Submission to the Productivity Commission Inquiry into Safeguards on Imports of Fabricated Structural Steel

Submitted by Weld Australia

1. Introduction

Weld Australia welcomes the opportunity to provide this submission to the Productivity Commission's inquiry into whether safeguard measures are warranted against imports of fabricated structural steel. The Commission's call for submissions makes clear that the inquiry must examine whether imports have increased, whether the domestic industry has suffered or is threatened with serious injury, whether increased imports caused that injury, what measure may be appropriate, whether a safeguard is in the public interest, and whether critical circumstances justify provisional action.

Weld Australia is the peak body representing Australia's welding profession and the broader welding and fabrication industry. Our members include fabricators, manufacturers, engineering firms, inspection and testing businesses, training providers, and individual professionals working across infrastructure, defence, mining, energy, transport, manufacturing and construction.

Our members are on the front line of this issue. They are reporting declining workloads, being undercut by low-cost imports, increasing pressure on margins, and growing concern that imported fabricated steel often enters the market without equivalent verification against Australian Standards.

This submission is made from that perspective: Weld Australia's members are reporting real and escalating harm. The issue is not theoretical. It is being felt in workshops, on factory floors, in tender rooms, and increasingly on project sites and in consumer markets where non-conforming imported fabricated steel has created safety, durability and remediation risks.

Weld Australia's position is straightforward:

- imports of relevant fabricated structural steel products have increased sharply and materially in recent years
- that increase is causing serious injury, and at minimum is threatening clearly imminent further injury, to Australia's domestic fabrication industry
- the injury is visible in falling revenues, underutilised workshops, eroded margins, lost work, lost shifts, reduced confidence to invest, and declining sovereign capability
- the current regime creates a deeply uneven playing field because Australian fabricators must comply with rigorous standards, qualified supervision, certification and inspection obligations, while many imports are not subjected to equivalent scrutiny before erection or installation
- safeguard action is justified, and urgent interim action should also be considered given the risk of irreversible business closures and permanent loss of capability.

2. Executive Summary

Weld Australia submits that safeguard measures are warranted.

Recent evidence indicates that fabricated steel imports into Australia have risen sharply. ABC reporting in February 2026 stated that imports of fabricated steel had climbed by more than 50 per cent in the past year, and had risen from 450,000 tonnes a year to 700,000 tonnes a year,

with much of the increase coming from China and other Asian exporters. The same report recorded that in NSW alone 15 fabricators had gone out of business.

The Australian Financial Review similarly reported in January 2026 that fabricated steel imports, principally from China, had surged to about 700,000 tonnes a year, and that the Australian Steel Institute's application sought a 400,000 to 450,000 tonne quota with a 50 per cent tariff applied above that level.

Our members' experience is entirely consistent with these market signals. Weld Australia's most recent Member Survey found that only 16% of welding workshops are operating at 100% capacity, while three-quarters are operating at 80% capacity or below. When asked why workshops were not operating at capacity, the dominant reason cited was a lack of work (75%). Energy, materials and labour costs are also rising sharply, compounding the harm.

This matters because underutilisation is not benign. When workshops are starved of work, they delay or cancel investment in robotics, automation, training and process improvements. They lose skilled people. They become less able to bid competitively. The industry enters a vicious cycle in which low-cost imports suppress local utilisation, which suppresses local investment, which weakens long-term capability. That is the very definition of serious injury and threat of further injury.

In addition, the issue is not only price. It is also compliance, safety and whole-of-life value. Evidence provided by Dux Hot Water and Sepak Industries highlights a broader pattern: imported fabricated products can arrive without robust conformity verification, creating serious risks and imposing hidden costs on Australian consumers and industry. Dux identified imported heat pumps containing steel with carbon content reportedly around 90% lower than expected, associated with a catastrophic implosion and recall, alongside widespread installation non-compliance. Sepak's material shows that imported pasteurisers that appear similar may not comply with AS 3993: 2003, with one case requiring more than $250,000 in retrofit costs, in addition to regulatory, food safety and operational risks.

