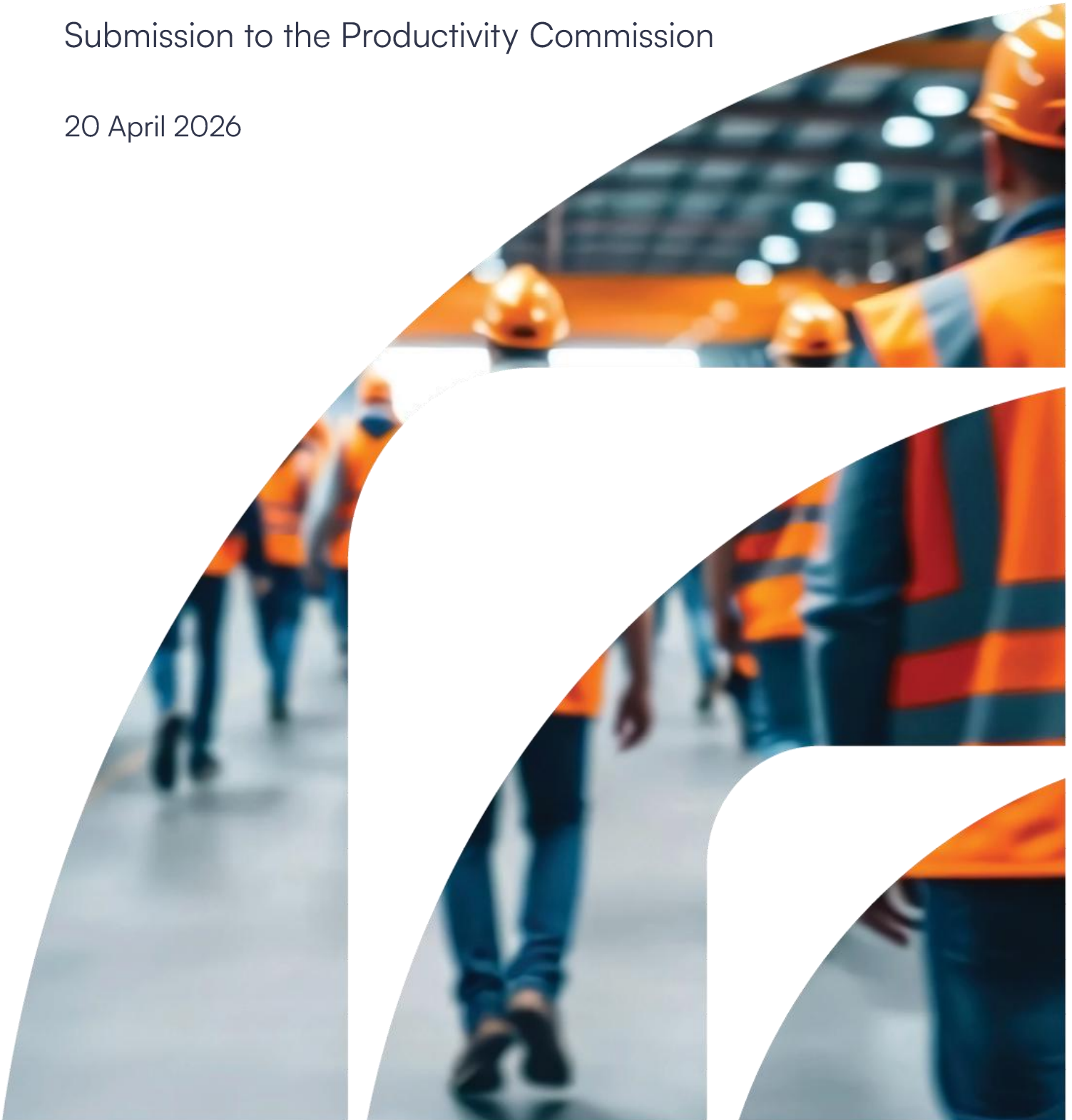


# Inquiry into Safeguard Measures for Fabricated Structural Steel

Submission to the Productivity Commission

20 April 2026





# 1. Introduction

The Australian Industry Group welcomes the Productivity Commission's inquiry into safeguard measures for fabricated structural steel. We support a thorough, evidence-based assessment of whether the current market environment warrants government intervention, and we are committed to providing the Commission with the most accurate and comprehensive account of conditions affecting our members.

The Australian Industry Group represents a broad membership and for this submission, we draw primarily on direct engagement with our fabricating members. Among the members we consulted, we did not encounter opposition to the principle of safeguard measures. The consistency of that view across businesses of different sizes and operating in different states reflects the breadth of concern within the fabrication sector.

