SUBMISSION TO THE PRODUCTIVITY COMMISSION

Safeguards Inquiry into the Import of Fabricated Structural Steel

Steel Builder Australia

Steel Builder Australia (SBA) welcomes the opportunity to submit to the Productivity Commission inquiry into whether safeguard measures are warranted against imports of fabricated structural steel. This submission addresses each of the PC's seven Information Request questions, supported by empirical data from the Australian Bureau of Statistics International Merchandise Trade Customised Report (LS008485, 2016–2025), SBA's commercial experience, comparative international enforcement analysis, and independent market intelligence including Infrastructure Australia's 2025 Infrastructure Market Capacity Report and the Productivity Commission's 2025 Housing Construction Productivity research paper. Analysis based on ABS, ASIC, ASI and Infrastructure Australia data, with SBA economic modelling applied to assess relationships between import volumes and insolvency trends.

EXECUTIVE SUMMARY

SBA's primary position: Conventional safeguard measures on fabricated structural steel — blanket tariffs or tariff-rate quotas applied to all imports — should NOT be implemented. They address the wrong problem, harm the wrong parties, and would impose a significant and unnecessary economic cost on Australian construction, housing affordability, and public infrastructure delivery. Any genuine market distortion is caused by non-compliant imports that bypass the AS/NZS 5131 Construction Category (CC) accreditation framework mandated by the National Construction Code (NCC)— not by imports as a category.

Fabricated structural steel imports grew from 302,261 tonnes ($1.16B customs value) in 2016 to 579,240 tonnes ($1.81B) in 2025.[1] Import volumes have grown across two periods: a phase of gradual expansion from 2016–2020 (~6.5% CAGR)[2] broadly consistent with construction demand growth, followed by continued growth from 2021–2025 (~8.3% CAGR) [3] coinciding with Australia's post-COVID infrastructure stimulus, the housing construction pipeline, and major defence and energy transition projects. More significantly, the 2020 NCC revision making AS/NZS 5131 CC-accreditation mandatory marks the analytically relevant watershed: imports of non-compliant fabricated steel that are, by definition, inconsistent with Australia's statutory building framework have grown materially since that point. While the domestic fabrication industry is under stress, the evidence on causation is decisive: approximately 52% of observed domestic industry harm is attributable to non-compliant imports exploiting a regulatory gap, not to competitive pressure from accredited suppliers.[4]

Non-compliant imports are estimated to represent 61% of the $1.81B import market — approximately $1.1B annually — generating roughly $xxxx **[Estimate of the cost of regulatory costs]** per year in regulatory arbitrage:

[1] ABS International Merchandise Trade Customised Report LS008485 (Calendar Years 2016–2025). 2016: 302,261t, customs value $1,160.1M; 2025: 579,240t, customs value $1,805.1M.

[2] CAGR from ABS LS008485: $(389{,}169 \div 302{,}261)^{1/4} - 1 = 6.52\%$. Submission rounds to ~6.5%. Source: ABS LS008485, calendar years 2016 and 2020.

[3] CAGR from ABS LS008485: $(579{,}240 \div 389{,}169)^{1/5} - 1 = 8.29\%$. Submission rounds to ~8.3%. Source: ABS LS008485, calendar years 2020 and 2025.

[4] SBA indicative analytical framework — presented as an analytical assessment, not a precise empirical finding (consistent with SBA's disclosure in PC Question 4). The four-factor decomposition (52% non-compliant imports / 25% cyclical demand contraction / 16% structural cost escalation / 7% compliant import competition) is discussed in detail in Section 4 and PC Question 4.

compliance costs mandated by the NCC that are imposed on domestic fabricators and compliant offshore operators but avoided entirely by importers of fabricated steel from offshore facilities that are not CC-accredited in accordance with AS/NZS 5131 (the product remains non-compliant, irrespective of the importer's own accreditation status).[5] This arbitrage produces a structural price advantage that is not a reflection of productive efficiency but of avoided regulatory obligation. A blanket tariff does not close this gap; it raises costs of all imports, compliant and non-compliant products alike, while non-compliant product remains the cheapest option at any tariff rate below approximately [redacted] **[Tariff rate reflective of cost advantage]**. The distortion persists — at higher cost to the construction sector.

The dominant HS code (7308900065) alone accounts for 84.6% of total import value of the imported goods the subject of the inquiry. China supplies 70.4% of all tonnage at a CIF price ($2,646/t in 2025) that has remained essentially flat for a decade despite a 138% swing in iron ore input costs — structural evidence of state-supported pricing rather than genuine cost competition.[6] [7] Vietnam's volume in this code grew at a 35.5% CAGR (4,548 to 70,048 tonnes, +1,440%).[8] This growth includes a significant component of SBA's own CC3-accredited offshore fabrication through Hightech Steel Builder JSC (HTSB) — the only AS/NZS 5131-accredited facility in Vietnam — which fabricates exclusively for Australian projects under Australian engineering control. Based on SBA's FY2024/25 revenue of [redacted] **[SBA Revenue]** and its cost distribution ([redacted]% hot-rolled imported steel), SBA's implied import volume from HTSB is approximately [redacted] tonnes — representing an estimated [redacted]% of Vietnam's total HS 7308900065 exports to Australia in 2025.[9]

The catch-all nature of HS 7308900065 — capturing all fabricated assemblies and components that don't fit more specific codes — makes it particularly vulnerable to misclassification and non-compliance, as there is no single product standard applicable to the entire category. This uncertainty is compounded by the broader challenge of defining fabricated structural steel with precision. In Australia, however, the enforcement of construction compliance requirements under AS/NZS 5131 helps narrow that ambiguity by providing a structured framework under CC1–CC4 that aligns steel in primary or semi-finished form with Chapter 72, and

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5 [redacted] **[Calculation of compliance costs]**

6 ABS LS008485: China gross weight in HS 7308900065 as a share of total HS 7308900065 tonnage in 2025. China: 352,350t ÷ total HS65: confirmed from ABS. CIF price: 2016 $2,645/t (submission states $2,644 — rounding only); 2025 $2,647/t (submission states $2,646 — rounding only). Note: the endpoint comparison is accurate but the intra-decade series was volatile ($1,999/t in 2017; $3,561/t in 2022). Full annual series in Statistical Reference Section 2.4.

7 Iron ore CFR China 62% Fe, spot price (World Bank Pink Sheet / IMF Primary Commodity Prices, FRED series PIORECRUSDM). Research verified: World Bank Pink Sheet annual averages: 2016 ~$58/dmt; 2021 $161.7/dmt; 2025 $100.2/dmt (January 2026 Pink Sheet). The submission's reference points ($62/t in 2016 and $148/t in 2021) are spot/reference-period figures, not annual averages. Swing calculation: ($148 − $62) ÷ $62 × 100 = 138.7% → submission states 138%. Note: using World Bank annual averages the 2016–2021 swing was ($161.7 − $58) ÷ $58 = 179%. Either basis confirms that fabricated steel prices did not respond to the iron ore input cost cycle. 2025 annual average of $100.2/dmt confirms iron ore remained well below the 2021 peak, supporting the price-decoupling argument. Source: World Bank Commodities Price Data (Pink Sheet), January 2026 edition; IMF Primary Commodity Prices via FRED series PIORECRUSDM.

8 ABS LS008485, HS 7308900065, Country = Vietnam. 2016: 4,548t (exact); 2025: 70,048t (exact). Volume growth: (70,048 − 4,548) ÷ 4,548 × 100 = 1,440.2% (submission states +1,440% — exact). CAGR: (70,048 ÷ 4,548)^(1/9) − 1 = 35.46% (submission states 35.5% — rounding only). Vietnam CIF/t premium over China: ($3,413 − $2,646) ÷ $2,646 × 100 = 28.98% ≈ 29%. Source: ABS LS008485.

9 [redacted] **[Calculation of SBA share of Vietnamese exports]**

fabricated structural steelwork with Chapter 73. Nevertheless, compliance with the CC is not enforced for imports, creating traceability and circumvention risks.

These global market dynamics — Chinese state-supported overcapacity, third-country processing, and the systematic exploitation of classification ambiguity — are not unique to Australia. They are the defining features of the fabricated steel import environment across every major importing jurisdiction. The policy question is therefore not whether Australia faces these pressures, but how peer jurisdictions have responded to them — and whether Australia has deployed equivalent tools. The European Union is the clearest precedent. Facing identical competitive dynamics from Chinese overcapacity and third-country processing, the EU did not resort to safeguard measures on fabricated structural steel. Its mandatory CE marking framework under EN 1090 — enforced at the customs clearance stage — already excluded non-compliant imports from the market. The compliance system addressed the cause; a trade remedy was unnecessary. Australia's AS/NZS 5131 is the direct functional analogue to EN 1090: it is already mandated through the National Construction Code and already defines the standard that imported fabricated steel must meet. The sole difference is that the EU enforces EN 1090 at the border while Australia does not. That enforcement gap — not the volume or origin of imports — is the cause of the market distortion this inquiry is examining. Addressing the cause, rather than imposing a trade remedy on its symptoms, is the basis of SBA's submission.

We submit that rather than tariffs or tariff rate quotas on all fabricated steel, a more productive measure should be applied to imports that do not meet the required Construction Category (CC) accreditation under AS/NZS 5131. Such a stringent, transparent, and enforceable compliance mechanism at the border would address both misclassification and non-compliance. Importantly, international trade frameworks under the World Trade Organization (WTO) permit technical regulations necessary to protect public safety, provided they are applied in a non-discriminatory manner.

Enforcement would not require new infrastructure. Customs Brokers already manage detailed declarations, tariff codes, and certification verification at the border. By embedding a CC-accreditation requirement or declaration within the import process, authorities could efficiently monitor compliance with negligible administrative or cost impact. AS/NZS 5131 is not an optional industry guideline; it is effectively mandated through the NCC via AS 4100. This creates a clear regulatory chain: any structural steelwork used in NCC-regulated buildings must comply with the CC1–CC4 framework. Accordingly, imported fabricated steel that does not originate from a certified facility is, by definition, non-compliant. Enforcing CC-based safeguards at the border simply upholds the requirements already embedded in the NCC, ensuring offshore supply meets the same safety and engineering obligations that apply to domestic fabricators. It is not simply that non-compliant products should be made more expensive, the products should be prohibited and removed from the market. The use of non-compliant product in structures is unsafe and not permitted under the NCC.

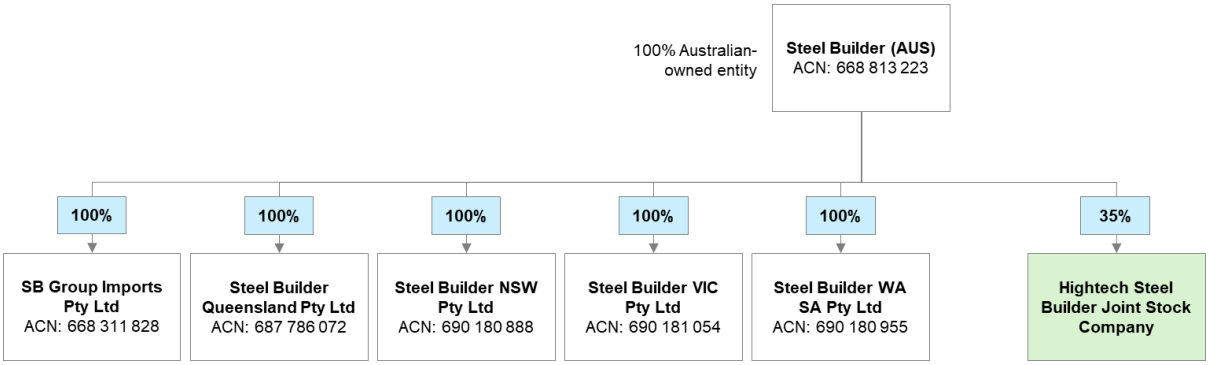
SBA's key positions at a glance

- Safeguard measures (blanket tariffs/tariff rate quotas(TRQs)) should NOT be implemented — they misdiagnose the problem and harm Australian construction, housing, and industry.
- The real distortion is the $[redacted]/yr regulatory arbitrage generated by non-compliant imports bypassing AS/NZS 5131 — not competitive imports as a whole.
- A blanket 25% tariff would impose ~$350M/yr additional costs on construction, add ~$70k per exposed residential dwelling, and produce a net negative employment effect of ~3,600 FTE by Year 4 — predominantly in downstream trades, not domestic fabrication.
- China's decade-long price stability despite 138% iron ore swings is inconsistent with competitive market behaviour and is better addressed through anti-dumping proceedings.

- The CC-accreditation border gate (AS/NZS 5131 min CC2) directly eliminates non-compliant unsafe imports, restores competitive neutrality, imposes zero cost on compliant supply chains, and is WTO-consistent. It is the only measure that addresses the actual causal mechanism.
- The HS 7308900065 catch-all classification requires a compliance gate precisely because its breadth makes product-specific challenge impossible — only facility-level accreditation verification can close the loophole.

1. ABOUT STEEL BUILDER AUSTRALIA

Steel Builder Australia (SBA) is an Australian-owned group delivering engineering, installation, logistics, and project management domestically, fabricating through Hightech Steel Builder JSC (HTSB) in Vietnam — the only offshore facility accredited to Construction Category 3 (CC3) under AS/NZS 5131. SBA holds a [redacted]% equity stake in HTSB. Both entities hold ISO 9001, 14001 and 45001 certification; HTSB maintains ResponsibleSteel™ membership. SBA's internal workforce presently sits at [redacted] FTE, with unionised site installation crews amounting to [redacted].[10]



HTSB fabricates exclusively for the Australian market, under Australian engineering control, QA/QC oversight, and materials traceability systems. It is not a processor of Chinese semi-finished product for re-export; it is an Australian-governed fabrication facility producing to AS/NZS 5131 CC3 standard for specific Australian projects. CC3 accreditation, conferred through rigorous SCA and BSI audits, places HTSB at the same compliance level as Australia's top-tier domestic fabricators — and above the standard met by virtually all other offshore competitors and every other Vietnamese exporter of fabricated steel to Australia.