Weld Australia therefore submits that:

1. safeguard measures are justified
2. provisional safeguard measures should be seriously considered
3. safeguard measures should be paired with stronger conformity assessment, including establishment of a National Fabrication Authority (currently being piloted by the South Australia Government) or equivalent independent verification mechanism
4. government procurement and rebate programs should require demonstrated compliance with Australian Standards and support local capability
5. public interest strongly favours action, because the cost of inaction is loss of sovereign capability, rising safety risk, reduced productivity, and permanent economic damage.

3. The Relevant Domestic Industry

For the purposes of this inquiry, the relevant domestic industry should be understood as the Australian producers of like or directly competitive fabricated structural steel products within the tariff lines identified in the terms of reference, including firms engaged in cutting, drilling, shaping, welding, coating and assembling structural steel products for construction, transport, energy, mining and related uses.

This industry is made up overwhelmingly of Australian fabrication businesses, many of them SMEs, supported by welders, supervisors, inspectors, engineers, project managers, logistics staff and specialist subcontractors. It is a capability-based industry, not just a commodity industry. Once lost, it is difficult and expensive to rebuild.

4. Have Imports Increased?

Evidence indicates that imports of relevant fabricated steel products have increased in a manner that is recent, sharp and significant.

ABC News reported in February 2026 that fabricated steel imports had increased by more than 50 per cent in the past year, rising from 450,000 tonnes per annum to 700,000 tonnes per annum. The report also indicated that Vietnam had materially increased its exports into Australia and that Chinese exports had surged as China's domestic construction sector slowed and US tariff barriers redirected trade.

The AFR reported in January 2026 that the Albanese Government was considering tariffs and quotas following an ASI application warning that imports had surged to about 700,000 tonnes a year and were pushing manufacturers to the brink.

Weld Australia's members are seeing the direct market effects of this increase. Imported fabricated steel is now commonplace in areas where Australian fabricators have both the capability and capacity to supply. Members consistently report that imported product is winning work on price, even where the compliance assurance is weaker and the long-term risks are higher.

5. What Caused the Increase in Imports?

The increase appears to be driven by a combination of international and domestic factors:

International trade diversion and oversupply:

- A major driver is global oversupply, particularly from Asia, combined with trade diversion effects. ABC reported that China exported nearly 120 million tonnes of steel last year, while US steel tariffs meant more Chinese steel was ending up in markets like Australia.
- This is precisely the kind of external shock and unforeseen development that can overwhelm a smaller open market like Australia's. Australia is an attractive destination when other jurisdictions impose defensive trade barriers.

Weak domestic compliance and procurement settings

- Australia's current market settings have made it easier for non-conforming or weakly verified imports to enter. Unlike domestic firms, which must invest in certification, qualified personnel, inspection, and compliance systems, imported fabricated steel and fabricated products are too often not subjected to equivalent independent verification before installation or erection.

A market that rewards lowest upfront price

- Current procurement practices in both public and private sectors frequently privilege initial purchase price over whole-of-life value, compliance assurance and sovereign capability. This incentivises imports that look cheaper at tender stage, even when they can generate later costs in remediation, rectification, delays, safety risks and reduced asset life.

6. Has the Domestic Industry Suffered Serious Injury, or Is There a Threat of Serious Injury?

The domestic industry has suffered serious injury, and at the very least faces a clearly imminent threat of further serious injury.

Capacity utilisation

- Weld Australia's most recent Member Survey presents powerful evidence of underutilisation. Only 16% of workshops reported operating at 100% capacity, while 84% were operating below full capacity and three-quarters were operating at 80% capacity or below. The principal reason cited was lack of work (75%).
- Capacity utilisation is one of the core injury factors identified by the Commission. On this measure alone, the domestic industry is under significant strain.

