



AUSTRALIAN STEEL INSTITUTE

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# Submission to the Productivity Commission

## Safeguards Inquiry into the Import of Fabricated Structural Steel

Response to Call for Submissions

20<sup>th</sup> April 2026

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**NON-CONFIDENTIAL VERSION**

*Submitted by the Australian Steel Institute on behalf of the Australian fabricated structural steel industry.*

## Executive Summary

The Australian Steel Institute (ASI) welcomes the opportunity to make this submission in response to the Productivity Commission’s Call for Submissions for the Safeguards Inquiry into the Import of Fabricated Structural Steel. This non-confidential submission is accompanied by a detailed confidential submission that addresses each of the key questions raised by the Productivity Commission and provides supporting evidence drawn from the ASI’s safeguard application of November 2025, together with updated industry data.

The ASI makes this submission on behalf of the Australian fabricated structural steel (FSS) industry, which comprises over 300 ASI fabricator members and an estimated total national fabrication capacity of approximately 1.4 million tonnes per annum. The industry employs over 20,000 people and supports critical downstream sectors including construction, mining, manufacturing and defence.

ASI submits that all legal thresholds for application of safeguard measures, are met with respect to fabricated structural steel products listed in the Terms of Reference. We further submit that critical circumstances exist warranting the application of provisional measures pending the Productivity Commission’s (PC) final determination.

The ASI’s position is supported by the following key findings:

1. **Imports of Fabricated Structural Steel (FSS) has surged sharply**, both in absolute terms (16% over CY2022-CY2024) and relative to domestic production (import market share from 38% to 45% over the same period).
2. This has been driven by **unforeseen circumstances**, chiefly the escalation of Chinese excess capacity, collapse of domestic Chinese demand, and subsequent global redirection of trade flows following safeguard and anti-dumping measures imposed by the key trading partners, including the United States, European Union and Canada.
3. **Chinese overproduction is estimated to be below-cost**. Based on analysis of input costs and selling prices, it is estimated that Chinese domestic steel mill margins operated at an average loss of around US\$25 per tonne over the last 12 months (FY2025-26), and an average loss of around US\$21 per tonne for each of the preceding two years.
4. Australian domestic FSS industry has suffered serious **injury**, across all material indicators, despite growing domestic demand:
  - a. Declining sales revenue via loss of key contracts
  - b. Falling capacity utilisation
  - c. Deteriorating profitability
  - d. Business closures, and
  - e. Employment losses.



5. We submit that there is a substantial **causal relationship** between the import surge, the serious injury suffered. Specifically:
  - a. Global steel overproduction has been at an elevated level, and Chinese share of production accounts for 53%.<sup>1</sup>
  - b. Global demand remains muted. The OECD projects excess capacity to grow to 721 million metric tonnes by 2027.<sup>2</sup>
  - c. Based on analysis of input costs and selling prices, it is estimated that Chinese production, in aggregate, operates on negative margins. The OECD notes that the median Chinese steel company receives 15 times more subsidies relative to its asset size, than firms elsewhere in 2024 – up from 10 times in previous years<sup>3</sup>.
  - d. A collapse of demand in the Chinese construction sector has led to Chinese fabricators seeking export channels, with total steel exports reaching 131 million metric tonnes in 2025, doubling over the prior three years.
  - e. Key international jurisdictions, including the US, EU, and Canada, have all imposed trade protections for steel.
  - f. Export channels have been diverted into remaining open markets, including Australia.
  - g. Imports have surged into Australia, including over CY2022-2024, leading to an increase in import market share, despite growing domestic demand.
  - h. Price suppression and depression, associated with this import surge, has collapsed domestic fabricator revenue, margins, capacity utilisation, and has led to business closures.
  - i. Procurement processes are evolving, where Australian producers are being locked into unsustainably low prices, and in growing circumstances, not being invited to tender. The effects of these processes will not yet translate directly into market impacts, given delays in the implementation of these contracts.
  - j. While there are other dynamics in the domestic fabricated steel market, the ASI submits that these do not materially account for the degree of injury observed in the Australian Fabricated Steel sector.
6. The ASI argues that a **provisional, targeted, time-limited safeguard** in the form of a Tariff Rate Quota (TRQ) is warranted. This represents the minimum intervention necessary to remedy the injury and allow the Australian FSS industry to adjust.
7. Imposition of a safeguard measure is firmly **in the public interest**:

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<sup>1</sup> <https://worldsteel.org/data/world-steel-in-figures/world-steel-in-figures-2025/>

<sup>2</sup> <https://www.oecd.org/en/about/news/press-releases/2025/05/surging-excess-capacity-threatens-steel-market-stability-employment-and-decarbonisation-plans.html>

<sup>3</sup> <https://eurometal.net/oecd-steel-committee-warns-global-steel-excess-capacity-crisis-deepens-as-china-exports-surge/>



- a. The Australian FSS industry provides critical sovereign capacity – providing supply chain resilience to Australian infrastructure and housing pipelines, reduces Australia’s exposure to potential economic coercion, and supports critical industries such as defence via labour market development.
  - b. The FSS industry supports direct employment of over 20,000 Australians, predominantly in regional and outer suburban communities. FSS employment is typically higher skilled and better remunerated, and
  - c. Fabricated structural steel accounts for a small proportion of total construction costs, and a TRQ would only lead to a small increase in the total construction cost, for projects consuming steel above and beyond the quota amount.
8. Delays in imposing provisional measures are expected to cause irreparable harm to the Australian FSS.
- a. Trade barriers in key international jurisdictions are entrenched and growing. For example, the EU’s current Safeguard on steel (incorporating a 25% tariff), expiring 30 June 2026, is slated to be replaced by a stronger framework that doubles the TRQ to 50%, and roughly halves the quota from around 33 million tonnes to 18.6 million tonnes.
  - b. The OECD expects global overproduction to grow further, with capacity expected to grow by 6.7% (165 million mt) over 2025 to 2027, and with China and India accounting for a substantial proportion of new capacity.
  - c. Once lost, domestic capacity will not be easily recovered. Fabricated structural steel is not a commodity manufacturing process; it is a skilled-labour intensive industry, requiring engineering capabilities, quality management systems, and significant capital investment. Business closure will result in a loss of this capability and capacity, which cannot be quickly reconstituted in the case of supply chain disruptions / further crises.