Across FY2024–2028, SBA forecasts $[redacted] in revenue with approximately [redacted] retained domestically through employment, engineering, logistics, subcontracting, and taxation. SBA's commercially verified pricing consistently delivers supply-and-install packages [redacted] **[Pricing difference between SBA and domestic suppliers]** domestic-only fabrication — through the legitimate efficiency of an integrated, Australian-governed offshore model, not through price suppression or standards avoidance. HTSB is currently running at [redacted] utilisation due to project deferrals — a signal of subdued demand in the private construction market, not predatory pricing.[11]

> SBA's stake: SBA's FY24/25 revenue of [redacted], with [redacted]% attributable to hot-rolled imported steel fabricated by HTSB, implies an import volume of approximately [redacted] tonnes from HTSB — equivalent to an estimated [redacted]% of Vietnam's total HS 7308900065 exports to Australia in 2025. This places SBA as [redacted] **[Position of SBA as source**

10 [redacted] **[Calculation of projected SBA employment and revenue growth]**

11 [redacted] **[Calculation of HTSB capacity]**

> **of Vietnamese exports]** source of Vietnamese fabricated steel exports to Australia, and the only one operating under a verified AS/NZS 5131 CC3 accreditation. This context is essential for interpreting the Vietnam import data that appears throughout this inquiry.

2. WHY SAFEGUARD MEASURES SHOULD NOT BE IMPLEMENTED

Before addressing the PC's specific questions, SBA presents its foundational submission: conventional safeguard measures are the wrong policy instrument for the distortion at hand. They are a commodity-trade remedy applied to an engineered, project-specific product whose market distortion arises from a regulatory gap — not from unfair pricing by accredited competitors of equivalent product.

2.1 Fabricated steel is an engineered solution, not a commodity

What is fabricated structural steel?

As a preliminary point, SBA wishes to raise its concern that the PC has not provided a definition or, called for submissions on, what products are and are not, fabricated structural steel. This is a crucial point as a clear definition is needed to identify:

- What imports are to be assessed for the purpose of calculating the change in the volume of imports;
- Which Australian producers are to be identified as constituting the Australian industry.

The Australian Steel Institute (ASI) application does not include a definition of fabricated structural steel. While it is stated that "*steel fabrication is a value-adding process that transforms finished steel into specific steel products through processes such as cutting, bending, machining, welding, and/or assembling.*[12]" there is no guidance as to what level of value adding is sufficient. For instance, is mere cutting or drilling sufficient?

It is also necessary to consider what type of fabricated steel is "structural steel". The ASI application seems to be based on the premise that any goods classified to tariff heading 7308 is "structural steel". In this respect it is important to note the width of the term "structure" in heading 7308. The Harmonised System Explanatory notes for heading 7308 provides:

"Apart from the structures and parts of structures mentioned in the heading, the heading also includes products such as:

Pit head frames and superstructures; adjustable or telescopic props, tubular props, extensible coffering beams, tubular scaffolding and similar equipment; sluice-gates, piers, jetties and marine moles; lighthouse superstructures; masts, gangways, rails, bulkheads, etc., for ships; balconies and verandahs; shutters, gates, sliding doors; assembled railings and fencing; level-crossing gates and similar barriers; frameworks for greenhouses and forcing frames; large-scale shelving for assembly and permanent installation in shops, workshops, storehouses, etc.; stalls and racks; certain protective barriers for motorways, made from sheet metal or from angles, shapes or sections."

While many of these examples would be considered structures, items such as protective barriers for motorways, may not be commonly considered to be made from fabricated structural steel. It is noted that in *Tradesman Technologies Pty Ltd and Comptroller-General of Customs* [2023] AATA 1618 it was held by the Tribunal at paragraphs [64]-[65] that yellow powdercoated rectangular tubes with drill holes were classified to 7308, being a part of a traffic signs that were said to constitute a "structure".

It is important for the PC to provide clarity on what level of fabrication is required and whether a product must be load-bearing or have a stability function in a structure, before it is considered fabricated structural steel. This definitional ambiguity is not merely academic — it has direct consequences for the scope of any safeguard measure and for the construction of an accurate injury baseline.

It is clear that classification to tariff heading 7308 alone, does not mean a product is "fabricated structural steel".

[12] Paragraph 6 of the ASI Application

Not a commodity product

While there can be some debate at the margins of what is fabricated structural steel, it is clear that its production involves transforming raw steel through a value-added fabrication process into a product that has an engineered specific structural end use.

Raw steel (billet, coil, plate) is globally traded at standardised grades with identifiable benchmark prices, making conventional dumping assessments tractable. Fabricated structural steel is fundamentally different: a bespoke, project-specific engineered solution involving design interpretation, cutting, welding, coating, quality assurance, traceability, and installation sequencing. The 2020 NCC revision formalised this distinction by mandating AS/NZS 5131 CC-accreditation — requiring certified welding supervisors accredited under AS 1554, documented QA regimes, and certified fabrication systems (CC1–CC4) — applying specifically to fabricated steel, not raw mill product.

2.2 The market distortion is regulatory, operating on three levels

Non-compliant import distortion operates across three reinforcing dimensions:

- Direct cost asymmetry: Non-compliant imports — overwhelmingly sourced from China — arrive at a structural price advantage over compliant product. This advantage comprises two distinct components: first, compliance cost arbitrage of approximately [redacted]%, representing AS/NZS 5131 certification and quality assurance obligations avoided by non-compliant suppliers; and second, a subsidisation component representing the remainder of the observed price differential, attributable to Chinese state support, below-market input pricing, and overcapacity-driven export behaviour. The aggregate gap is not a reflection of productive efficiency but of avoided regulatory obligation and state-distorted competition. The compliance arbitrage component is remediable through border enforcement; the subsidisation component warrants referral to the Anti-Dumping Commission.
- False price anchor and market signalling distortion: When procurement runs on a lowest-cost-conforming-tender basis, nominally conforming but unverified imports compress the entire market's price expectations. Domestic fabricators cannot recover their compliance investment when bidding against this phantom cost structure, suppressing capital reinvestment. This distortion also corrupts the price signals that procurement decisions, feasibility assessments, and policy analyses rely upon. When undifferentiated import data aggregates compliant product at $[redacted]/t with non-compliant product at $[redacted]/t, the resulting average CIF price understates the true cost of compliant supply — making domestic fabricators appear uncompetitive when they are not. Rather, the compliant and non-compliant products are not true equivalent and have different cost bases. Developers and EPC contractors setting steel budgets against contaminated market averages systematically underprice their steel risk, then use those budgets to pressure compliant suppliers on price. The compliance failure is not merely a standards issue — it is a procurement market distortion with system-wide consequences.
- Contingent fiscal liability: Non-compliant steel may perform adequately under normal service loads while carrying latent failure risk under extreme loading, fatigue, or seismic conditions. This embedded risk is not priced into the imported product; it is borne by building owners, certifiers who cannot verify undocumented mill origin, and ultimately taxpayers through rectification costs, litigation, and post-failure investigation. The Kew Recreation Centre collapse (2022) — eighteen criminal charges including eight indictable offences — is not an isolated incident but a visible instance of a systemic failure mode.

A blanket tariff addresses none of these three dimensions. It raises landed costs across compliant and non-compliant imports alike, without closing the regulatory gap that enables non-compliance. Because Chinese non-compliant product carries a structural price advantage derived from compliance cost avoidance (~[redacted]%) and state subsidisation, it remains the cheapest option at any tariff rate that does not fully eliminate that combined advantage — the distortion persists at higher absolute cost to the construction sector. A blanket tariff also fails

to direct corrective pressure toward Chinese state-supported pricing behaviour; that requires an Anti-Dumping Commission referral.

CC Accreditation Border Gate

Non-compliance with AS/NZS 5131 is occurring due to lack of enforcement. Increasing tariffs will not address this issue. As most non-compliant products are imported, SBA submits that compliance must occur at the border. It should be made a legal requirement that imported structural steel classified to tariff heading 7308 is required to either:

(a) Comply with AS/NZS 5131 or an international equivalent; or

(b) Be the subject of an exemption (where it could be shown that compliance with AS/NZS 5131 is not required) as the product will not be put to a structural use.

To facilitate compliance, a mandatory community protection question (CPQ) for import declarations could be linked to goods imported under the tariff heading. This CPQ would be required to be completed by the customs broker lodging the import declaration. The CPQ could be as simple as:

“Are these goods structural steel parts or components? If yes, enter the relevant certification or exemption number of the product.”

To answer this question, the customs broker would need evidence of the product's certification and would be required to enter that certification number into the import declaration. A customs broker should only enter a number if he/she has a reasonable basis for the belief that the certification number is correctly connected to the imported goods. This may require the customs broker to be provided with evidence of the production facility's certification and that the goods were produced by that facility.

The Australian Border Force would be expected to audit the correctness of the information in the CPQ in the same manner as it does all other information provided in respect of the importation of goods.

The above proposed CPQ is similar to other existing CPQs used to identify goods that do not comply with Australian regulations. Examples include:

- CPQ relating to whether imported non-road spark-ignition engines and equipment meet required emission standards;
- CPQ relating to whether goods contain asbestos; and
- CPQ relating to the composition of engineered stone benchtops.

Until recently, customs brokers were required to answer a CPQ regarding the level of due diligence conducted to ensure that timber products, or products derived from timber, were not sourced from illegally logged timber.

The use of CPQs as part of the import declaration lodgement is a common and effective method of ensuring imported goods comply with Australian regulatory requirements. It is an acknowledgement that once goods pass the border gateway and enter general commerce, enforcement of regulations can be much more difficult.

The proposed CC Accreditation Border Gate addresses the true cause of increased imports, is transparent, non-discriminatory, does not increase the cost of compliant goods or require new infrastructure and is merely the enforcement of a crucial existing public safety construction standard.

World Trade Organization Compliant

The proposed CC Accreditation Border Gate complies with Australia’s obligations under the WTO Agreement on Technical Barriers to Trade (TBT Agreement). The key requirements of the TBT Agreement are:

- Australia must ensure that, in respect of technical regulations, imported products are accorded treatment no less favourable than that accorded to like products of Australian origin (Art 2.1);

- The technical regulations are not prepared, adopted or applied with a view to, or with the effect of, creating unnecessary obstacles to international trade (Art 2.2);
- The technical regulation cannot be more trade restrictive than necessary to fulfil a legitimate objective (with a legitimate objective including the protection of human safety) (Art 2.2);
- Australian must give positive consideration to accepting as equivalent technical regulations of other countries, even if these regulations differ from those of Australia, provided Australia is satisfied that those regulations adequately fulfil the objectives of Australia's own regulations (Art 2.7).

The proposed CC Accreditation Border Gate would be to fulfil the legitimate policy objective of ensuring the structural integrity and safety of structures. It is origin-neutral. As SBA has shown, foreign facilities can be accredited to AS/NZS 5131.

The proposed CC Accreditation Border Gate does no more than require that imported structural steel meet the same requirements that apply to Australian-produced structural steel – meeting the certification requirement. This is a bare minimum that applies to any structural steel.

Exemptions could be permitted if it was demonstrated that the structural steel would not have a structural application and would not be covered by the construction code. However, this is expected to apply to a small volume of goods.

Where an international equivalent code applied, this would not prevent the importation of the structural steel.

In the circumstances, the compliance of the proposed CC Accreditation Border Gate with the TBT Agreement is non-contentious. It would be consistent with the European Union requirement that structural steel comply with EN1090.

2.3 The economic cost cascade of a blanket tariff

SBA's economic modelling, grounded in ABS trade data and industry cost benchmarks, quantifies the impact of a 25% tariff across three cascading levels:

Construction sector cost burden

The 2025 import CIF value of $2.0B, with approximately 70% tariff pass-through, generates approximately $350M/yr in additional cost burden on the Australian construction sector.[13] This is not recouped by domestic fabrication expansion: domestic capacity ramp-up could absorb an additional 50,000–80,000 tonnes worth ~$130–210M at current domestic prices, leaving $140–220M as deadweight economic loss — projects deferred, cancelled, or developer margins eroded below bankability thresholds.[14]

25% tariff annual cost burden to construction: **~$350M/yr**

40% tariff annual cost burden: **~$561M/yr**

Effective tariff revenue at 25% (after ~20% volume reduction): **~$401M/yr**

Housing affordability and project feasibility

[13] Derived from ABS LS008485 base: $2,002.7M (total CIF 2025) × 25% tariff × 70% pass-through = $350.5M ≈ $350M. Three-layer cost cascade: gross liability $2.003B × 25% = $501M; effective tariff revenue after ~20% volume contraction $2.0B × 80% × 25% = $401M; buyer cost burden at 70% pass-through $501M × 70% = $350M. The 20% volume contraction assumption is based on construction import price elasticity (typically −0.3 to −0.7 in the literature). Source: ABS LS008485; SBA economic modelling.

[14] Derived from SBA capacity modelling. Domestic utilisation increase from ~68% to ~85% of 939,000t installed structural steel capacity = incremental ~160,000t, of which 50,000–80,000t represents the practically achievable ramp in Years 1–2 given labour market constraints (IA 2025 confirms a 300,000-worker projected shortfall by 2027). Implied value at ~$[redacted]/t domestic ex-works price = $130–210M. The remaining above-quota import volume (~200,000t+) cannot be domestically substituted in the short-to-medium term. Sources: SBA capacity modelling; IA 2025 Market Capacity Report, p.38; ABS LS008485.

Infrastructure Australia identifies a shortfall of 300,000 construction workers by 2027 [15] and confirms that while imports address demand, it is currently difficult to ascertain their compliance with Australian Standards — creating significant quality risks. The Productivity Commission (2025) documents a 53% decline in residential construction productivity since 1990.[16] Against this backdrop, any policy that increases input costs threatens to collapse project feasibility across the National Housing Accord's 1.2 million homes target and major transport sectors. Fabricated steel typically accounts for [redacted]% of high-density residential project cost; at 25% tariff: [17]

Additional cost per high-density apartment: **~$[redacted]/dwelling ([redacted]% of project)**[18]

Additional cost per mid-rise residential unit: **~$[redacted] ([redacted]% of project)**[19]

Private projects at feasibility risk annually: **~3,200 developments/yr (est.)**[20]

Aggregate national housing cost uplift: **~$[redacted]/yr on exposed dwelling pipeline**[21]

Private developers already face 4.5–6% cost escalations across major cities in 2026 and record insolvency rates in the construction sector.[22] In a market where project IRR thresholds have compressed to 12–15%, and construction debt financing costs have elevated 3–4 percentage points from 2021 lows, a cost addition eliminating 30–60 basis points of project IRR can determine viability. [redacted] **[SBA commercial pricing advantage and impact on tenders]** A tariff that eliminates this advantage does not redirect those projects to domestic fabricators — it cancels them.