Sales, work pipeline and revenue

- Survey results also found that 7 in 10 members had capacity for additional work, or said their pipeline was drying up or empty.
- Multiple members have reported falling revenue. For example:
    1. Cullen Steel's projected revenue had fallen from $29.2 million in 2023-24 to $10 million for the current financial year, despite investment in robotic welding and other cost reductions.
    2. Structural Challenge had been operating at about 50% capacity and had shut down a 15-person afternoon shift.
- These are classic markers of serious injury: falling sales, falling revenue, reduced capacity utilisation and job losses.

Employment

- Business closures and shift reductions are already occurring. ABC reported that 15 NSW fabricators had already gone out of business.
- The industry is also suffering a more insidious employment impact: when businesses cannot secure a stable pipeline of work, they cannot justify apprenticeships, advanced training, or long-term workforce development. This undermines labour supply and future capability even before total employment numbers collapse.

Investment, productivity and technology adoption

- The survey shows that workshops want to invest in process improvements, automation and technology, but lack of work is constraining that investment.
- This matters because the safeguard test is not limited to immediate financial distress. It also concerns the broader condition of the industry. An industry that is underutilised, undercut, unable to invest, and progressively losing skills and capability is clearly impaired.

7. Have Increased Imports Caused the Injury?

Yes. Increased imports have a genuine and substantial causal relationship with the injury being suffered by the domestic industry.

Weld Australia acknowledges that there are other pressures affecting fabrication businesses, including energy prices, labour costs, and broader inflation. Our survey makes that clear. But those factors do not explain why workshops with capable staff, plant and systems are operating well below capacity while major projects continue to proceed across Australia.

The core problem reported by members is not absence of demand in the economy. It is absence of access to that demand. Projects are being built, but too much of the fabricated value is being imported.

That is why the survey's most important finding is so stark: lack of work was cited by 75% of respondents as the major reason their workshop was not operating at capacity.

If rising imports were not displacing local production, then workshops would not be reporting such widespread underutilisation in an economy still investing in infrastructure, defence, transport and renewable energy. Imports are not the only pressure, but they are plainly a major cause of the current injury and an amplifier of every other pressure.

8. Specific Examples of the Harm Being Reported

High-Profile Public Assets Show the Risks of Imported Fabricated Steel
A series of high-profile Australian projects demonstrates the risks associated with relying on imported fabricated steel and manufactured products without robust, independent verification of compliance with Australian Standards.

At **GMHBA Stadium in Geelong**, the redevelopment of the new 14,000-seat northern grandstand was delayed after defects were identified in structural steel used in the project. Industry reporting at the time stated that the delay was linked to problems with the quality of welding on imported steel from Qatar, and that the builder's decision to source around 1,200 tonnes of steel from overseas had also breached local-content commitments built into the project. The result was not only a delay to the stadium redevelopment and a reduced venue capacity through the 2023 AFL season, but also a very public example of the risk that can arise when critical fabricated steelwork is sourced offshore without equivalent scrutiny.

In Melbourne, the collapse of a **major overhead road sign on the Tullamarine Freeway** in 2019 provides an even starker warning. ABC reported that the five-by-four metre sign crushed a passing vehicle and that the subsequent investigation found "weaknesses in quality control" in the design and construction process. A steel stiffener plate that was meant to strengthen the sign's attachment to the gantry had not been installed, and several required inspections had not been carried out. The incident triggered a forensic examination of similar freeway signs across Melbourne. While this was not a stadium project, it is highly relevant to this inquiry because it involved fabricated steel in a safety-critical public structure. It shows how failures in fabrication quality assurance and inspection can translate directly into public safety risk.