This submission addresses the key questions set out in the Commission's issues paper, drawing on the direct experiences of our members. Where evidence is drawn from member feedback rather than published data, we have noted this explicitly. We have sought to complement rather than replicate the quantitative analysis the Commission will draw from ABS trade data and other sources.

Finally, we draw the Commission's attention to the timeliness of this inquiry. The global trade environment is shifting rapidly, with major jurisdictions - including the United States and the European Union - implementing significant new steel trade measures. The downstream effects of those measures on Australian import volumes are impacting the domestic market. We therefore urge the Commission to conduct its inquiry as expeditiously as possible.

## 2. Import Trends and the Domestic Market

The volume of imported fabricated structural steel entering the Australian market has increased substantially in recent years, and our members report that this increase has recently accelerated. We acknowledge that the Commission will draw on ABS trade data and other sources to establish the precise trajectory of import volumes. The on-the-ground experience of our members is consistent with a sharp and sustained surge in import penetration, and the following observations are offered to contextualise and supplement the quantitative record.





## Price Disparity

Members consistently report that they are unable to match import pricing, even when operating at minimal margins or offering significant discounts to customers. Feedback indicates that imported fabricated steel is frequently offered at prices materially below domestically produced equivalents - in some cases, a gap in the order of 15% or more.

This price gap is not understood by our members as a straightforward reflection of productivity differences. It is, at least in part, attributable to a combination of overseas government subsidies, lower labour cost structures in some jurisdictions, and the absence of equivalent carbon cost obligations on imported goods. These are structural factors that place domestic producers at a competitive disadvantage that cannot be readily addressed through operational improvements alone.

Members also report that electricity costs have increased substantially in recent years - member feedback indicates increases of the order of 40% - adding to input cost pressures at a time when selling prices are under downward pressure from import competition. Electricity is a significant input for fabrication processes, particularly arc welding and heavy fabrication.

## Tender Fatigue

There is a growing tendency among members to reduce their participation in competitive tender processes where imported products are expected to be the primary competition. Members report that the cost of preparing detailed, compliant bids for complex structural steel packages is difficult to justify when the probability of winning against imported alternatives at substantially lower prices is low.


This dynamic has a compounding effect. As domestic firms reduce their tender activity, they lose market intelligence and client relationships, and in some cases the internal estimating and design capacity needed to respond to future project opportunities. It is a gradual erosion rather than a sudden withdrawal, and it is not readily visible in aggregate trade or output data.

## Application to Specific Sectors

We offer the following observations on sector-specific import dynamics:

- Data centres represent a high-growth segment with significant fabricated structural steel content, and high sensitivity to price makes this segment particularly susceptible to import displacement.



- 
- Large format industrial and commercial buildings, including warehouses and distribution centres, are the primary market for portal frame structural steel - the segment most directly affected by bulk offshore procurement.
  - Specialised one-off projects, including metro stations, mining infrastructure and defence facilities, depend on the precision and responsiveness of local fabricators. Domestic capacity to service them depends on the overall viability of the sector.
  - Residential construction, particularly detached housing and low-rise residential, involves limited fabricated structural steel content. High-rise residential relies predominantly on concrete structures. The Commission should weigh this carefully when assessing any arguments about housing affordability impacts from a safeguard measure.

### 3. Serious Injury to the Domestic Industry

Across the indicators relevant to a safeguard assessment - sales volumes, production, margins, employment and capacity utilisation - our members report material deterioration in conditions over recent years. We present this evidence at an industry level, while acknowledging that the Commission will be seeking more detailed and verifiable data from individual producers as part of its inquiry process.

#### Sales, Production and Capacity Utilisation

Members report significant reductions in won work in recent years, attributed directly to competition from imported fabricated steel. Facilities that were previously operating at or near efficient capacity are now running well below that level. This has a structural effect on unit costs: lower throughput spreads fixed costs over fewer tonnes of output, making domestic producers less competitive in subsequent rounds of tendering. The self-reinforcing nature of this dynamic is a material concern.

#### Margins and Financial Performance

Margins across the sector have compressed substantially. Members describe accepting contracts at minimal margins or at a loss in order to retain workforce capacity and avoid facility downtime. The ability to fund capital investment - in plant, automation and process improvement - has been significantly curtailed. This matters for longer-term competitiveness: overseas producers that benefit from subsidised capital investment are widening the capability gap during a period when Australian producers cannot afford to invest.