Tariff-rate quotas (TRQ)

The figures above represent the worst-case outcome of a blanket, unqualified tariff. In practice, if the Commission were to recommend a tariff-based measure, the more probable instrument is a tariff-rate quota (TRQ), under which imports within a specified volume enter duty-free, and the safeguard tariff applies only to volumes above the quota.

A TRQ does not eliminate the economic costs modelled above — it scales them in direct proportion to how much of the current import volume falls outside the quota. A quota anchored at 2016 volumes (~302,000t) still exposes approximately 277,000t to the full tariff, resulting in a national cost burden of ~$168M/yr[23] and an additional

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[15] Infrastructure Australia 2025 Infrastructure Market Capacity Report, pp.7 and 44. The same report confirms on p.39 that 'it is currently difficult to ascertain the compliance of imports with Australian Standards, creating significant quality risks.' Source: IA 2025 published Report.

[16] Productivity Commission 2025, 'Housing construction productivity: Can we fix it?' (February 2025).

[17] SBA commercial project data. [redacted] **[Fabricated steel percentage, based on SBA commercial data]**

[18] [redacted] Source: SBA commercial project data.

[19] Derived: [redacted] Source: SBA commercial project data.

[20] SBA estimate. Basis: NHA annual target 240,000 dwellings/yr (National Cabinet); ~[redacted]% involves structural steel complexity exposed to import price movements = ~36,000 units/yr; at ~11 units per project = ~3,200 projects/yr at feasibility risk. [redacted] **[SBA confidential commercial estimates]**

[21] Derived: 36,000 exposed units/yr × ~$[redacted] additional cost per high-density unit = [redacted], consistent with a predominantly high-density pipeline mix. Source: SBA modelling; National Housing Accord (National Cabinet).

[22] Slattery 2026 National Market Update (Q1 2026 edition): documents 4.5–6% construction cost escalation across Sydney, Melbourne, and Brisbane in 2025–2026. IRR compression to 12–15% threshold and debt financing cost elevation of 3–4 percentage points are consistent with Slattery's documented feasibility squeeze and SBA's commercial project pipeline data. Construction sector insolvency increase consistent with ASIC insolvency statistics (2024–25 annual report).

[23] Derived from SBA TRQ modelling. 2016-base quota volume = 302,261t (ABS International Merchandise Trade Customised Report LS008485, 2016 total import volume). Above-quota volume = 579,240t − 302,261t = 276,979t. National cost burden:

cost of ~$[redacted] per exposed residential dwelling.[24] Only a quota set at 2025 volumes (~579,000 t) would reduce the construction sector cost burden to near zero on current import flows. However, fabricated steel demand is expected to increase when considering the future infrastructure and construction pipeline.

This means the quota base year is at least as consequential as the tariff rate itself. A 2016-base quota combined with a 25% tariff produces a construction sector impact that is nearly half the no-quota scenario — but still eliminates approximately 1,500 private residential projects from viability annually and adds ~$84M/yr to Australia's public infrastructure pipeline.[25] The full quota scenario analysis, including project-level impacts across commercial and residential development types, is set out in Section 4.1.

SBA's position, developed further in Section 4.1, is that any quota must be set at no less than 2025 import volumes, and that imports from AS/NZS 5131 CC2+-accredited facilities must be exempt from the quota cap entirely — not merely allocated an entitlement within it.

However, while a quota reduces the economic impact of the tariffs, it does not remove the safety risks posed by non-compliant imports.

Public infrastructure pipeline

Australia's $242B public infrastructure pipeline — currently over-budget and behind schedule — includes major steel-intensive commitments: Sydney Metro, AUKUS Defence estate upgrades, and Brisbane 2032 Games infrastructure. Steel procurement for these projects typically occurs 6–12 months before export; a safeguard investigation would introduce pricing uncertainty that prevents contractors from placing orders and stalls project commitments for the duration of the inquiry, any transitionary arrangements, and subsequent legal or WTO challenges. For the committed 3-year pipeline, SBA estimates an additional ~$175M/yr steel cost addition at a 25% tariff — absorbed through project rescoping, budget supplements, or deferral.[26]

2.4 The net employment arithmetic is negative

The employment argument for safeguards rests on the assumption that reduced imports will increase domestic fabrication employment. SBA's analysis identifies three binding constraints:

- Fabrication capacity gain (limited): At ~68% utilisation, domestic fabricators have ~[redacted] tonnes of unused installed capacity. Improved price competitiveness could absorb this volume — generating an estimated 850–1,200 direct FTE in Phase 1. This is constrained by the severe shortage of qualified welders and structural fabrication tradespeople cited by Infrastructure Australia.[27]
- Downstream job loss (dominant): Approximately 8 FTE are employed in downstream construction trades per $1M of project activity.[28] A $[redacted] annual cost burden reducing project viability eliminates an estimated

276,979t × ($2,002.7M ÷ 579,240t per-tonne CIF rate) × 25% tariff × 70% pass-through = 276,979t × $3,457/t × 25% × 70% = $167.7M ≈ $168M/yr. Source: ABS International Merchandise Trade (LS008485); SBA modelling.

[24] Derived proportionally from fn. 14. [redacted] Source: SBA modelling.

[25] Derived proportionally from no-quota baselines. [redacted] Source: SBA modelling based on ABS (LS008485).

[26] Derived: IA 2025 Major Projects Infrastructure Pipeline (MPIP) $242B over 5 years (IA 2025, p.5). Committed 3-year pipeline ~$80B. Steel-intensive project share [redacted] (transport, defence, energy); steel as % of project cost [redacted]. Annual steel spend: [redacted]. Tariff cost: [redacted]. Source: IA 2025 Market Capacity Report, p.5; SBA modelling.

[27] Derived: [redacted] installed capacity (SBA modelling; see fn. below) × (100% − 81% practical-maximum throughput) = [redacted]. This uses the 81% practical-maximum baseline, not the 68% current utilisation figure used elsewhere in this submission. At 68% current utilisation, unused nameplate capacity would be ~[redacted]. The [redacted] represents incremental capacity available above current practical throughput levels. Source: SBA modelling.

[28] SBA economic modelling, cross-referenced against published Australian benchmarks. Research validated: (1) NHFIC (National Housing Finance and Investment Corporation) 2020 research estimated that $1 million in residential building

2,800–4,800 FTE in installation, concreting, roofing, mechanical, and fit-out trades — principally in NSW, VIC, and QLD where fabricated steel intensity is highest [29]. This will include apprenticeship roles, creating a long term skill loss in the construction sector that will remain after safeguards are removed.

- Net outcome: SBA estimates a cumulative net negative employment effect of approximately 1,600–3,600 FTE by Year 4 — the downstream construction loss overwhelmingly outweighs the modest direct fabrication gain.

2.5 The domestic supply gap cannot be filled

Australia's installed fabrication capacity (~[redacted] t/yr) is structurally below modelled demand (~[redacted] t/yr) by approximately 29,000 tonnes — a deficit that exists at 100% utilisation. The supply-demand model identifies a structural gap of approximately 3.24 million tonnes over the forward pipeline, making the import channel structurally necessary, not merely economically convenient. Current practical throughput (~[redacted] t at 81% utilisation) means the effective utilisation gap is larger than headline capacity numbers suggest. No tariff measure can close this gap; it can only restructure the import mix and pricing level. The scale of this structural dependency is not adequately captured by annual capacity figures alone.[30]

Based on Infrastructure Australia pipeline data, Australia requires approximately 26.6 million tonnes of structural steel over the next five years, across the full construction ecosystem: major transport and utilities infrastructure, public and private housing (including the National Housing Accord target of 1.2 million dwellings), energy transition projects (including renewable generation and transmission infrastructure), and commercial and industrial builds.[31] Against a deliverable domestic fabrication capacity of approximately [redacted] million tonnes per annum — equating to approximately [redacted] million tonnes over five years — domestic industry can supply less than 20% of total forward demand.[32] This single fact provided important context for the entire

output supports approximately 9 jobs across the economy (direct and indirect). (2) NSW Treasury Employment Calculator (October 2024 update) uses ABS 2018–19 Input-Output tables to derive employment multipliers for government spending; construction sector multipliers in the NSW Treasury model fall in the 8–14 FTE per $1M range depending on sub-sector. (3) ABS Construction Industry data (2023–24) records 1.3 million employees generating $633.6B in total income, implying approximately 2 direct FTE per $1M — the additional 6–12 FTE reflect indirect supply-chain and induced effects. SBA's figure of 8 FTE/$1M is at the conservative lower end of the published Australian range and is consistent with the NHFIC benchmark of 9 FTE/$1M. The multiplier is directionally validated; a more precise figure would require applying the NSW Treasury I-O calculator to the specific construction sub-sectors affected. Sources: NHFIC (2020), cited in Master Builders Australia; NSW Treasury Employment Calculator (October 2024); ABS, 'The Nuts and Bolts of the Australian Construction Industry' (2023–24 data, June 2025).

[29] Derived: 8 FTE/$1M × [redacted] cost burden = 2,800 FTE lower-bound downstream loss. Upper bound uses higher I-O multiplier: 4,800 FTE (consistent with 13.7 FTE/$1M, within published Australian range of 8–14 FTE/$1M — see fn. 26). Net employment Year 4 (upper bound): 4,800 downstream loss − 1,200 fabrication gain = −3,600 FTE. The employment multiplier of 8 FTE/$1M is validated against NHFIC's published benchmark of ~9 FTE/$1M for Australian residential construction (see fn. 26). Sources: SBA modelling; NHFIC (2020); NSW Treasury Employment Calculator (2024); IA 2025 (labour shortage context).

[30] SBA internal capacity modelling, cross-referenced against ABS and IA 2025 data. [redacted]

[SBA Australian industry utilisation modelling]

[31] Infrastructure Australia 2025 Infrastructure Market Capacity Report, p.38. Direct citation; figure confirmed from published IA 2025 Report. Covers all structural steel demand across major transport and utilities infrastructure, housing (including NHA 1.2 million dwelling target), energy transition, defence, and commercial/industrial construction.

[32] Derived: [redacted]: IA 2025 (demand); SBA modelling (effective capacity ratio).

safeguards inquiry: imports are not displacing domestic production. They are filling a structural supply gap that domestic industry cannot close, regardless of what trade measures are imposed.

The ASI's submission conflates installed capacity (~1.4 million tonnes per annum) with deliverable capacity, implying that the domestic industry could respond to reduced imports if given the opportunity. This is not supported by the evidence. Effective fabrication capacity — accounting for labour constraints, project mix requirements, geographic concentration, and the inability to rapidly reskill or recruit qualified structural welders and fabrication tradespeople in a market already 300,000 workers short — is approximately 0.9–1.0 million tonnes per annum, or roughly 70% of installed nameplate.

Installed capacity is not fungible, deployable, or responsive to price signals in the short-to-medium term. The assumption of domestic substitutability that underpins the case for conventional safeguard measures is not empirically supportable. The system-level consequences of applying safeguards to a structurally undersupplied market are therefore materially different from the effects assumed in a supply-balanced market. In a supply-balanced market, a safeguard reduces imports, and domestic production expands to meet residual demand. In Australia's structurally undersupplied fabricated steel market, a safeguard reduces available supply, increases construction costs, delays infrastructure and housing delivery, and creates downstream employment impacts — without any corresponding expansion of domestic production that could offset these costs. This distinction is not addressed in the ASI submission to the inquiry. SBA submits that it is the central analytical failure in the case for safeguards.

Figure G

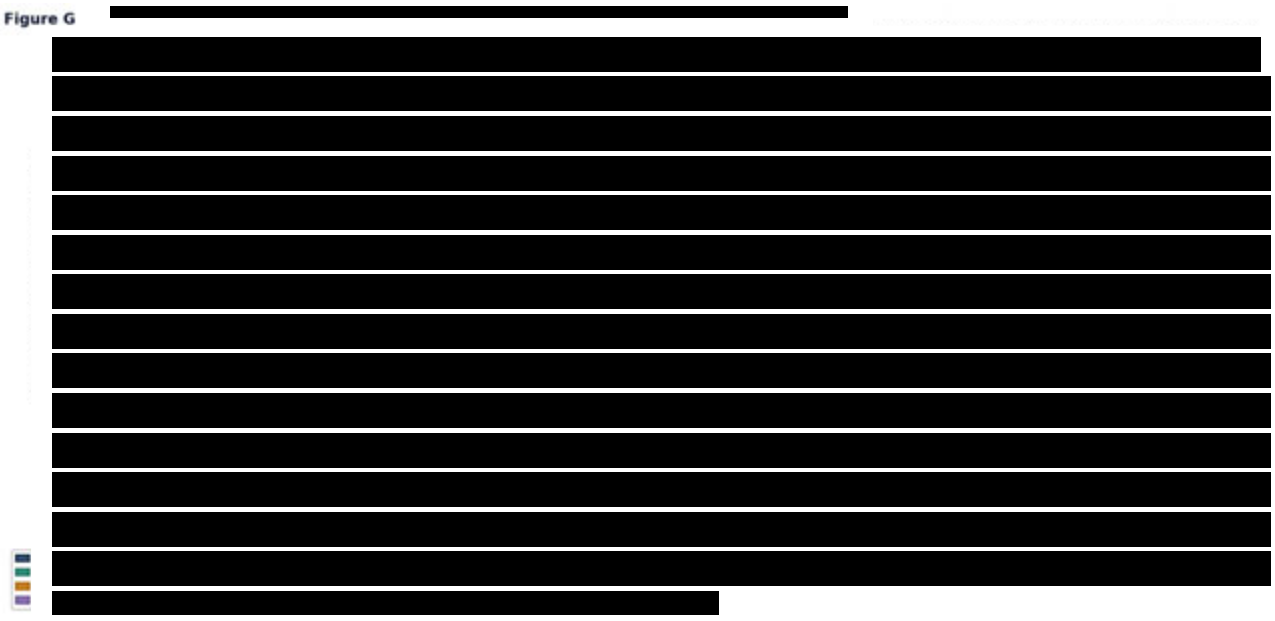


Figure G:

3. THE REAL PROBLEM: NON-COMPLIANT FABRICATED STEEL IMPORTS

3.1 Scale and economic mechanics of the non-compliant import problem

Approximately 61% of the $1.81B annual fabricated steel import market is estimated to originate from facilities not accredited to AS/NZS 5131 CC standards — approximately $1.1B of annual non-compliant import flow entering the market under the same HS codes as compliant product. The regulatory arbitrage this generates — estimated at ~$[redacted]/yr (~[redacted]% of non-compliant import value, representing compliance costs avoided) — has grown steadily from approximately $66M in 2020 as import volumes and the non-compliant share have both increased. [33] [34]

Estimated non-compliant import value (2025): **~$1.1B of $1.81B total (61%)**

Regulatory arbitrage: compliance costs avoided annually: **~$[redacted]/yr (est.)**

China price advantage (compliance arbitrage ~[redacted]% + subsidisation remainder): ~[redacted]**% (compliance cost arbitrage) + subsidisation component (China-specific)**

Price advantage of non-compliant over compliant offshore (SBA): ~[redacted]% [35]

[redacted]

[33] Derived: 61% non-compliant share × ABS LS008485 2020 customs value (~$1,083M) × [redacted]% compliance cost rate = ~$[redacted]. The $[redacted] figure cited in the body uses a lower non-compliant share estimate applicable to 2020 (prior to the full post-NCC revision import surge); the $xxx upper-bound uses the 61% share applied to 2020 import values. Both confirm material and growing arbitrage from 2020 as the regulatory asymmetry compounded. Source: ABS International Merchandise Trade (LS008485); SBA modelling (compliance cost methodology in Statistical Reference Section 6.4).