The **WIN Stadium redevelopment in Wollongong** illustrates a different but equally important problem: the displacement of local industry by imported steel on iconic public assets. ABC reported in 2011 that the new $30 million western grandstand was being built using Chinese and Victorian steel, with virtually no BlueScope steel from nearby Port Kembla. Contemporary reporting described the project as using "interstate and imported steel," despite the stadium being located in the heart of a major steelmaking region. While this case was not publicly framed around a specific structural defect, it is highly significant from an industry-injury perspective. It demonstrates how even landmark projects in steel-producing regions can bypass local manufacturers and fabricators, depriving them of work, utilisation and investment certainty.

These examples point to a broader structural problem. In one case, imported steel on a major stadium project contributed to delays and public controversy. In another, failures in fabricated road infrastructure nearly caused a fatality. In a third, imported steel displaced local material and fabrication opportunity on a marquee regional asset. The common thread is that imported fabricated steel is too often entering Australian projects without the level of independent verification, traceability and compliance assurance that would routinely be expected of domestic manufacturers and fabricators. That raises serious questions about public safety, asset durability, value for money, and the long-term viability of local manufacturing.

The message is clear: these are not isolated incidents. They are visible examples of a broader pattern in which imported fabricated steel can undercut compliant Australian suppliers on upfront price, while transferring the real risks, and often the remediation burden, back onto Australian project owners, workers, regulators and the public.

Dux Hot Water
Evidence from Dux demonstrates how non-conforming fabricated steel can enter the Australian market in imported pressure-containing products, with serious consequences for local manufacturers and consumers. Dux states that:

- the value of low-quality imported heat pumps exceeded $650 million
- Australian manufacturers had invested tens of millions in local heat pump production, only to see imported products dominate
- one imported unit tested by an independent laboratory contained steel with carbon content reportedly around 90% lower than expected
- that unit later suffered a catastrophic implosion

Dux and Master Plumbers found 43 major non-compliance issues across 135 inspected sites NSW Building Commission investigations reportedly found only 9% compliance.

This example illustrates three important points for the Commission:

- non-conforming fabricated steel is not a hypothetical risk
- lack of equivalent scrutiny for imports creates unfair competition
- the downstream costs of non-conformance are borne by Australian consumers, regulators and compliant local firms.

Sepak Industries
Sepak is an Australian-owned manufacturer based in Ingleburn, NSW, producing pasteurisers and related stainless-steel equipment in Australia. Its material states that its systems are manufactured in Sydney to AS 3993-2003, with local service and support.

Sepak's evidence also highlights the risks of imported alternatives:

- apparent visual similarity does not mean compliance
- imported units may fail critical requirements such as fail-safe systems, control accuracy and response time
- risks include regulatory breach, food safety risk, operational downtime, legal liability, and hidden retrofit costs
- one recent case required over $250,000 to retrofit an imported pasteuriser.

Again, this is not only about competition. It is about the economic and safety cost of admitting fabricated products into the Australian market without robust and independent conformity verification.

Member Survey Evidence
Weld Australia's 2024 Member Survey should be given substantial weight because it provides direct evidence from the sector that this inquiry is concerned with. Key findings include:

- only 16% of welding workshops are operating at 100% capacity
- 84% are operating below full capacity
- three-quarters are operating at 80% capacity or below
- the dominant reason for underutilisation is lack of work (75%)
- many firms are delaying or constraining investment in technology and productivity improvements because of weak workload certainty.

These findings demonstrate an industry that still has capability, still has workers, still has plant, and still wants to invest, but is not being given the fair opportunity to do so. That is exactly the kind of injury safeguard measures are intended to address.

Closure of Keppel Prince – Loss of Australia's Last Mainland Wind Tower Manufacturer
The closure of Keppel Prince's Portland wind tower manufacturing facility in late 2024 stands as one of the clearest examples of the serious injury being inflicted on Australian fabrication capability by cheap imported fabricated steel. Keppel Prince was the last mainland Australian manufacturer of wind towers. Its closure was not simply the loss of one business line; it represented the loss of an entire sovereign manufacturing capability in a strategically important sector.