## Employment

As the Commission notes in its paper, the fabricated structural steel industry employed over 20,000 people in 2023-24, according to the Australian Bureau of Statistics.<sup>1</sup> Employment in this sector is at risk as import penetration deepens, with flow-on effects across the broader supply chain. Industry intelligence indicates a job multiplier effect of approximately 4:1 - for every direct fabrication role put at risk, four further positions across logistics, engineering, maintenance and raw material supply are also affected. These are predominantly skilled, full-time positions in regional and peri-urban locations where alternative employment opportunities may be limited.

## Industry Sentiment

In feedback sessions with members, a number of long-standing operators described their market position as increasingly marginal, with the value-add of domestic fabrication being progressively displaced by offshore alternatives. These observations reflect the cumulative effect of structural cost disadvantages - subsidies, labour costs, carbon costs - that domestic producers cannot readily offset through operational improvement alone.

## Quality and Standards Compliance

Members have raised concerns about the quality and standards compliance of some imported fabricated steel, including instances where imported components have not met relevant Australian Standards. We acknowledge that these concerns are difficult to verify objectively, however, the nature of the products under consideration - fabricated structural steel for construction, mining and infrastructure - means that specification compliance is a genuine safety and project performance issue. We encourage the Commission to examine this question as part of its assessment of the full costs of import displacement.

# 4. Supply Chain and Downstream Effects

A significant and growing procurement pattern among major project developers and head contractors is the direct overseas sourcing of complete fabricated steel packages - bulk overseas kits. Rather than engaging Australian fabricators to produce structural steel components to project specifications, developers procure prefabricated packages offshore and arrange direct delivery to site. This approach bypasses not only the fabricator but the broader domestic supply chain - distributors, galvanisers, surface treatment businesses and

<sup>1</sup> Productivity Commission (2026). [Call for submissions: Fabricated structural steel safeguards, Australian Government](#)





logistics operators - many of which are not easily rebuilt once the demand base that sustains them is removed.

Where domestic fabricators retain some involvement, it is often confined to remediation or modification of imported components that do not meet specification. The galvanising industry, which processes domestically fabricated steel components, has similarly reported a direct impact from the shift to imported structural packages.

Supply chain resilience is a further consideration. The COVID-19 pandemic and subsequent global freight disruptions demonstrated the cost and risk of over-reliance on imported structural components for time-sensitive construction projects. Domestic fabricators can respond to late design changes, urgent delivery requirements and project-specific modifications that offshore supply chains cannot readily accommodate. Maintaining a viable domestic fabrication sector provides a resilience buffer with genuine economic value beyond its direct output.

## 5. Skilled Labour and the Training Pipeline

The metals fabrication industry makes a disproportionately large contribution to Australia's skilled trades training pipeline. Metals fabrication accounts for approximately 0.9% of the total Australian workforce, yet it represents approximately 2.4% of all apprentices and trainees - meaning fabricators take on trainees at roughly **three times** the rate of other industries relative to their workforce size.

This training contribution reflects relationships that domestic fabricators have built with TAFEs and vocational education providers over many decades. Fabrication businesses are key industry partners for TAFEs delivering training for welders, boilermakers and mechanical fitters. A significant contraction in domestic fabrication capacity would remove the industry partnerships and practical training environments that underpin the delivery of these qualifications.

Welders, boilermakers and mechanical fitters are in demand across the construction, energy, resources and defence industries. Skills shortages in these occupations are already identified as a constraint on major project delivery in Australia. A further reduction in domestic training capacity would deepen this constraint at a time when Australia's infrastructure pipeline - including the energy transition build-out - is creating additional demand for these skills.

Manufacturing facilities also require employment continuity to retain specialised skills and the productivity gains that come with experienced workforces. Import-driven fluctuations in





domestic demand make it difficult to sustain the workforce continuity needed to support training pipelines and retain capability. Once skilled workers leave the sector, retraining or recruiting replacements is slow and costly.

## 6. Public Interest Considerations

Australian Industry Group submits that safeguard measures for fabricated structural steel are consistent with the Australian public interest. We address both the potential benefits and potential costs below.

### Benefits of Safeguard Measures


A safeguard measure that provides temporary relief to the domestic fabricated structural steel industry would deliver the following public benefits:

- Preservation of domestic manufacturing capacity that is material to Australia's infrastructure build-out, including the energy transition pipeline - wind towers, transmission infrastructure and major civil works are all steel-intensive.
- Maintenance of a skilled trades training pipeline that services the broader economy, not only the steel sector.
- Protection of supply chain resilience and the capacity to respond to urgent and project-specific fabrication requirements that overseas suppliers cannot readily meet on short lead times.
- Support for employment in communities where fabrication facilities are among the significant industrial employers, particularly in regional and peri-urban areas.
- Ensuring that quality and standards compliance on Australian construction projects is maintained by preserving a domestic industry that is directly accountable to Australian regulatory requirements.