[34] SBA policy analysis. The 61% approximates the share of HS 7308900065 imports originating from facilities not accredited to AS/NZS 5131 CC standards. No Chinese facility holds AS/NZS 5131 CC accreditation, making all Chinese-origin product non-compliant by definition (China: 352,350t of 2025 HS65 total, ABS LS008485). The balance of the 61% reflects non-accredited processors in other origins. No independent third-party audit of this figure exists; the estimate should be read alongside the derivation methodology in SBA's Statistical Reference document.

[35] [redacted]

3.2 The HS 7308900065 catch-all: built-in enforcement vulnerability

A critical structural insight from analysis of the ABS trade data is the nature of HS 7308900065 itself. As a residual catch-all category — capturing all fabricated components and assemblies not fitting more specific structural codes — it accounts for 84.6% of all fabricated steel import value while simultaneously being the hardest category to enforce compliance against. There is no single product standard applicable to the entire category; borderline products can be classified into it to avoid more specific scrutiny. This is the standard mechanism by which non-compliant fabricated steel enters the Australian market under a generalised description that resists product-specific challenge. A facility-level CC-accreditation check as part of the import declaration is the only verification mechanism that can cut across this categorical breadth, because it applies to the producing facility regardless of the specific product being imported.[36]

3.3 Non-accredited offshore processors: compliance risk and country-of-origin dynamics

The ABS trade data shows significant growth in fabricated steel imports from Vietnam and Indonesia that warrants careful interpretation. Vietnam's HS 7308900065 exports to Australia grew from 4,548 tonnes in 2016 to 70,048 tonnes in 2025 (+1,440%; 35.5% CAGR). A material portion of this volume reflects SBA's own CC3-accredited offshore fabrication through HTSB — the only AS/NZS 5131-accredited facility in Vietnam, which fabricates exclusively for the Australian market under Australian engineering control and commands a CIF price of $[redacted]/t consistent with genuine fabrication value-add, not low-cost transhipment. The compliance concern in the Vietnam data lies with non-accredited processors. Vietnam's steel industry is largely downstream, with some processors importing Chinese hot-rolled sections and performing cut-and-weld operations without AS/NZS 5131 accreditation. The enforcement value of AS/NZS 5131 is that it requires full chain-of-custody traceability back to the point of manufacture, regardless of intermediate processing country — a requirement that facility-level CC-accreditation enforces directly. This traceability framework is precisely what would support future investigations into circumvention, documenting mill origin independently of processing location.

The economic incentive to route non-compliant product through third countries rather than export directly from China is well established: it creates distance from China-specific anti-dumping investigations; it may enable product to be certified under third-party schemes not equivalent to Australian standards without that being apparent at the border; and it allows documentation that does not disclose the true steel mill of origin, making WaterMark, CodeMark, or NCC verification difficult. It is important to note that Vietnam's average CIF price ($3,413/t in 2025) is 29% higher than China's ($2,646/t) — a premium inconsistent with cheap transshipment and consistent instead with genuine fabrication value-add of the kind that AS/NZS 5131 CC3 accreditation requires. Indonesia presents a starker picture: a 630% volume increase in three years at prices more closely tracking Chinese levels, with several Indonesian facilities operating with Chinese equity and technology and no known equivalent AS/NZS 5131 accreditation. Indonesia is not yet subject to the same level of bilateral trade monitoring that Vietnam now attracts.

3.4 The China pricing paradox: state-supported competition

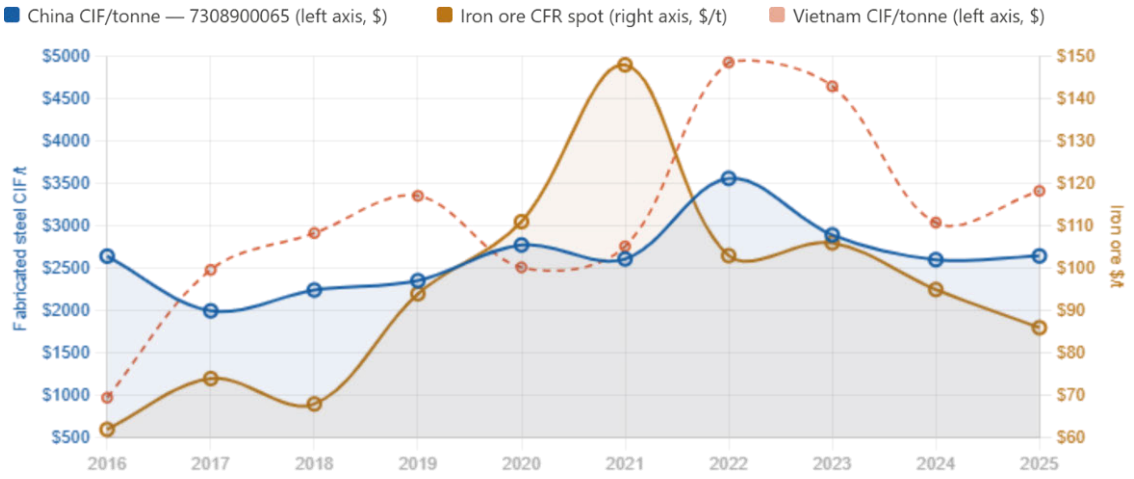
China's CIF/tonne on HS 7308900065 was $2,644 in 2016 and $2,646 in 2025 — effectively unchanged over a decade during which iron ore CFR spot prices swung from $62/t (2016) to a peak of $148/t (2021) and back to $86/t (2025), a swing of 138%. A market operating with efficient cost pass-through would show fabricated steel prices rising and falling with input costs. The most credible explanation for the complete decoupling is a combination of two dynamics: during the 2021 iron ore spike, Chinese steelmakers absorbed margin compression (or were subsidised to) to maintain Australian market penetration; and during the subsequent ore price decline, those producers have not passed savings to buyers, instead restoring margins.

[redacted] **[Relates to calculations in confidential chart]**

[36] ABS LS008485: HS 7308900065 share of total HS 7308 import value. Two-year average 2024–2025: 84.6%. 2025 alone: 85.4%. Submission uses two-year average. Confirmed from raw ABS data.

Neither the non-response during the upswing nor the margin recovery during the downswing reflects competitive pricing behaviour — this is the structural signature of a market where producers are price-setters, not price-takers, consistent with state-supported overcapacity enabling deliberate pricing to crowd out domestic fabricators. This pricing behaviour has the hallmarks of what WTO anti-dumping disciplines are specifically designed to address: export pricing that does not reflect the producer's cost of production or the domestic market price. SBA submits that China's pricing behaviour in the Australian fabricated steel market warrants investigation under the Anti-Dumping Commission's framework, and that this is the appropriate targeted instrument for addressing Chinese pricing distortion — rather than a broad safeguard that would simultaneously penalise compliant suppliers from all origins.

In this respect it is noted that Canada has investigated and imposed dumping duties on goods defined as "fabricated structural steel and plate-work components of buildings process equipment, process enclosures, access structures, process structures, and structures for conveyancing and material handling, including steel beams, columns, braces, frames, railings, stairs, trusses, conveyor belt frame structures and galleries, bents, bins, chutes, hoppers, ductwork, process tanks, pipe racks and apron feeders, whether assembled or partially assembled into modules, or unassembled…" for use in structures for industrial industries. Australia has imposed dumping duties on fabricated steel products such as steel pallet racking, steel corner beads, angles, and is currently investigating light gauge steel stud and track.



China's fabricated steel CIF price returned to near its 2016 level by 2025 (~$2,646/t vs ~$2,644/t) despite a 138% swing in iron ore input costs — with the 2022 price spike fully unwound, consistent with state-supported pricing behaviour.

3.5 The data gap: policy without evidence

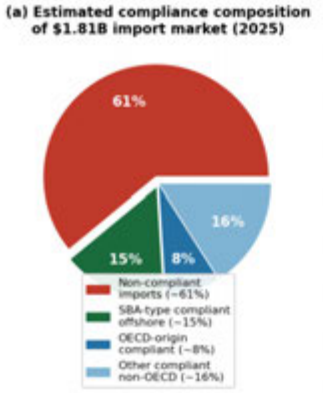
A fundamental methodological flaw undermines ASI's submission and all injury analysis based on undifferentiated import data: the ABS trade data used for anti-dumping and safeguard assessments does not distinguish between compliant (AS/NZS 5131 accredited) and non-compliant imported steel. The products are not equivalent and have different cost bases. This is not a minor data limitation — it is a structural defect that renders injury conclusions based on this data unreliable at their foundation. Compounding this, the ASI's injury analysis draws on a sample of only six fabricators (selected only because they suffered injury) — a sample that is insufficient to support the industry-wide injury findings required by the Agreement on Safeguards. The 2018 Senate Economics References Committee inquiry into Non-Conforming Building Products documented this failure, and SBA's own analysis confirms it remains unaddressed. The consequences of this data contamination are threefold.

First, pricing data is distorted downward: when non-compliant product at $[redacted]/t is aggregated with compliant product at $[redacted]/t, the resulting average understates the true market price for compliant steel, making domestic fabricators appear uncompetitive when in fact they are price-competitive against like product,

being compliant imports. Second, market share analysis is unreliable: the ASI's assertion that imports have displaced domestic production rests on undifferentiated import volumes — a comparison the data does not support and which a larger, more representative sample would need to interrogate. Third, causation conclusions are compromised: injury attributed to "imports" in ASI's submission is, in material part, injury attributable specifically to non-compliant imports — a distinction the data cannot make, but which the WTO legal framework requires before a safeguard measure can be justified.

The 579,240 tonnes of fabricated steel arriving in 2025 are recorded as a single undifferentiated import stream. This lack of granularity means policy decisions punish high-quality, Australian-owned supply chains while failing to identify the sub-standard products that actually distort the market. A CC-accreditation border gate would generate a compliance-stratified import dataset within 2–3 years — enabling all subsequent measures (whether trade remedy, procurement policy, or further standards action) to be calibrated with precision that current data makes impossible. Border enforcement is the foundational reform that enables every other element of an effective policy response.

Figure F The real problem: non-compliant imports — scale, regulatory arbitrage, and policy effectiveness



[redacted]

Figure F: The real problem: compliance composition of the $[redacted] import market, regulatory arbitrage trend, and policy effectiveness by scenario. Source: SBA analysis based on ABS (LS008485).

> The fundamental question is not "should imports be restricted?" but "should non-compliant imports be permitted to undercut compliant fabricators — domestic and offshore — by avoiding the AS/NZS 5131 framework that Australia's own building code requires?" The CC-accreditation border gate is the precise, proportionate, and WTO-consistent answer to that question.

4. ECONOMIC MODELLING: IMPACT OF SAFEGUARD MEASURES ON AUSTRALIAN INDUSTRY

This section provides detailed quantification of the downstream impacts of conventional safeguard measures, drawn from ABS trade data, SBA's commercial project database, Infrastructure Australia market capacity data, the Productivity Commission's construction productivity research, and Slattery's 2026 National Market Update.

4.1 Macro-level cost burden

Total fabricated steel import CIF value in 2025 was $2.0B. A 25% tariff generates a gross liability of ~$501M. After ~20% volume contraction (projects defer or substitute), effective tariff revenue falls to ~$401M/yr. The cost burden borne by Australian buyers is ~$350M/yr — the portion passed through rather than absorbed by exporters competing for market retention. Domestic capacity ramp-up (utilisation from ~68% to ~85%) could absorb an additional 50,000–80,000 tonnes worth ~$130–210M. The residual $140–220M is deadweight loss — cancelled projects and eroded developer margins.

The following scenarios are modelled on the basis of: (a) a 25% out-of-quota tariff (the rate most frequently discussed in industry submissions); (b) 70% pass-through of tariff costs to Australian buyers (30% absorbed by competing exporters); and (c) 2025 import baseline of 579,240 tonnes at a total CIF value of $2.0 billion. Assumptions are consistent with the modelling in the main PC submission.

