufacturers are often unable to meet that increased demand.
- In addition to the inflexibility of the long-term contracts, the local paper manufacturers adjust their output of different grades of paper to reduce excess stock situations. Although this practice leads to optimal profitability for the paper manufacturers, it also often leads to shortages when the demand for a particular grade of paper increases.
- Certain paper products are not manufactured locally, either because the demand is too small to justify local manufacture or because the local paper mills do not have the necessary manufacturing technology.
- The quality of local paper products is not always similar to that of imported products.

According to the printing, publishing and packaging industries it is experiencing a gradual but steady decline in the circulation of newspapers and magazines, as the South African population is reading less than in previous years. Even people who can read prefer to be entertained by the electronic media, for instance television, cell phones, the internet as well as the National Lottery.

The demand for reading materials is elastic, which means that consumers are price sensitive. Therefore, publishers and printers cannot freely pass on higher costs to the consumer without losing sales.

Imported printed material is mostly duty-free. According to the industry the local market is flooded with imported magazines and books, which affects the sales of local publications. As a consequence of the declining circulation of newspapers and magazines, advertising spent on these forms of media has also reduced. Consequently the main source of income (viz. advertising) of magazine and newspaper publishers in South Africa has reduced dramatically.

The industry argues that the customs duties levied on paper products are effectively a tax on the printing industry and erodes their ability to compete. In addition, more local printing, publishing and packaging companies are migrating to cheaper destinations such as South-East Asia and especially China.

## **5. IMPORT ANALYSIS**

- 5.1 According to the available import statistics, the average import percentage of imports from the EU and SADC for tariff headings 48.01, 48.02, 48.04, 48.05, 48.07, 48.08, 48.10 and 48.11, excluding tariff headings 48.09 and 48.16, represents 76 per cent of total imports. These imports are either duty-free or the duties are in the process of being phased down to free of duty in 2012.

## **6. CONSIDERATION**

- 6.1 The Commission considered the following issues during the investigation:

### **Imports**

The average percentage of imports from the EU and SADC for tariff headings 48.01, 48.02, 48.04, 48.05, 48.07, 48.08, 48.10 and 48.11, excluding tariff headings 48.09 and 48.16, represents 76 per cent of total imports of paper and paperboard.

In particular:

- Ninety-nine percent of imported newsprint, tariff heading 48.01 bearing a duty of 5%, is imported from the EU and SADC at free of duty.

There is therefore no justification for a customs duty on newsprint classifiable under tariff subheadings 4801.00.10 and 4801.00.20.

- Under tariff heading 48.02, duties that are 15% under the general column are being phased down under the EU column and the applicable duty is 11.25% under the EU in 2006 and free in the SADC column. The duties that are 5% under the general column are currently free under the EU and SADC, columns.

Seventy one percent of uncoated paper and paperboard, classifiable under tariff heading 48.02, is imported from the EU and SADC. In the year 2012, the duties on both the EU and SADC columns will be free.

It is the Commission's considered opinion that the 15% rate of duty under the general column should be phased down to free of duty by 2012.

- Under tariff heading 48.04, all duties are 5% under the general column and free under the EU and SADC columns.

Sixty percent of uncoated kraft paper and paperboard, classifiable under tariff heading 48.04, is imported from the EU and SADC.

This duty has an unnecessary cost raising effect on downstream industries.

- Under tariff heading 48.05, all duties are 5% under the general column and free under the EU and SADC columns.

Fifty-eight percent of other uncoated paper and paperboard, classifiable under tariff heading 48.05, is imported from the EU and SADC. 21% of imports originate from EFTA. Considering the fact that the SACU/EFTA Agreement has been finalized, about 80% of imports will be duty free.

This duty has an unnecessary cost raising effect on downstream industries.

- Under tariff heading 48.07, the duty is 5% under the general column, free under the EU and SADC columns. Eighty-nine percent of composite paper and paperboard, classifiable under tariff heading 4807.00, is imported from the EU and SADC.

No justification therefore exists for the retention of this duty.

- Under tariff heading 48.08, all duties are 5% under the general column and free under the EU and SADC columns. Ninety-four percent of paper and paperboard, corrugated, creped or crinkled, classifiable under tariff heading 48.08, is imported from the EU and SADC.

No justification therefore exists for the retention of this duty.

- Thirty-three percent of carbon paper and self-copy paper, classifiable under tariff heading 48.09, is imported from the EU and SADC.

In order to develop a uniform duty structure for the paper and paperboard industry, the Commission decided to align its recommendations in parallel with the evolution in the duty structures of the EU.

- Under the tariff heading 48.10, duties that are 15% under the general column are phasing down on the EU column and the applicable duty is 11.25% under the EU in 2006 and free in the SADC column. The duties that are 5% under the general column are currently free under the EU and SADC, columns.