### Costs and Counterarguments

We acknowledge that safeguard measures carry costs for downstream users of fabricated structural steel, including construction companies and project developers who may face higher input costs or reduced optionality on import sourcing. We make the following observations in that context:



- 
- The impact on residential housing affordability is likely to be limited. Detached residential construction involves minimal fabricated structural steel, and high-rise residential is predominantly a concrete structure market.
  - A well-designed safeguard measure would preserve reasonable access to imports, limiting the cost impact on users while addressing the surge in import volumes that is the source of injury to domestic producers.
  - Users of fabricated structural steel benefit from a viable domestic supply chain. The capacity to source locally - with shorter lead times, flexibility for design changes, and direct accountability for quality - has value not fully reflected in headline price comparisons.

We note that our membership engagement so far has not surfaced significant opposition to safeguard measures.

## 7. Carbon Competitiveness

We note a structural issue that bears on the longer-term competitive position of domestic fabricators: the asymmetry in carbon costs between Australian producers and overseas competitors. As the Safeguard Mechanism continues to ramp up its obligations, domestic producers face carbon cost burdens that their overseas competitors in many jurisdictions do not.

The Government's Carbon Leakage Review, published in February 2025, identified steel and iron as carrying material carbon leakage risk and recommended that a border carbon adjustment be considered for this sector, subject to further assessment. The Australian Industry Group has publicly supported the Review's recommendations as a sound basis for resolving the level playing field issue for emissions-intensive, trade-exposed industries. A durable solution to carbon competitiveness is important to sustaining private investment in the domestic steel sector over the long term.

We raise this as relevant context for the Commission's assessment of the structural factors affecting the competitiveness of domestic fabricators. The resolution of carbon competitiveness settings through the forthcoming Safeguard Mechanism review will have a material bearing on the longer-term viability of the domestic industry.



## 8. Conclusion

Australian Industry Group submits that our members report experiencing material injury across multiple indicators - margins, sales volumes, capacity utilisation and employment - as a direct consequence of a sustained increase in import volumes of fabricated steel. That increase has been driven by factors, including global steel overcapacity and the trade policy responses of major jurisdictions, that have redirected substantial volumes of fabricated steel toward open markets such as Australia.

The case for intervention rests not only on the direct impact on fabricators but on the broader consequences for supply chain resilience, skilled workforce development, and Australia's capacity to service its infrastructure pipeline. These are considerations that go to the national interest in maintaining a viable domestic steel fabrication sector.

We support the design of any safeguard measure in a way that preserves access to imports while addressing the surge in volumes that has caused injury to domestic producers. We also urge the Commission to conduct its inquiry expeditiously, and to apply an analytical framework grounded squarely in safeguard principles.

We welcome the opportunity to provide further evidence and are available to facilitate introductions to individual member businesses that can speak to the matters raised in this submission.





# About the Australian Industry Group

Australian Industry Group is the nation's largest and most experienced industry association, representing the interests of more than 60,000 businesses across a broad range of sectors.

Together with our partners organisations, we help members boost productivity, navigate change and deliver growth through expert advice, advocacy, training and policy influence.

We represent businesses across manufacturing, construction, technology, defence, care, logistics and more. Our cross-sector expertise allows us to influence policy and shape the landscape that Australian businesses operate in.

Our purpose is clear - to empower Australian industries. We offer practical, independent support in workplace relations, compliance, legal matters, skills development and apprenticeships.

Whether it's advising on workplace regulations or cleaner technologies, to helping shape national skills policy or exploring robotics, AI and quantum technology — we help businesses grow and succeed.

We are deeply connected to the real challenges businesses face. As Australia confronts the demands of global competition, digital disruption, workforce reform and sustainability imperatives, our role is more vital than ever before.

With the scale, experience and capability to support businesses of all sizes, we're ready for business - so you're ready to thrive.

Australian Industry Group - All for Business.

© Australian Industry Group, 2026

The copyright in this work is owned by the publisher, Australian Industry Group, 51 Walker Street, North Sydney NSW 2060. All rights reserved. No part of this work may be reproduced or copied in any form or by any means (graphic, electronic or mechanical) without the written permission of the publisher.





[australianindustrygroup.com.au](http://australianindustrygroup.com.au)