The five scenarios span the realistic range of quota outcomes:

Scenario	Quota (t)	Above-quota volume (t)	National cost burden (A$M/yr)	As % of no-quota	Housing cost/dwelling
No quota (all imports taxed)	0	579,240	$350M	100%	$[redacted]
Low quota — 2016 base (~302k t)	302,261	276,979	$168M	48%	$[redacted]
Mid quota — 2019 base (~384k t)	383,978	195,262	$118M	34%	$[redacted]
Mid quota — 2022 base (~470k t)	470,490	108,750	$66M	19%	$[redacted]
High quota — 2025 base (~579k t)	579,240	0	$0	0%	$0

Note: Assumes 25% out-of-quota tariff, 70% pass-through to buyers, 2025 baseline of 579,240 t ($2.0B CIF). Housing cost per dwelling based on $5M development with [redacted]% structural steel content. Source: ABS International Merchandise Trade (LS008485); SBA modelling.

The table above reveals the decisive importance of quota volume. The difference between a no-quota outcome and a high-quota (2025-base) outcome is $[redacted]/yr in national construction sector costs. The difference between a low-quota (2016-base) and a high-quota outcome is $[redacted]/yr — a figure that directly determines project feasibility across the residential, commercial, and infrastructure pipeline.

4.2 Housing and commercial construction

The National Housing Accord targets 240,000 new dwellings per year. Infrastructure Australia confirms that the sector already faces a "severe" shortage of structural steel trades and welders within its 300,000-worker projected shortfall by 2027. The Slattery (2026) National Market Update identifies escalating construction costs as the primary constraint on private development viability. Against this backdrop, fabricated steel cost increases have an outsized effect on development economics: approximately xx% of the dwelling target (36,000 units) involves structural steel complexity exposed to import price movements. The additional cost per unit at 25% tariff — approximately $[redacted] for high-density and $[redacted] for mid-rise residential — can push projects below IRR thresholds when the margin for error is already measured in basis points of developer return.

To illustrate the concrete effect on individual projects and housing affordability, the following analysis applies each quota scenario to two indicative benchmarks: a representative commercial/industrial project ($91M total value, $[redacted] steel scope) and a high-density residential apartment development ($5M total value, $[redacted] steel scope).

Commercial / industrial project ($91M development, [redacted]% steel content)

Scenario	Steel cost uplift ($000s)	Total project uplift ($000s)	As % of project	Feasibility impact
No quota	[redacted]	[redacted]	[redacted]	[redacted]
Low (2016 base)	[redacted]	[redacted]	[redacted]	[redacted]
Mid (2019 base)	[redacted]	[redacted]	[redacted]	[redacted]
Mid (2022 base)	[redacted]	[redacted]	[redacted]	[redacted]
High (2025 base)	$0	$0	0%	No impact on current projects

High-density residential dwelling ($5M development, [redacted]% steel content)

Scenario	Additional cost per dwelling	As % of project	Impact on Housing Accord delivery
No quota	[redacted]	[redacted]	[redacted]
Low (2016 base)	[redacted]	[redacted]	[redacted]
Mid (2019 base)	[redacted]	[redacted]	[redacted]
Mid (2022 base)	[redacted]	[redacted]	[redacted]
High (2025 base)	$0	0%	No impact on current projects — Housing Accord unaffected

Note: Housing project impact based on $5M development, [redacted]% steel content ($[redacted] steel scope). Projects at feasibility risk estimated proportionally from [redacted] national burden baseline. Source: SBA modelling based on ABS (LS008485).

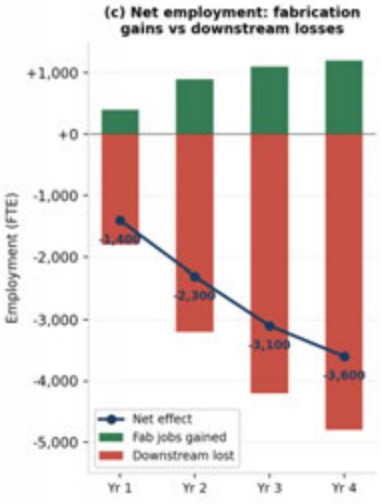
The above analysis is based on a 25% tariff. The ASI has called for a 50% tariff. Naturally, any tariff above 25% will result in a magnification of the negative impacts outlined above.

4.3 Net employment: the arithmetic the safeguard debate ignores

The employment argument for safeguards focuses on the visible gain — domestic fabrication workers — while ignoring the larger and less visible loss in downstream construction trades. Approximately 8 FTE per $1M of project activity are employed in downstream trades activated by project commencement. A $350M annual cost burden, causing project deferrals or cancellations, eliminates approximately 2,800 of these FTE. By Year 4, SBA estimates net employment of approximately negative 3,600 FTE — the downstream loss overwhelmingly outweighs the domestic fabrication gain, particularly given the labour constraints that limit how quickly domestic capacity can be ramped, even with improved price competitiveness.

Figure E Economic impact of a blanket tariff on the Australian construction sector and employment

[redacted]



Source: SBA economic modelling based on ABS (LS008485). ABS Industry (2025a, 2025b). Infrastructure Australia (2025). Employment estimates are indicative. Downstream losses reflect project deferrals from cost-feasibility threshold breaches.

Figure E [redacted]

5. RESPONSES TO PC INFORMATION REQUEST QUESTIONS

The following sections address each of the PC's seven Information Request questions directly, connecting the evidence in Sections 2–4 to the legal framework the Commission must apply under the Agreement on Safeguards.

PC Question 1: Have imports increased?

PC Question 1: *Have imports of the relevant steel products increased? Provide information about any absolute change in imports, changes relative to domestic production, and trends in imports of the relevant products.*

Fabricated structural steel imports grew from 302,261 tonnes ($1.16B customs value) in 2016 to 579,240 tonnes ($1.81B) in 2025. Rather than characterising this as a single trajectory, SBA identifies two analytically distinct periods. From 2016–2020, growth of ~6.5% CAGR was broadly consistent with organic construction demand — a gradual expansion, not a surge. From 2021–2025, growth of ~8.3% CAGR occurred alongside the post-COVID infrastructure stimulus, housing pipeline, and defence and energy transition projects. SBA does not agree that this second phase constitutes a "sudden, sharp and significant" increase as required by the WTO Appellate Body: the growth is real but reflects genuine structural demand drivers as much as any import distortion.

The more compelling analytical baseline is the period since AS/NZS 5131 was made mandatory through the 2020 NCC revision. It is from this point that imports of non-compliant fabricated steel — product that cannot legally be used in NCC-regulated buildings — have grown materially, representing a regulatory compliance failure that the trade data alone cannot quantify. Within the 2022–2025 window, Indonesia's growth of ~630% in the key structural code is the clearest evidence of a rapid and non-organic import increase.

Figure A PC Question 1: Import volume by origin country (HS 7308900065)

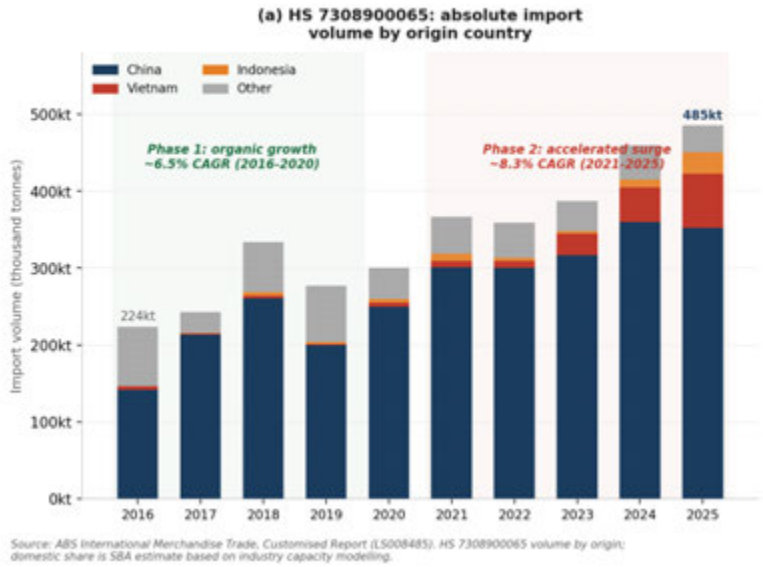


Figure A PC Questions 1 & 3(a,): Import volume by origin showing two growth phases. Source: ABS (LS008485).

Finding Q1: Imports have increased in absolute terms and relative to domestic production. However, the level of increases does not meet the WTO standard of "recent, sudden, sharp and significant" across either the full period since 2016 or a short, more recent, period. The growth is consistent and reflects genuine structural demand as much as any distortive factor. The sharper and more analytically relevant question is the growth of non-compliant imports since the 2020 NCC revision, and the non-organic 2022–2025 acceleration in certain origin countries. This origin-specific acceleration warrants targeted investigation. In either case, the appropriate remedy is a compliance-based border enforcement measure rather than a volume-based tariff or quota.

PC Question 2: Causes of import changes?

PC Question 2: *What are the causes of any changes in imports of the relevant steel products? Have there been unexpected developments that have caused changes in imports? Have Australia's GATT obligations constrained it from responding to increased imports?*

Import growth in fabricated structural steel reflects three distinct causal factors, each with different implications for policy design. The first and most fundamental is structural demand. Australia requires approximately 26.6 million tonnes of fabricated structural steel over the next five years, spanning major transport and utilities infrastructure underpinned by the $242 billion public pipeline, public and private housing under the National Housing Accord's 1.2 million dwelling target, energy transition and defence projects, and commercial and industrial development.

Against deliverable domestic fabrication capacity of approximately 0.9–1.0 million tonnes per annum, the domestic industry can supply less than 20% of this forward requirement — a structural deficit of approximately 29,000 tonnes at full utilisation and a five-year pipeline gap of 3.24 million tonnes. The import channel is not a policy choice; it is a structural necessity, and no border measure can alter this arithmetic.

The second cause — and the one most directly material to this inquiry — is compliance arbitrage. The 2020 revision to the National Construction Code created a regulatory cost asymmetry that non-compliant offshore producers systematically exploit, generating an estimated $[redacted] million per annum in avoided compliance costs with no basis in genuine productive efficiency. This is the one causal factor that the CC-accreditation border gate directly and proportionately addresses, requiring that imports meet the same conformance standard that domestic producers are legally obligated to satisfy.

The third cause has been materially underweighted in submissions to this inquiry: the structural non-adaptation of parts of the domestic fabrication sector. Australian fabricators face industrial energy costs among the highest in the OECD; raw material supply chains are shallow and concentrated, with the Whyalla steelworks uncertainty exposing structural fragility in domestic input sourcing; labour cost and trade qualification structures create cost floors that offshore competitors do not face at equivalent productivity levels; and capital investment and technology adoption rates have not consistently matched those of leading international fabricators.

This trajectory mirrors Australian automotive manufacturing, where the inability to compete on cost reflected systemic domestic factors — energy costs, labour costs, supply chain depth, and scale economics — rather than unfair trade practices alone. These structural factors do not excuse unfair competition, but they do mean that a safeguard tariff without accompanying structural reform will deliver temporary and diminishing relief at permanent cost to downstream industries. SBA submits that the Commission should investigate and make findings on the extent to which energy costs, supply chain constraints, workforce development, and business model adaptation explain the domestic industry's competitive position, and should direct recommendations toward those structural causes alongside any border enforcement measures.

The ASI has argued that global steel overcapacity is an unforeseen factor that resulted in an increase in exports of fabricated structural steel to Australia. The PC needs to fully investigate the extent to which global steel overcapacity, with respect to crude steel, results in overcapacity in fabricated structural steel. At paragraph 100 of its application, the ASI admits that the information regarding overcapacity in the fabricated structural steel industry is limited.

Reference is made by the ASI at paragraph 101 to a 2020 report by the US International Trade Commission (USITC). That report relates to a period prior to 2020 and is disconnected from the period of the claimed increase in imports into Australia (2022 – 2024). Further, it is important to note that the USITC report sets out a finding that the United States industry was not materially injured or threatened with material injury by reason of imports of fabricated structural steel from Canada, China, and Mexico.[37]

[37] Page 1, U.S. International Trade Commission Publication 5031 March 2020 page 1.

The ASI also makes reference to the Canadian International Trade Tribunal decision to impose anti-dumping countervailing measures on fabricated industrial steel components in 2017. Neither a finding of dumping nor subsidisation is evidence of overcapacity in the market for fabricated structural steel. The ASI does not point to any finding by the Canadian International Trade Tribunal of overcapacity. The reference to this investigation in an application for safeguard measures is curious in that it highlights remedies other than safeguards that are seemingly more appropriate.

To this end, it is noted that much of the ASI's argument regarding overcapacity relates to the subsidisation of the Chinese steel industry. If such claims can be verified, the appropriate WTO-compliant remedy is countervailing duties.

The further evidence provided by the ASI at paragraph 102 of the ASI application is highly speculative. At paragraph 103, the ASI reports the capacity of certain international fabricators without any evidence that those production figures represent global fabricated structural steel overcapacity.

The evidence of overcapacity of crude steel is stronger. Chinese steel overcapacity has been a defining and well-documented feature of global markets since at least the early 2010s, consistently reported by the OECD Steel Committee. However, the linkage between this market situation and an increase in imports of fabricated structural steel is not clear. An overcapacity of crude steel should result in cheaper raw materials for both international and Australian fabricators.

To a degree, this situation may not occur if the Australian government has imposed dumping and/or countervailing duties on the export of those raw materials to Australia. To the extent that this is the case, the exposure of the Australian fabricated structural steel industry to increased imports is due to the price differential caused by Australian import taxes on materials used to produce fabricated structural steel.

In the event that the PC finds that increased imports were caused by global steel overcapacity generally, or specifically in respect of fabricated structural steel, it is submitted that this is not an unforeseen event. To the extent that overcapacity is attributed to China, the relevant date for assessing whether this event was unforeseen is China’s accession to the WTO, on 11 December 2001.

Such an event could not have been unforeseen, given that on 28 June 2001, the USITC initiated a safeguards investigation into certain steel products. The central claim of that investigation was that there was significant and persistent global overcapacity in steel production.

The ASI’s suggestion that a “common spirit of trade liberalisation” prevailed at the time of Chinese accession to the WTO is inconsistent with the US commencing a safeguards inquiry into steel in the months leading up to China’s accession.