Sixty-seven percent of uncoated paper and paperboard, classifiable under tariff heading 48.02, is imported from the EU and SADC. Two percent of imports originate from EFTA. Considering the fact that the SACU/EFTA Agreement has been finalized, about 70% of imports will be duty free. In the year 2012, the duties on both the EU and SADC columns will be free.

It is the Commission's considered opinion that the 15% rate of duty under the general column should be phased down to free of duty by 2012.

- Under tariff heading 48.11, duties are 20%, 15% or 5% under the general column. Under the EU column, the applicable duties are 10%, 11.25% and free respectively. SADC column is free.

Sixty-nine percent of paper and paperboard, cellulose wadding, classifiable under tariff heading 48.11, is imported from the EU and SADC. Tariff subheading 4811.41.90 is subject to a 20% duty and there is a SACU manufacturer of this product.

The phase down schedule under the EU for tariff subheading 4811.41.90 is currently 12% and will further phase down to 10% in 2006. Aligning the phase down of this subheading with the EU will, in the Commission's opinion, be detrimental to the SACU industries, as it would encompass a significant reduction in the duty.

- Sixteen percent of carbon paper and self-copy paper, classifiable under tariff heading 48.16, is imported from the EU and SADC.

It is the Commission's considered opinion that for purposes of alignment with the recommendations on the other tariff headings concerned, the duty should be phased down.

The tariff structure of Chapter 48 will be simplified by the eventual removal of 14 tariff subheadings. When the proposed phase down is completed a further 56 tariff subheadings would be removed. The



recommendation will further allow the immediate removal of 9 rebate provisions, which would become redundant.

## 7. RECOMMENDATION

7.1 In view of the above the Commission recommends that:

a) The duties payable on the following tariff subheadings be reduced from 5 per cent ad valorem to free of duty:

4801.00.10, 4801.00.20, 4802.54.20, 4802.55.20, 4802.56.20, 4802.57.20, 4802.58.20, 4802.61.20, 4802.62.20, 4802.69.20, 4804.11, 4804.19, 4804.21, 4804.29, 4804.31, 4804.41, 4804.42, 4804.49, 4804.51, 4804.52, 4804.59, 4805.11, 4805.12, 4805.19, 4805.24, 4805.25, 4805.50, 4805.91.90, 4805.92.90, 4805.93.90, 4807.00, 4808.10, 4808.20, 4808.30, 4808.90, 4809.10, 4810.13.90, 4810.14.90, 4810.19.90, 4810.22.90, 4810.29.90, 4810.31.90, 4810.32.90, 4810.39.90, 4810.92.90, 4810.99.90, 4811.10.90, 4811.49.90, 4811.51.90, 4811.59.90, 4811.60.90 and 4811.90.90.

b) Tariff subheadings 4809.20, 4816.10 and 4816.20 be phased down from 10 per cent ad valorem, in the general column, to free of duty, which is in line with the phase down schedule in terms of the SA/EU free trade agreement, as follows:

YEAR	DUTY
2005	8.8%
2006	7.5%
2007	6.3%
2008	5%
2009	3.8%
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2011	1.3%
2012	Free

c) Tariff subheadings 4802.54.90, 4802.55.90, 4802.56.90, 4802.57.90, 4802.58.90, 4802.61.90, 4802.62.90, 4802.69.90, 4810.13.20, 4810.14.10, 4810.19.10, 4810.22.10, 4810.29.10, 4810.31.10, 4810.32.10, 4810.39.10, 4810.92.10, 4810.99.10, 4811.10.10, 4811.41.10, 4811.49.10, 4811.51.10, 4811.59.10, 4811.60.10, and 4811.90.10 be phased down from 15 per cent ad valorem, in the general column, to free of duty, which is in line with the phase down schedule in terms of the SA/EU free trade agreement, as follows:

YEAR	DUTY
2005	13.2%
2006	11.25%
2007	9.45%
2008	7.5%
2009	5.7%
2010	3.75%
2011	1.95%
2012	Free

- d) Tariff subheading 4811.41.90 be phased down from 20 per cent ad valorem, in the general column, to free of duty, as follows:

YEAR	DUTY
2005	20%
2006	18%
2007	16%
2008	14%
2009	12%
2010	10%
2011	8%
2012	6%
2013	4%
2014	2%
2015	Free

- e) Tariff subheadings 4801.00.10, 4801.00.20, 4801.00.90, 4802.54.20, 4805.91.10, 4805.91.90, 4805.92.10, 4805.92.90, 4805.93.10, 4805.93.90, 4810.13.30, 4810.14.05, 4810.19.05 and 4810.29.05 be deleted as it will make a contribution towards tariff simplification.
- f) Rebate provisions 310.02/4805.50/01.06, 310.05/4804.49/01.06, 310.05/4804.5/01.05, 310.07/4810.1/01.05, 310.07/4810.1/02.05, 316.04/48.07/01.04, 316.04/4805.09/01.05, 311.12/4811.5/01.05 and 316.04/4808.30/01.06, be withdrawn as the duties payable on the paper classifiable under the tariff subheadings have been reduced to free.