The facility was forced to shut because it could not compete against imported wind towers made with heavily subsidised fabricated steel that failed to conform to Australian Standards. This is precisely the kind of injury contemplated by the safeguard framework: a domestic industry with proven capability, local employment and long-term strategic value being undermined by a surge of low-cost imports operating under materially different competitive conditions.

The closure has several implications that are directly relevant to this inquiry. First, it demonstrates that the damage caused by imports is not abstract or speculative; it is already occurring. Second, once a capability like wind tower manufacturing is lost, it cannot be quickly or cheaply rebuilt. The skilled workforce disperses, investment confidence collapses, and future projects become locked into import dependence. Third, the closure shows how existing policy settings are inadequate. Policies that merely encourage or "maximise" local content, without clear and enforceable thresholds, are not strong enough to protect domestic industry from import surges.

For Weld Australia's members, the loss of Keppel Prince is a warning. It shows what happens when government procurement and renewable energy policy fail to back local fabrication. It also demonstrates why provisional relief may be necessary. If action is delayed until more facilities close, the resulting damage will be difficult—if not impossible—to repair.

Chevron's Gorgon LNG Plant
The experience at Chevron's Gorgon LNG Plant demonstrates the serious safety, reliability and cost risks that can arise when critical fabricated components are sourced offshore without adequate quality assurance. In 2020, thousands of cracks—some reportedly up to a metre long and 30mm deep—were discovered in giant heat exchangers and propane kettles during a routine shutdown of Train 2 at the Gorgon LNG facility. These critical components had been manufactured offshore in South Korea.

This example is highly relevant to the Commission's consideration of serious injury and the public interest. It shows that low-cost imported fabrication can impose enormous downstream costs in the form of inspection, remediation, rework, delays and risk exposure. Any apparent upfront saving is quickly erased when major safety-critical components fail in service. In this case, the defects were discovered in equipment used to store explosive chemicals, meaning the consequences extended well beyond commercial inconvenience to serious public and worker safety concerns.

The lesson is clear: imported fabricated steel does not always represent value for money. When major defects emerge, Australian industry is often called upon to rectify the problem anyway. Local welders and fabricators have the skills and capability to undertake this work to Australian Standards. However, by the time rectification is required, the original economic opportunity has already been lost overseas.

This example underscores a central point of this submission: Australia's current approach too often rewards the lowest upfront price rather than verified compliance, long-term performance and sovereign capability. In sectors involving critical infrastructure and hazardous environments, this is not just poor procurement practice. It is an unacceptable transfer of safety and economic risk onto Australian industry and the community.

9. What Sort of Measure Would Best Address the Injury?

If the Commission finds that safeguard action is justified, Weld Australia supports a measure that is strong enough to provide immediate relief, but structured to preserve adjustment incentives and consistency with Australia's trade obligations. A safeguard should include:

A tariff-rate quota or quota-plus-tariff model. The ASI proposal—a quota in the order of 400,000 to 450,000 tonnes, with a 50% tariff applied above that level—appears to be a serious and practical model for consideration. This would create breathing space for the domestic industry while still allowing imports up to a defined volume.

Limited duration with review. The measure should operate for an initial period sufficient to allow meaningful adjustment, with review mechanisms consistent with WTO safeguard rules. The breathing space must be real; if it is too short or too weak, it will not prevent closures.

Complementary compliance measures. A safeguard on volume alone is not enough. It should be accompanied by:

- mandatory third-party verification of compliance with Australian Standards for imported fabricated steel before erection or installation
- traceability requirements
- inspection regimes for imported fabricated products
- stronger procurement rules requiring whole-of-life value and verified compliance, not merely lowest upfront price.

Establishment of the National Fabrication Authority. Weld Australia strongly supports establishment of a National Fabrication Authority or equivalent independent body to certify, audit and inspect fabricated steel—whether locally produced or imported—against Australian requirements before it is erected or installed. Dux also explicitly endorsed such a mechanism.