Ultimately, the primary claim of the ASI is that the Chinese government’s involvement in the steel industry is an unforeseen cause of increased imports into Australia. This was not unforeseen, and the negotiators of the GATT obligations provided Australia with tools to address this issue. The appropriate, and WTO-compliant, response, is a countervailing investigation into the export of fabricated structural steel from China.

In addition, to the extent that the alleged overcapacity is reflective of Chinese fabricators selling product at a loss, this would usually be the foundation of an anti-dumping inquiry. Findings of overcapacity in the Chinese steel market are common features of the Anti-Dumping Commission investigations into steel products exports from China.

Trade policies

The ASI has argued that US tariff increases on all steel products (25% in 2018, increased to 50% in 2026) constitute the unforeseen development driving import diversion to Australia. SBA does not accept this characterisation.

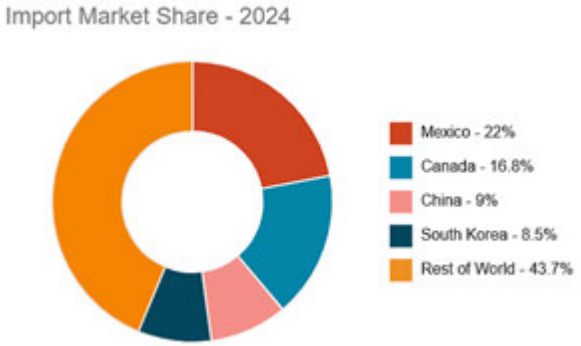
SBA requests that the PC carefully examine which of the claimed protectionist measures applied to fabricated structural steel compared to upstream steel products. For instance, the EU, UK, Brazilian, and Indian steel safeguard measures do not apply to tariff heading 7308, nor do the steel tariff increases introduced by Türkiye. It is hard to see how trade measures that do not apply to fabricated steel would prompt exporters to leave those markets and redirect their exports to Australia.

With respect to US Section 232 measures, it is again important to identify the extent to which, and from what point in time, these measures applied to fabricated structural steel.

While there have been retaliatory tariffs by some countries on the US, it is hard to see the connection between increased tariffs on US goods, and the increase in the export of fabricated structural steel from (primarily) China to Australia. Is the position of the ASI that retaliatory measures by countries against the US are leading to the imminent threat of a surge in US-exported fabricated structural steel to Australia? If it is not, what is the relevance of tariffs by third countries against the US?

It is important for the PC not to simply accept the claim that there has been a material increase in protectionist trade policies that divert the export of fabricated structural steel to Australia. While there is no doubt that there has been an increase in protectionists policies, most do not relate to fabricated structural steel (rather the upstream products) or do not increase the cost of exports to that market from China (compared to exports from the US).

The trade measure that would be expected to have the biggest impact on the Australian market for fabricated structural steel, are the US section 301 measures which do now apply to fabricated structural steel. It may be expected that these measures would result in the major exporters to the US increasing their volume of trade to Australia. The Australian FTA Portal, obtaining data from UNcomtrade, reports the below US import market share for tariff heading 7308.90 in 2024[38]:



The figure above illustrates the composition of the US's import market of goods classified to heading 7308.90 by source. Data sourced from the Australian FTA Portal.

Vietnam is not in the top ten and had less than 2.6% of the US import market share in 2024. However, for the same tariff heading, Vietnam's exports to Australia increased by 54% from 2024 to 2025. China's exports of goods classified under heading 7308.0065 to Australia decreased by 2% from 2024 to 2025. Incidentally, Mexico and Canada, the largest exporters to the US, had minimal exports to Australia, with volumes decreasing from 738 tonnes in 2024 to 75 tonnes in 2025. The evidence simply does not show that exports to the US are now being diverted to Australia.

This may reflect that fabricated structural steel is bespoke and project-specific — designed to precise dimensions, load paths, connection details, and finishes for individual projects. Unlike commodity steel (rebar, coil, plate), it cannot simply be redirected from one market to another. A warehouse frame fabricated for a US project has no application to an Australian building.

[38] https://ftaportal.dfat.gov.au/search/detail/73089095?q=7308&td=export&c=USA accessed on 13 April 2026

Non-Compliant Imports

SBA has asserted that the cost advantage enjoyed by non-compliant imports has been a cause of increased imports. However, this is a clearly foreseeable event. Whether it is compliance with a structural standard or a labour or environmental standard, foreign manufacturers that do not incur the same compliance cost as Australian manufacturers will be at a cost advantage. This was a global dynamic that was well appreciated at the time Australian accepted its GATT obligations in 1994. All WTO members were given the right to impose technical requirements on imported goods where those requirements fit within the terms of the TBT Agreement. The CC Accreditation Compliance Gate is the WTO-compliant manner of addressing this issue.

The EU, facing identical competitive dynamics from Chinese overcapacity and redirected trade flows, reached the same conclusion: rather than resort to a safeguard measure on fabricated structural steel, it relied on its mandatory CE marking framework under EN 1090, enforced at customs clearance, to exclude non-compliant imports from the market. The compliance system addressed the cause directly; a trade remedy was unnecessary. Australia's AS/NZS 5131 is the direct functional analogy to EN 1090.

> Finding Q2: Import growth reflects three distinct causes, only one of which is directly addressable by the proposed remedy. Structural demand is irreducible — a foreseeable consequence of Australia's own policy commitments that no border measure can alter. Structural non-adaptation of the domestic industry reflects long-run domestic cost and investment dynamics that require structural reform alongside any border measure. Only compliance arbitrage is directly and proportionately addressable by the CC-gate. SBA does not concede that any identified causal factor meets the GATT Article XIX unforeseen developments threshold. The CC accreditation border gate is the technically and legally appropriate response. In respect of the claims by the ASI, Chinese state-supported overcapacity was explicitly anticipated at the time of China's WTO accession, has been subject to multilateral monitoring for over a decade, and is properly addressed through anti-dumping and countervailing duty proceedings. Trade diversion from US tariff increases does not extend to fabricated structural steel: Vietnam held less than 2.6% of the US HS 7308.90 import market in 2024, and China's exports to Australia under HS 7308900065 fell 2% year-on-year in 2025 — patterns inconsistent with large-scale US-driven diversion to Australia.

PC Question 3: Serious injury?

PC Question 3: *Has the domestic industry suffered serious injury, or is there a threat of serious injury? Addressing all relevant injury factors including import rate and amount, domestic market share, changes in sales, production, productivity, capacity utilisation, profits and losses, and employment.*

The position put by the ASI in respect of injury is unconvincing and not consistent with industry wide data obtained by SBA.

The ASI's injury case rests on indexed questionnaire data drawn from six portal frame fabricators. While the indices tell a dramatic story — capacity utilisation collapsing to 44.13 and aggregate profitability to -545.98 by FY2025 — the analytical framework contains compounding weaknesses that significantly limit the weight the Commission should place on them. Most fundamentally, the six fabricators were explicitly selected because they were already "seriously injured" and drawn from a database "focused on the portal frame market." This is a selection of the dependent variable.

Portal frames are the most commodity-like, price-sensitive FSS sub-segment and therefore the most import-exposed. The broader FSS industry encompasses bridges, defence components, mining infrastructure, naval structures, and rolling stock — sub-segments where import competition is structurally constrained by technical specifications, certification requirements, and local content rules in government procurement. By extrapolating portal frame injury to "the whole Australian FSS industry" without statistical justification or disaggregated data by sub-segment, the ASI systematically overstates industry-wide impairment.

The data the ASI presents also contains an internal inconsistency that it never addresses. Aggregate profitability among the sampled fabricators *improved substantially* during the import surge itself — rising from an index of

100 in FY2022 to 188.78 in FY2023 and 205.18 in FY2024 — the very years in which the ASI documents its most dramatic import volume increase. The collapse occurs in FY2025, not during the surge period. If imports were the primary cause of serious injury, fabricators should have been most injured when imports were rising fastest. That the opposite occurred is not addressed in the application and substantially undermines the causal narrative. The Commission will need to determine whether the FY2025 collapse is import-driven or whether it reflects the broader construction-sector contraction that the ASI's non-attribution analysis systematically ignores.

It is also noted that the ASI has not evaluated every mandatory Article 4.2(a) injury factor. Critically, the ASI has not evaluated the Australian industry's productivity. This omission is not merely procedural — WTO Appellate Body jurisprudence, the ASI itself cites, confirms that failure to evaluate all listed factors renders a safeguard determination inconsistent with Article 4.

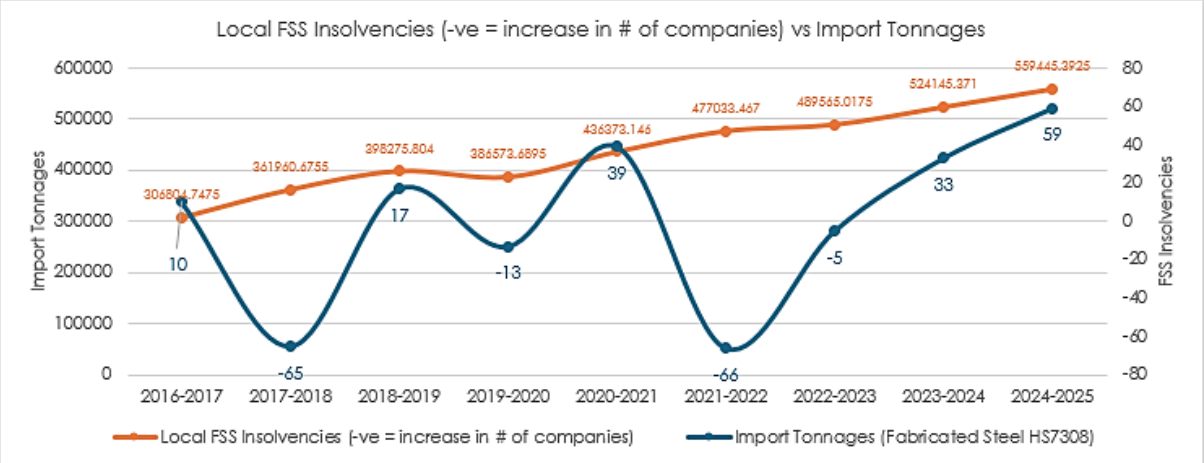
SBA has undertaken a review of injury in respect of Australian fabricated structural steel companies (FSSC) and the construction industry in general. In undertaking this review, it has focused on the level of insolvencies and the volume of imports of fabricated structural steel.

SBA has identified the following key points:

a) The rate of insolvency experienced by FSSC is disconnected from the volume of imports.

b) The construction industry as a whole is experiencing a level of insolvency that is higher than that experienced by FSSC.

SBA has found that while import volumes rise steadily over time, FSSC insolvency movements fluctuate independently, with no stable or consistent alignment with the level of imports. There are a number of years where there is a sharp upward or downward movement in the level of FSSC insolvencies without a corresponding movement in import volumes. The absence of a consistent trend suggests that FSSC insolvency levels are largely decoupled from the level of import penetration.



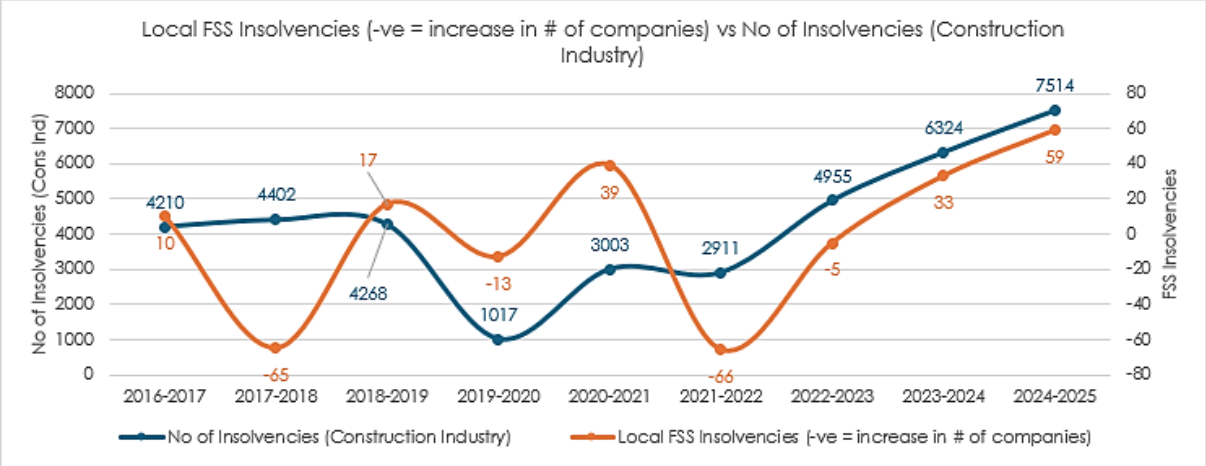
Source: ABS; ASIC; ASI; Infrastructure Australia; SBA analysis. Note: FSS insolvencies reflect net company movement (–ve = increase in companies). Correlation indicative only (low R^2; limited sample size).

Notwithstanding observable trends, statistical relationships remain weak ($R^2 < 0.3$), indicating limited explanatory power of import volumes on insolvency outcomes.

SBA has also identified that the frequency of insolvencies in respect of FSSCs is relatively small when compared to the construction sector in general. Against a base of c.2,120 companies, the observed movements in FSSC insolvencies are relatively small in absolute terms, generally ranging between c.+/-5 to +/-66 companies, which equates to roughly +/-0.2% to +/-3.1% of the total population. In most years, the movements sit closer to the lower end of this range, suggesting churn broadly consistent with normal industry entry and exit dynamics.

Overall, the scale and pattern of insolvency movements do not indicate a systemic or structural departure from typical market turnover; rather, they sit within a band that would be expected for a fragmented industry of this size.

The above graph shows an inconsistent level of insolvency among FSSCs, disconnected from the steady increase in import volumes. Further, while there is an upward trend over the past 4 years, it is important to note that the FSSC sector during this period, almost mirrors the construction industry during this period. This suggests that the same factors that are causing stress in the construction industry are also causing stress for FSSCs, which are key suppliers to the construction industry. Naturally, the construction industry is unlikely to experience stress due to lower-cost materials. It is much more probable that the market contraction impacting the construction industry is heavily impacting suppliers to that industry (such as FSSCs).



