

Outlook Bleak with Big promises to sustain.

The Australian steel fabrication industry faces a paradoxical future, characterized by a **"bleak" short-term outlook** driven by intense international competition, alongside a **promising long-term outlook** supported by government initiatives and the green energy transition. While demand for structural steel remains strong due to infrastructure projects, local fabricators are struggling against a surge of low-priced imports, particularly from China and Vietnam, with many businesses reporting reduced capacity or closure.



Australian Metal Experts +4

Key Factors Driving a "Bleak" or Challenging Outlook:

- **Import Competition & Overcapacity:** Global excess capacity, especially from China, has flooded the Australian market with low-priced fabricated steel. This has led to numerous small-to-medium fabrication businesses in states like New South Wales closing.
- **High Costs and Low Margins:** Local fabricators face significant challenges in remaining viable due to high production costs and falling sales revenue, with one report noting a family-owned business operating at only 27% capacity.
- **Infrastructure Slowdown:** After a period of high demand, total construction and engineering activity is expected to slow, with growth projected to drop to 1.6% in 2025-26.
- **Sovereign Capability Risk:** The industry is heavily reliant on a few key suppliers, with the potential failure of major players like the Whyalla Steelworks posing a massive risk to the national supply of long steel, impacting construction and defense.



Australian Broadcasting Corporation +5

Factors Supporting a Positive Long-Term Outlook:

- **Government Support and Local Content:** The Federal Government's "Future Made in Australia" agenda is investing billions in supporting domestic manufacturing, particularly in renewables and critical minerals.
- **Renewable Energy Transition:** The shift to low-carbon energy is driving demand for locally fabricated steel in wind towers, solar farms, and related infrastructure, with \$500 million in grants available for manufacturing improvements.
- **Growing Market Value:** Despite immediate pressures, the Australian metal fabrication market is projected to grow, potentially reaching over AUD 1 billion by 2034, driven by advanced automation and 3D printing technologies.
- **Strategic Transformation:** The industry is moving towards adopting digital technologies (e.g., robotic welding, CNC automation) to enhance precision and reduce dependence on expensive local labor.

🌐 Department of Industry Science and Resources +3

Outlook for 2026

Looking ahead, the market is expected to mature, with a stronger focus on compliance, quality management, and structural longevity over just raw production capacity. While the "bleak" outlook stems from immediate competitive pressures, the long-term future is contingent on the success of government intervention to promote local content and a successful transition to "green steel" production.