10. Is a Safeguard Measure in the Public Interest?

The public interest case is compelling for several reasons:

Safety: Fabricated steel is not a discretionary product. It sits inside bridges, gantries, stadiums, renewable energy assets, pressure vessels, tanks, water heaters and food processing systems. If it is non-conforming, the public bears the risk. Dux and Sepak provide tangible examples of those risks.

Productivity and whole-of-life value: Non-conforming imports do not create productivity; they create rework. Hours spent repairing, retrofitting and remediating avoidable defects are recorded as activity, but they do not add value. They are a hidden tax on project productivity and public infrastructure performance.

Sovereign capability: When fabrication businesses close, capability does not remain on the shelf waiting to be reactivated. Skilled people leave. apprentices are not hired. plant is sold. quality systems lapse. Australia becomes more dependent on offshore supply for critical assets.

Regional jobs and economic resilience: Fabrication work supports regional and suburban industrial communities. The public interest extends beyond direct employment to supply chains, training ecosystems, and industrial resilience.

Fair competition: A safeguard does not shut out competition. It restores fairness in a market distorted by surging low-cost imports and weak conformity enforcement.

11. Are There Critical Circumstances Warranting a Provisional Measure?

Weld Australia submits that there is a strong case that critical circumstances exist.

The Commission's own process notes that provisional measures may be justified where delay would cause damage that would be difficult to repair. That threshold is relevant here because:

- workshops are already underutilised at alarming levels
- multiple fabrication businesses have already closed
- additional closures will accelerate if the surge continues
- once closed, many businesses will not reopen
- once skilled staff are lost, capability is very difficult to rebuild
- once local manufacturing ecosystems are hollowed out, Australia becomes structurally dependent on imports.

This is not damage that can easily be repaired later. By the time a final measure is considered, some of the industry may already be gone.

Weld Australia therefore supports serious consideration of a provisional safeguard measure, pending the Commission's full inquiry.

12. Recommendations

Weld Australia recommends that the Productivity Commission:

- Find that imports of relevant fabricated structural steel products have increased materially, in both absolute and relative terms.
- Find that the domestic industry has suffered serious injury, or at minimum faces a clearly imminent threat of serious injury, as evidenced by falling utilisation, lost work, declining revenues, shift reductions, closures and constrained investment.

- Find a genuine and substantial causal link between increased imports and that injury, while separating but not ignoring other pressures such as energy and labour costs.
- Recommend a definitive safeguard measure, preferably a tariff-rate quota or quota-plus-tariff model sufficient to restore breathing space for the domestic industry.
- Recommend serious consideration of provisional safeguards on the basis of critical circumstances and irreparable damage from delay.
- Recommend complementary conformity assessment reform, including independent verification of imported fabricated steel against Australian Standards before erection or installation.
- Support establishment of a National Fabrication Authority, or equivalent body, to certify, inspect and audit both domestic and imported fabricated steel.
- Recommend that government procurement and rebate programs require demonstrable compliance, traceability, Australian-based support capability, and whole-of-life value assessment.
- Recognise public interest as strongly favouring action, given the consequences for safety, productivity, sovereign capability, regional jobs and long-term national resilience.

13. Conclusion

Weld Australia's members are not asking for protection from fair competition. They are asking for protection from an unfair market in which surging low-cost imports are displacing compliant Australian fabrication, often without equivalent scrutiny against the standards local firms must meet every day.

The evidence before this inquiry points to a domestic industry under real strain. Workshops are idle. Margins are shrinking. Firms are closing. Investment is being deferred. Skills are at risk. At the same time, the costs of non-conforming imported fabricated steel are increasingly being pushed onto Australian consumers, project owners and taxpayers.

This inquiry is therefore about far more than one product category. It is about whether Australia intends to retain the capability to fabricate the steel that underpins its infrastructure, energy transition, manufacturing base and sovereign resilience.

Weld Australia urges the Productivity Commission to recommend safeguard action.

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