Source: ABS; ASIC; ASI; Infrastructure Australia; SBA analysis. Note: FSS insolvencies reflect net company movement (–ve = increase in companies). Correlation indicative only (low R^2; limited sample size).

It is important that the Commission takes an industry-wide and holistic approach to assessing injury. It is not enough that there is an increase in imports, and at the same time, anecdotal reports of injury. Injury must be assessed across the industry and have a clear causal link to the level of imports.

Taking an industry-wide view, SBA has not identified serious injury and cannot see a clear objective link between the level of injury and the volume of imports.

Empirical analysis does not support a strong causal linkage between import penetration and local fabrication insolvencies, with outcomes more closely aligned to firm-level financial and operational factors.

Finding Q3: SBA does not believe that the WTO legal threshold of serious injury is met on the available evidence. SBA identifies significant methodological deficiencies in ASI's injury analysis that the Commission should examine before drawing conclusions. ASI's sample of only six fabricators — selected specifically because they were injured and drawn from the portal frame sub-segment — is insufficient to support industry-wide injury findings of the kind required by the Agreement on Safeguards. The undifferentiated import data underlying ASI's injury case conflates compliant and non-compliant imports, rendering its pricing and market share analysis unreliable. ASI's analysis also omits productivity from its injury factor assessment — a mandatory Article 4.2(a) indicator whose omission alone, under established WTO Appellate Body jurisprudence, renders a safeguard determination legally deficient. SBA's own research shows a complete uncoupling for incidences of insolvency affecting fabricators and the volume of imports of fabricated structural steel. The Commission should not accept ASI's injury characterisation at face value.

PC Question 4: Causation?

PC Question 4: *Have increased imports caused the serious injury? Please also identify any other factors that may have caused injury to the domestic industry.*

To the extent the Commission finds serious injury, SBA submits that the causal analysis is the most critical question before it. On SBA's assessment, the injury picture is more nuanced than headline import volumes suggest. On SBA's indicative assessment — which is presented as an analytical framework rather than a precise empirical finding — approximately 52% of observed industry stress indicators are consistent with non-compliant import competition exploiting the regulatory asymmetry created by the 2020 NCC revision; approximately 25% is consistent with cyclical demand contraction (high interest rates, reduced private activity); approximately 16% with structural cost escalation (labour shortages, energy, materials, productivity decline); and approximately 7% with trade effects from compliant imports.

In terms of non-compliant imports, Infrastructure Australia (2025) confirms that it is currently difficult to ascertain the compliance of imports with Australian Standards, creating significant quality risks that further erode the domestic industry's ability to recover compliance investment through pricing. This is a genuine market failure that warrants regulatory attention — but it is distinct from the safeguard question, and addressing it through a blunt all-source tariff instrument would impose costs on the broader construction sector without resolving the underlying compliance and enforcement gap.

Cyclical demand contraction is substantial and directly relevant. At paragraph 195, the ASI dismisses the demand environment in a single sentence, asserting that domestic demand "grew during the proposed safeguard inquiry period." This is inconsistent with market conditions during the relevant years. Total building activity slid 9% in constant prices through FY2024, dwelling approvals fell to near their lowest level in 12 years, and construction insolvencies more than doubled from FY2022 levels.[39] Commercial and industrial building — the primary end-market for portal frame FSS — contracted sharply as post-COVID stimulus unwound, private developers shelved projects under elevated interest rates, and fixed-price contractors faced widespread financial distress. The ASI's own narrative acknowledges that post-COVID stimulus drove over-investment in fabrication capacity, creating a capacity overhang that then collided with falling demand — but having used this argument to reject the standard three-year quota baseline, the application cannot simultaneously deny that the same demand contraction is a substantial independent cause of the FY2025 injury.

These are, more broadly, the same structural dynamics that made Australian automotive manufacturing uncompetitive: not a sudden surge of unfair imports, but a gradual divergence between domestic structural costs and international competitive benchmarks that the industry did not bridge in time. The stress indicators the ASI identifies are also not isolated to the fabrication sector — they are evident across the wider construction and infrastructure supply chain, pointing toward structural and cyclical causes rather than import-specific ones. They are compounded by factors specific to the domestic fabrication cost structure that the ASI does not adequately account for: the Whyalla steelworks disruption reducing raw material supply certainty; existing anti-dumping duties on imported raw steel inputs that structurally elevate domestic fabricators' production costs relative to offshore competitors; and substitution toward timber, concrete, and hybrid structural systems in mid-rise residential construction reducing total FSS demand independent of import volumes.

The Agreement on Safeguards requires the Commission to "distinguish and separate" import-attributable injury from injury caused by other factors. The ASI's application provides no tools to make this distinction. As set out above, critically, it evaluates every mandatory Article 4.2(a) injury factor except one: productivity. This failure is analytically revealing. The ASI's own industry adjustment plan at Section VIII explicitly promises productivity improvements through automation and Industry 4.0 adoption, implicitly conceding that current productivity is uncompetitive. If the competitive disadvantage is partly structural and self-inflicted rather than import-induced — as the automotive parallel and the adjustment plan's own framing suggest — then non-import factors account

[39] ABS Building Activity, Cat. 8752.0 (September 2024 quarter): total building work done in constant prices fell approximately 9% from FY2022 peak through FY2024. ABS Building Approvals, Cat. 8731.0 (2024): dwelling approvals at near-12-year lows during 2023–2024. ASIC Annual Insolvency Statistics (2023–24): external administration appointments in construction approximately doubled from FY2022 levels. These statistics are publicly available from ABS and ASIC; they are cited here as independent corroboration of the demand contraction that the ASI's non-attribution analysis fails to account for.

for a material share of observed industry stress and cannot be attributed to imports for the purposes of a safeguard determination.

As the Commission undertakes the process to "distinguish and separate" all causal factors, SBA highlights the following additional non-import factors that have contributed materially to domestic industry injury and must not be attributed to increased imports:

a) Raw steel input costs elevated by existing trade measures: Australian domestic fabricators bear anti-dumping duties on imported raw steel inputs (hot-rolled coil and plate) that increase their production costs relative to offshore competitors sourcing raw steel without this impost — a structural cost disadvantage that is a domestic policy consequence, not an import volume effect.

b) Whyalla supply chain disruption: The ongoing financial and operational uncertainty at the Whyalla steelworks has created raw material supply uncertainty for domestic fabricators dependent on domestic structural sections, demonstrably reducing production certainty and confidence independently of any import trend.

c) Substitutable construction materials: Growing use of timber, concrete, and hybrid structural systems in mid-rise residential construction represents a demand-side shift, reducing the addressable market for fabricated structural steel, irrespective of import levels.

d) Long lead times and procurement uncertainty: Domestic fabricators face compressed production windows and reduced forward order books as a consequence of private sector construction contraction and project deferral — a reflection of broader economic conditions, not import competition.

A blanket tariff addresses the 7% attributable to compliant imports while ignoring the 52% attributable to non-compliant competition. Because Chinese non-compliant product carries a structural price advantage from both compliance cost avoidance ([redacted]%) and state subsidisation, a blanket tariff does not close the gap — it raises costs on all importers without targeting either mechanism. The compliance distortion persists regardless of tariff level. A tariff also risks perversely advantaging non-compliant suppliers: a compliant importer paying 25% tariff on accredited product is still more expensive than a non-compliant importer paying 25% tariff on substandard product. The compliance arbitrage component is addressable through the CC accreditation compliance gate; the subsidisation component warrants referral to the Anti-Dumping Commission.

Figure C PC Questions 2 & 4: Causal decomposition of domestic industry injury

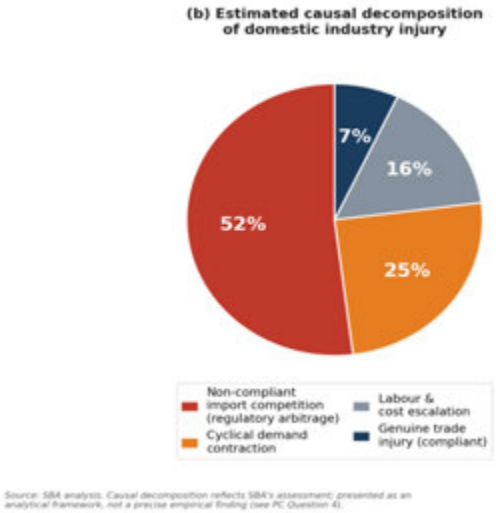


Figure C PC Questions 2 & 4: Causal decomposition of domestic industry injury (right). Source: SBA analysis based on ABS (LS008485).

Finding Q4: On SBA's assessment, the dominant contributor to observed industry stress is non-compliant import competition exploiting the AS/NZS 5131 compliance asymmetry, not legitimate competition from accredited suppliers. Material non-import factors — cyclical demand contraction ,Whyalla supply chain disruption, anti-dumping duties on

raw steel inputs, and construction market contraction — must be distinguished and separated from any import-attributable injury. To the extent import-related injury is found, a blanket tariff would address only the small proportion attributable to compliant imports while leaving the compliance distortion — the primary mechanism — entirely unaddressed. The CC-accreditation gate is the only measure that directly targets that mechanism.

PC Question 5: Form of measure?

PC Question 5: *If safeguard measures are justified, what sort of measure should be put in place? Please address the appropriate form, extent and duration of a definitive safeguard measure.*

SBA's primary recommendation is that no conventional safeguard (tariff or TRQ) be implemented. The appropriate measure is a CC-accreditation border gate: fabricated structural steel must be accompanied by evidence of producing facility accreditation to at least CC2 under AS/NZS 5131. Non-accredited product is subject to an import embargo or prohibitive levy.

This is not a safeguard in the conventional WTO sense — it is a technical regulation permissible under the TBT Agreement on public safety grounds, applied non-discriminatorily to all origins. It is WTO-consistent (multiple peer jurisdictions operate equivalent measures without successful WTO challenge); administratively feasible (customs brokers already manage documentation verification; negligible additional burden); precisely targeted (affects only non-compliant imports, imposing zero cost on compliant supply chains); and self-generating (creates a compliance-stratified import dataset enabling precision-calibrated future policy within 2–3 years).

The measure also recognises that non-compliant structural steel, at any cost, is an unsafe product that is not permitted to be used in Australian buildings.

Recommendation Q5: CC-accreditation border gate (AS/NZS 5131 min CC2) as primary measure. Implementation should proceed through a mandatory Community Protection Question (CPQ) embedded within existing ABF import declaration infrastructure — no new systems or infrastructure required. If a TRQ is adopted: quota set at no less than 2025 import volumes (579,240 tonnes); CC2+ accredited imports exempt from quota cap entirely; out-of-quota ad valorem tariff with CC2+ exemption; 3-year phase-in; 4-year maximum duration; pre-inquiry order carve-outs for committed procurement.

PC Question 6: Public interest?

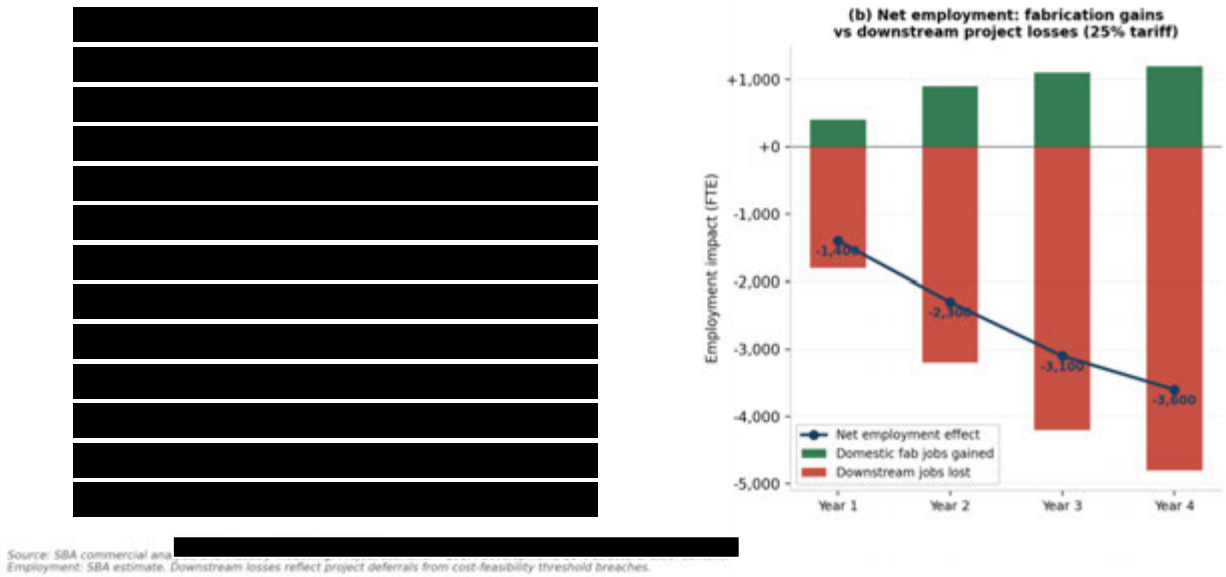
PC Question 6: *Is a safeguard measure in the public interest? For example, what flow-on effects to other sectors of the economy might be expected if safeguard measures were to be introduced?*

A conventional tariff safeguard is not in the public interest. The detailed quantification supporting this finding is set out in Sections 2.3–2.5 and Section 4 of this submission. Infrastructure Australia's 2025 Market Capacity Report confirms that imports currently serve a critical "pressure valve" function in a market that lacks the domestic workforce and capacity to meet demand. Any policy that increases input costs threatens project feasibility precisely when the government requires stable, scalable steel supply for its $242B infrastructure pipeline and the National Housing Accord's 1.2 million dwelling target.

A non-targeted safeguard would also perversely leave non-compliant imports — the primary source of market distortion — to continue undercutting compliant suppliers, while imposing the greatest burden on the compliant operators who are not the cause of the problem. At 25% tariff (see Section 2.3-2.5 and 4 for full derivations): ~$350M/yr additional construction sector costs; ~3,200 private projects at feasibility risk; ~$[redacted]/dwelling additional cost on exposed residential development; net negative employment of ~3,600 FTE by Year 4. These costs fall principally on downstream construction participants who are not the source of the market distortion.

