Safeguard submission into import of fabricated structural steel

Business Overview

We are an Australian steel fabrication company operating in New South Wales, servicing projects across New South Wales, the Australian Capital Territory, Victoria, and Queensland. The company undertakes structural steel fabrication for commercial, industrial, defence, and infrastructure applications, supplying a range of complex and heavy structural assemblies.

We have an annual turnover of approximately $50 million and employs more than 70 people in New South Wales. Its operations support skilled trade employment and broader supply chain activity across multiple jurisdictions.

The company's primary products include portal frames, heavy structural steel, and complex fabricated components. These products fall within the tariff classifications currently under investigation by the Commission, as detailed in the Appendix.

We are significantly exposed to import competition, particularly in the commercial and industrial structural steel market. Imported fabricated steel competes directly with locally fabricated products on major projects, including large-scale warehouses, distribution centres, and commercial buildings. This exposure is structural and ongoing, not incidental.

Evidence of an Import Surge

Market Observations

We have observed a clear and sustained increase in the penetration of imported fabricated structural steel into the Australian market over the past three to five years. This increase has been most pronounced in the warehouse sector, which has historically represented approximately 20 per cent of our total project opportunities.

In recent years, this segment has been almost entirely captured by imported fabricated steel. As a result, the majority of structural steelwork on warehouse projects—including the bulk of hot-rolled steel members traditionally fabricated in Australia—has shifted offshore.

This trend has materially reduced opportunities for domestic fabrication across a core market segment and is indicative of a broader structural change in procurement behaviour. Imported fabricated steel is no longer supplementing local supply in this sector; it has become the default solution on many warehouse projects.

Lost Projects and Market Share

We have experienced direct loss of projects to imported fabricated steel. These losses have primarily occurred on price grounds rather than any deficiency in capability, quality, or delivery performance.

In multiple instances, projects have been awarded to imported fabricated solutions despite higher execution risk, reduced design flexibility, and lower transparency compared with domestic fabrication. These outcomes have resulted in a measurable loss of market share for local fabricators. Typical feedback we receive from warehousing projects we have lost during the tender stage indicate our pricing while; comparable to other local pricing, can't compete with the cheapest international price the project gets quoted.

Pricing Impacts

Imported fabricated steel is consistently priced well below local equivalents. We have observed price differentials typically ranging between approximately 15 per cent and 50 per cent below domestic fabrication prices.

In some cases, pricing levels appear inconsistent with underlying raw material and fabrication costs, suggesting non-market pricing behaviour. This pricing environment does not reflect normal competitive dynamics and has resulted in sustained downward pressure on tender pricing across the market.

Cause of the Import Surge

We consider a key driver of this import surge to be global steel overcapacity and trade diversion. International trade measures, including tariffs imposed by the United States on Asian steel products, have redirected excess fabricated steel capacity into open markets such as Australia. As a result, Australia is absorbing significant volumes of excess global supply, amplifying competitive pressure on domestic industry.

Evidence of Serious Injury

Financial Impacts

We have experienced sustained margin compression across competitive tenders as a direct result of import competition. Gross margins on import-exposed projects, particularly within sectors such as warehousing, have declined materially over the past several years.

Historically, margins in these segments were in excess of 20 per cent. In order to remain competitive against imported fabricated steel, margins have fallen to less than 10 per cent on select industry sectors, most notably warehouse construction. These pricing levels are not sustainable over the long term and significantly constrain the ability to recover fixed costs, invest in capability, or absorb risk.

Production and Capacity Utilisation

Import penetration has materially reduced our ability to maintain full workshop utilisation and to plan production activity with certainty. Over the past six months, our fabrication facility has been operating at approximately 50 per cent of capacity.

This level of utilisation is significantly below historical norms and reflects the loss of large, labour-intensive projects to imported fabricated steel, particularly in market segments such as warehousing. The underutilisation of existing capacity reduces operational efficiency, increases unit costs, and undermines the economic viability of maintaining skilled fabrication capability.

Employment Impacts

The sustained pricing pressure created by import competition has directly affected workforce planning and skills development. While overall employment levels have been maintained to date, there has been a material reduction in the company's ability to invest in training and workforce renewal.

Historically, we employed approximately four apprentices per year. This intake has now been reduced to two apprentices per year as a result of reduced confidence in future workload and margin sustainability. This contraction reflects the financial constraints created by import-driven price suppression rather than a reduction in underlying demand for skilled labour.

Over time, reduced apprenticeship intake increases the risk of skill shortages, loss of capability, and diminished capacity to support long-term domestic steel fabrication.

Investment Impacts
Import-driven market uncertainty has materially affected our confidence to proceed with capital investment and expansion planning. We have delayed or postponed investment decisions due to concerns about the sustainability of pricing and workload in an environment of sustained import pressure.

In particular, we had planned to invest significantly in a new storage and loading facility to improve efficiency, throughput, and site safety. This investment has now been deferred by approximately three years as a direct result of market uncertainty caused by import competition. The delay reflects the reduced predictability of future returns rather than any lack of operational need or strategic intent.

Deferred investment of this nature constrains productivity improvements and limits the ability of domestic fabricators to modernise and remain competitive.

Conclusion on Injury
The injury we are experiencing is structural, not cyclical. It is directly attributable to increased imports rather than general market conditions. The causal relationship is clear: increased import penetration has resulted in price suppression, margin erosion, reduced viability, and constrained investment. This meets the threshold of serious injury and represents an ongoing and escalating threat to domestic fabrication capability.

Threat of Serious Injury (Forward View)

If current import conditions persist, we expect further margin erosion, reduced capacity utilisation, and eventual contraction of domestic fabrication capability. Without intervention, the loss of sovereign structural steel fabrication capability is likely.

This threat is real, immediate, and evidence-based. It is not speculative but reflects observable market behaviour and sustained competitive distortion.

Productivity and Adjustment Response

If a temporary safeguard measure were imposed, we would use that period of stability to invest in productivity improvements, including automation and operational efficiency initiatives. We would also strengthen local supply chain capability and pursue cost-competitiveness improvements that support sustainable long-term operation.

This response directly aligns with the purpose of safeguard measures, which is to provide domestic industry with temporary “breathing space” to adjust and improve productivity.

Structural and National Interest Implications

Skills and Workforce

Steel fabrication supports critical skilled trades, including boilermakers, welders, and detailers. These skills are already in national shortage. Loss of domestic fabrication capability directly undermines the skills pipeline and reduces the ability to train the next generation of tradespeople.

Sovereign Capability

Structural steel fabrication is essential to Australia's defence, infrastructure, and manufacturing capability. Once lost, this capability is difficult and costly to rebuild, particularly in regional areas.

Supply Chain Impacts

The impacts of import-driven contraction extend beyond individual fabricators to steel mills, detailers, transport providers, and coating and galvanising businesses. This is a whole-of-industry issue with broad economic consequences.

Regional Impact

We are a significant regional employer. Contraction of fabrication capability would result in job losses, reduced economic activity, and diminished training pathways in regional communities.

Position on Safeguard Measures

We support the implementation of a Tariff Rate Quota (TRQ) safeguard model. Under this approach, imports would be permitted up to pre-surge levels, with tariffs applied to volumes above that threshold. This model maintains supply availability while preventing dumping and restoring fair competition.

Final Position

There has been a clear surge in imported fabricated structural steel into Australia. These imports are priced at unsustainable levels and have caused demonstrable serious injury to domestic industry. There is a clear and immediate threat of further injury.
Accordingly, a safeguard measure is justified, necessary, and in the national interest.