



TRADE & INDUSTRIAL POLICY STRATEGIES

INDUSTRY STUDIES UPDATE

WOOD AND PAPER

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This note provides an update on the key developments that have shaped South Africa's wood and paper industry over the past year.

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INTRODUCTION

Over the past year, the global wood and paper industry has been navigating heightened volatility, shaped by tariffs and trade tensions involving countries like the United States (US) and China. These dynamics have amplified uncertainty in global markets, driving down pulp prices and prompting buyers to delay purchases or shift sourcing patterns. On the domestic front, South Africa's manufacturing sector recorded a 0.7% year-on-year decline between July 2024 and July 2025, with the wood and paper industry (including print and media) accounting for 0.2% of the decline. Between February and July 2025, this industry (excluding print and media) generated sales of R80.8 billion at current prices (Stats SA, 2025).

GLOBAL DEVELOPMENTS

From a global perspective, the wood and paper industry has been faced with volatility, mainly due to new tariff measures, particularly those imposed by the US. These trade shifts disrupted pulp and wood product flows, creating uncertainty for buyers and suppliers. Commentary from officials interviewed by Reuters noted that many buyers postponed purchases due to fluctuating raw material prices, while some traders redirected sourcing to limit risk exposure. The impact on global producers has been significant. For instance, Arauco, the Chilean forestry company, reported a 22% decline in first-quarter earnings in 2025, linked to sharp drops in pulp prices and reduced shipping volumes (Morland, 2025).

SOUTH AFRICAN DEVELOPMENTS

South Africa's wood and paper trade, by contrast, has shown resilience. Quantec estimates place the industry's trade value at R41.4 billion in the first seven months of 2025, comprising R16.6 billion in imports and R24.8 billion in exports. Interestingly, the trade uncertainty has done little to stem the flow of exports from South Africa. Exports grew by 22% between January and July, rising from R3.4 billion to just under R4.3 billion¹. Mondi and Sappi reported falling headline earnings in 2025, reflecting broader global pressures. However, their packaging divisions fared better. Mondi attributed its packaging performance to higher average prices, while Sappi highlighted a 9% year-on-year increase in its packaging and speciality paper segment, driven by modest demand recovery in North America and South Africa (West, 2025; Parker, 2025).

Employment in South Africa's wood and paper industry has shown mixed trends in 2025. Between the first and second quarters of 2025, total industry employment declined by 11%, falling from 118 920 to 105 820 workers. Women's employment contracted sharply, with nearly 10 800 jobs lost in the second quarter, compared to a smaller decline of 2345 among men. The manufacture of products of wood recorded the steepest decline, with more than 8000 jobs lost in that segment alone. Despite these short-term losses, the broader employment trend remains more positive. On a year-on-year basis, the industry recorded a 26% increase in employment between the second quarter of 2024 and the second quarter of 2025.²

In August 2025, the Competition Commission approved the sale of Sappi Southern Africa's Lomati Sawmill to Normandien Farms (Pty) Ltd in Mpumalanga, with the transfer set for 1 September. Sappi confirmed that employees will be retained, ensuring stability for the Umjindi community, while the

¹ Calculated from Quantec. EasyData. Interactive dataset. Accessed at www.quantec.co.za in September 2025.

² Calculated from Stats SA. Quarterly Labour Force Survey. Downloaded from Isibalo data portal at <https://www.statssa.gov.za/> in September 2025.

company shifts focus to higher-growth segments such as dissolving wood pulp and containerboard (Campbell, 2025).

In September 2025, Mondi South Africa transferred its Ihluku timber farm (1000 ha) in KwaZulu-Natal to Imsebe Enterprises, a black-owned company. Backed by Mondi Zimele (Mondi's enterprise and supplier development arm) and the Industrial Development Corporation (IDC), the deal positions Imsebe director Thomas Mthethwa as one of South Africa's first black commercial timber farmers (Jardim, 2025).

On 20 March 2025, the Department of Forestry, Fisheries, and the Environment (DFFE) launched new initiatives to strengthen the sustainable management of Category B and C plantations across Limpopo, Mpumalanga, Eastern Cape, and KwaZulu-Natal. The programme targets higher plantation productivity, fibre security, and community benefits through expanded silvicultural practices that range from fire-risk reduction, pest management, to timber quality improvements (DFFE, 2025). Implicitly, this DFFE programme seems to align with the recent European Union (EU) anti-deforestation regulation, taking effect in December 2025, which will require proof that exports into the EU, including wood products, are deforestation-free. For South African exporters, compliance will be vital to safeguard EU market access, turning sustainability into both a regulatory requirement and a competitive advantage (Naidu and Abnett, 2025).

CONCLUSION

The South African wood and paper industry is balancing between global pressures and emerging local opportunities. On one hand, international volatility driven by tariffs, pulp price swings, and uncertain demand has created turbulence for producers and exporters worldwide. Yet South Africa's exporters have proven relatively resilient, buoyed by exchange rate advantages and steady growth in packaging demand. On the other hand, employment dynamics reveal fragility, with a sharp quarterly contraction, particularly affecting women workers. There's also been ownership changes in the industry, primarily driven by the involvement of the industry's two prominent manufacturers, Sappi and Mondi. Policy shifts, particularly the DFFE's plantation initiatives, indicate the government's intention to boost sustainability and competitiveness in anticipation of the EU's anti-deforestation rules that will potentially reshape global market access.

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