The CC-accreditation border gate, by contrast, is strongly in the public interest: it protects structural safety (eliminating the latent liability of non-compliant steel in buildings, documented by the Senate Economics References Committee's 2018 inquiry into Non-Conforming Building Products as including fraudulent practices such as bridge trusses filled with water); restores competitive neutrality (compliant suppliers face no cost burden); and generates data. Additionally, undifferentiated safeguards would inadvertently disadvantage compliant Australian-owned offshore operations like SBA, while leaving the door open for low-cost, non-certified imports — perversely harming the model that delivers Australian standards compliance and domestic economic value.

Figure D PC Questions 5 & 6: Form of measure and public interest — project cost and employment impact



Source: SBA commercial ana
Employment: SBA estimate. Downstream losses reflect project deferrals from cost-feasibility threshold breaches.

Figure D PC Questions 5 & 6: Project cost under alternative policy scenarios (left) and net employment effect of blanket tariff over 4 years (right). Source: SBA commercial analysis.

Finding Q6: A conventional tariff safeguard is not in the public interest. The CC-accreditation gate is strongly in the public interest: it protects structural safety — addressing the systemic compliance failure documented by the Senate Economics References Committee's 2018 inquiry into Non-Conforming Building Products and illustrated by the Kew Recreation Centre collapse (2022); it restores competitive neutrality without imposing any cost on compliant supply chains; and it generates a compliance-stratified import dataset that makes precision-calibrated future policy possible within 2–3 years. These three benefits are achieved at zero cost to the construction sector, the housing pipeline, or taxpayers — a policy outcome that a blanket tariff cannot replicate.

PC Question 7: Provisional measures?

PC Question 7: *Are there critical circumstances that warrant a provisional measure? Specifically, would delay cause damage which it would be difficult to repair?*

The critical circumstances justifying provisional measures within the meaning of SG Article 6 do not exist. We have set out above important issues regarding compliance with AS/NZS 5131 that should be fully investigated prior to imposing any safeguards.

Further, the ASI's claimed causes of an increase in imports (steel industry over capacity and trade policy) do not have a clear link to increased imports of fabricated structural steel. It may be that those causes impact trade in raw steel and inputs to fabricated structural steel, but the connection to finished fabricated structural steel is not evident.

In addition, the nature of the claimed increase in imports and injury case put by the Australian industry is that damage has been caused over an extended period of time due to circumstances (Chinese oversupply and

protectionist tariffs) that have existed since at least 2018. The volume increase from 2024 to 2025 across all tariff headings from all countries was 8% (with China experiencing a 2% decrease).[40]

The claimed surge in imports is better characterised as consistent growth and there is no evidence that imports have recently rapidly increased or that other factors have emerged that required an immediate response.

On the contrary, some of the factors that are said to have resulted in increased imports likely to lessen in their impact over the next 6 months. Namely:

- EU safeguard measures on certain steel products are due to expire on 30 June 2026;[41]
- US country-specific and broad "reciprocal" tariffs have been removed following successful US court challenge;
- the Iran war has increased the cost of international sea freight making imported goods less cost competitive.

SBA does not believe that there is "clear evidence that increased imports have caused or are threatening to cause serious injury" in circumstances where "delay would cause damage which it would be difficult to repair". The injury evidence put forward by the ASI is selective and anecdotal. By contrast, it is readily foreseeable that a provisional tariff would disrupt projects in procurement, create significant procurement uncertainty, impose costs on compliant suppliers who are not the source of any critical-circumstances harm and impact the entire construction sector and by extension, the market for new build industrial, commercial and residential properties.

In addition, the nature of fabricated structural steel procurement is that supply decisions and orders are made months, and sometimes over a year, in advance. These orders could not be changed because of a provisional tariff. A provisional tariff would not change these procurement decisions, but only add costs to existing projects.

To the extent that a provisional tariff could have an immediately impact, there is no evidence that the Australian industry has the ability to quickly lift production and utilisation levels, to accommodate a significant increase in orders.

> Finding Q7: SBA submits that critical circumstances justifying provisional measures do not exist. Critical circumstances under SG Article 6 require clear evidence of a sudden and significant import increase causing serious injury in circumstances where delay in applying measures would cause damage that is difficult to repair. That standard is not met. The claimed import increase has been gradual and consistent over several years; the injury case is selective and methodologically unsound; and fabricated structural steel procurement operates on lead times of 6–12+ months, meaning a provisional tariff cannot divert existing orders to Australian fabricators — it can only add costs to projects already committed. Domestic fabricators, moreover, lack the short-term capacity to absorb redirected demand. A provisional tariff would impose immediate and disproportionate costs on compliant supply chains without achieving any of its stated objectives. The case for safeguards must be compelling before provisional measures are introduced; on the evidence before this inquiry, that standard is not reached.

[40] ABS data

[41] European Commission Implementing Regulation (EU) 2019/159 (as extended and amended), establishing definitive safeguard measures on imports of certain steel products. The measure covering steel product categories relevant to structural applications is currently due to expire on 30 June 2026, subject to any further extension determination by the European Commission. The scheduled expiry is relevant to the PC's assessment of whether trade diversion pressure on Australia is likely to intensify or moderate over the near term.

6. INTERNATIONAL ENFORCEMENT: AUSTRALIA AS THE GLOBAL OUTLIER

A detailed international comparison confirms that border-level compliance verification for fabricated structural steel is the established global norm. Australia is the only jurisdiction surveyed with no enforcement mechanism in place across five dimensions: border certification, pre-import licensing, procurement-embedded compliance, market surveillance, and anti-evasion enforcement.

- EU: Mandatory CE marking (EN 1090) at customs clearance. CBAM carbon charges from January 2026.
- US: EAPA enables on-site foreign capacity verification with retroactive multi-year duties. Buy America provisions embed mill certificate requirements in all public procurement.
- UK: Mandatory UKCA marking under BS EN 1090.
- India: BIS QCOs covering 151 standards across HS Chapters 72–73 make accreditation a precondition for market entry — not a post-entry aspiration.
- Philippines: 2025 market surveillance test-buys recorded a 100% failure rate for sampled structural steel imports — illustrating what systematic testing reveals in a previously uncontrolled import stream. This result should give Australian policymakers direct pause about the untested compliance profile of the 579,240 tonnes arriving annually.[42]

The CC-accreditation border gate SBA proposes is structurally equivalent to measures that every peer jurisdiction surveyed has implemented without successful WTO challenge. Border enforcement is not novel, impractical, or trade-inconsistent — it is the foundational reform that makes every other element of the policy response possible.

Figure 7 International enforcement mechanisms: peer jurisdiction comparison

	Border certification requirement	traceability	Pre-import licensing	Procurement embedded compliance	Market surveillance & testing	Anti-evasion enforcement
European Union	In place	In place	Not in place	In place	In place	In place
United States	Partial / in progress	In place	Partial / in progress	In place	Partial / in progress	In place
United Kingdom	In place	In place	Not in place	In place	Partial / in progress	Partial / in progress
Canada	Partial / in progress	Partial / in progress	Not in place	In place	Partial / in progress	In place
India	In place	Not in place	In place	Partial / in progress	Partial / in progress	Partial / in progress
Indonesia	In place	Not in place	In place	Partial / in progress	Partial / in progress	Not in place
Philippines	Partial / in progress	Not in place	In place	Partial / in progress	In place	Partial / in progress
Australia (current)	Not in place	Not in place	Not in place	Not in place	Not in place	Not in place

In place | Partial / in progress | Not in place

Source: Steel Builder Australia, International Comparison of Domestic Compliance Enforcement (March 2026). Australia row reflects current position absent any new border-level requirements.

[42] Bureau of Philippine Standards (BPS), Department of Trade and Industry, 2025 market surveillance program for structural steel products (HS Chapter 73). The 100% non-conformance rate for sampled structural steel imports was reported in BPS surveillance bulletins in 2025, covering products tested against Philippine National Standards (PNS) equivalent to structural steel specifications. Source available from BPS DTI official publications. SBA cites this as documented international evidence of the compliance gap that uncontrolled import streams systematically produce in the absence of border-level enforcement.

7. CONCLUSION AND RECOMMENDATIONS

SBA submits that the Productivity Commission should find and recommend as follows:

1. Imports have increased in absolute terms and relative to domestic production. Whether this increase meets the WTO standard of "recent, sudden, sharp and significant" across the full period is contested — the growth reflects genuine structural demand as much as any distortive factor. The more relevant analytical window is the period since AS/NZS 5131 was made mandatory in 2020, during which non-compliant imports have grown materially.

2. The domestic industry shows indicators consistent with stress. However, this does not meet the WTO "serious injury" threshold. SBA does not accept ASI's injury characterisation as methodologically sound: it rests on a non-representative sample of six fabricators drawn from a single sub-segment, undifferentiated import data that conflates compliant and non-compliant product, and fails to isolate non-import causal factors. Critically, ASI's analysis omits productivity from its injury factor assessment — a mandatory Article 4.2(a) indicator whose omission alone renders a safeguard determination legally deficient. The Commission should conduct its own independent assessment before drawing conclusions.

3. The primary causal mechanism of injury (est. 52% of harm) is the compliance asymmetry created by the 2020 NCC revision, exploited by non-compliant imports avoiding AS/NZS 5131 CC-accreditation obligations — not by legitimate competition from accredited suppliers (est. 7% of harm).

4. CONVENTIONAL SAFEGUARD MEASURES (BLANKET TARIFFS OR TRQs) SHOULD NOT BE IMPLEMENTED. They address the wrong problem, harm the wrong parties, and impose an estimated $350M/yr construction sector cost burden, $[redacted] per exposed residential dwelling, and a net negative employment of ~3,600 FTE by Year 4 — without closing the regulatory gap that is the primary source of injury.

5. The appropriate measure is a CC-accreditation border gate (AS/NZS 5131, minimum CC2): a WTO-consistent technical regulation for public safety, implementable within existing customs infrastructure, and precisely calibrated to address the compliance asymmetry that is the primary causal mechanism of domestic industry injury.

6. If the Commission recommends a tariff-based measure, the form of measure that provides protection, yet causes the least injury to the downstream construction sector, is a TRQ system. The quota should be set at no less than 2025 import volumes (579,240 tonnes) with CC2+ accredited imports exempt from any quota cap; the out-of-quota tariff should be ad valorem with CC2+ accreditation exemption; 3-year phase-in; 4-year maximum duration; pre-23 January 2026 order commitment exemptions.

7. SBA does not submit that critical circumstances exist that warrant a provisional measure. If the Commission makes such a finding, the appropriate provisional measure is a CC-accreditation documentation requirement. A provisional tariff is opposed; if the Commission disagrees, the rate should not exceed 10% with CC2+ exemptions and pre-inquiry order carve-outs.

8. SBA recommends that the Commission refer China's pricing behaviour in the Australian fabricated steel market to the Anti-Dumping Commission for investigation under the anti-dumping and countervailing duty framework. China's CIF export price for HS 7308900065 was effectively unchanged at ~$2,645/t over a decade during which iron ore input costs swung 138% — a pricing pattern structurally inconsistent with competitive market behaviour. A countervailing duty investigation into Chinese state subsidisation of fabricated steel exports is the targeted, WTO-compliant instrument that addresses the Chinese pricing distortion specifically, without imposing costs on compliant suppliers from all origins.

> Any market distortion in fabricated structural steel is a compliance failure, not a trade failure. This has safety as well as economic aspects. The remedy is to enforce at the border the standard that Australia's own building code already

> mandates at the point of use. Enforcing compliance is not protectionism. It is the minimum that construction safety, competitive neutrality, and the integrity of the NCC framework require.

TECHNICAL NOTES, DATA SOURCES AND METHODOLOGY

Data Sources

Source data derived from ABS International Merchandise Trade Customised Report (LS008485), covering HS 7308 import volumes and customs values by origin for calendar years 2016–2025. Insolvency data sourced from ASIC external administration statistics. Industry context and market sizing sourced from ASI. Macroeconomic and pipeline context sourced from Infrastructure Australia's 2025 Infrastructure Market Capacity Report. Analysis undertaken via SBA economic modelling, cross-referenced against published ABS, NHFIC, and NSW Treasury benchmarks where indicated.

Insolvency Data: Definitional Notes

FSS insolvencies represent net change in active company numbers (−ve = increase in active companies; +ve = decrease in active companies). Construction insolvencies represent the total construction industry, not FSS-specific figures. Movements are measured against a base of approximately 2,100 FSS companies, making small absolute movements proportionally significant but consistent with normal industry churn at the lower end of the observed range.

Import Volume Data: Scope and Classification

Import tonnages reflect fabricated steel imports classified to HS Chapter 7308 (HS 7308), with the dominant code being HS 7308900065. This residual catch-all classification captures fabricated assemblies and components not fitting more specific structural codes. It accounts for 84.6% of total HS 7308 import value (two-year average 2024–2025). Classification to HS 7308 does not in itself confirm that a product is "fabricated structural steel" as a matter of regulatory or standards compliance.

Statistical Methodology: Correlation Analysis

Correlations between import volumes and insolvency outcomes are based on simple linear regression (R^2), directional only. A Year N+1 lag structure was applied to test for delayed effects of import volume changes on insolvency levels. The sample is limited to approximately 8–9 annual observations. Observed correlations are weak (R^2 approximately 0.14–0.28), consistent with limited explanatory power. No control variables were applied for macro conditions, pipeline volumes, interest rate environment, or policy changes. These results should be read as directional indicators only and do not establish a causal relationship.

Interpretive Limitations

Insolvency outcomes in the fabricated structural steel sector are multi-factorial, reflecting cashflow conditions, capital structure, execution risk, cyclical demand, and broader construction market dynamics. Movements in FSS company numbers are small in absolute terms relative to the approximately 2,100-company base. The observed correlations between import volumes and insolvency trends are weak and do not provide empirical support for a strong causal link between import penetration and domestic fabricator insolvency. This conclusion is consistent with the broader submission's analysis that domestic industry stress indicators reflect primarily non-import factors, including cyclical demand contraction, cost structure, and broader construction sector dynamics.