

# Safeguards Inquiry into the Import of Fabricated Structural Steel

## Steel Builder Australia

Steel Builder Australia (SBA) was pleased to participate in the public hearings in respect of this inquiry. An issue raised in SBA's submission to the Productivity Commission was the assertion that approximately 61% of fabricated structural steel imported into Australia did not comply with AS/NZS 5131. When giving evidence at the public hearing, Commissioner de Fontenay asked Mr Visedo how the aforementioned 61% figure was calculated.

The purpose of this submission is to provide the Commission with further detail regarding the calculation of this figure and also provide information regarding an additional offshore AS/NZS 5131 accredited facility that has been identified by SBA since the date of lodging the initial SBA submission.

### Transparency Note on the 61% Non-Compliant Import Estimate

#### Nature of the Estimate

The figure that approximately 61% of fabricated structural steel imports originating under HS 7308900065 are non-compliant with AS/NZS 5131 Construction Category (CC) accreditation requirements is an SBA analytical estimate. No independent third-party audit of the Australian import stream exists that directly measures the accreditation status of importing facilities. The estimate should be read as an analytically grounded approximation — not a precise empirical finding — derived from the best available evidence on facility accreditation status by origin country.

*Value-weighted versus tonnage-weighted basis.* The 61% figure is calculated on an import value basis, not a tonnage basis. This distinction is material and should be stated clearly. China's CIF unit price (\$2,646/t) is approximately [REDACTED] and substantially below OECD-origin product. As a result, China's share of total HS 7308900065 import value (approximately [REDACTED]) is materially lower than its 72.7% tonnage share.

Applying the accreditation-status assessment on a value-weighted basis produces the following approximate derivation: [REDACTED]

The Commission should note that the value-weighted basis is the more conservative of the two available approaches: had the calculation been performed on a tonnage-weighted basis, the non-compliant share would be materially higher — [REDACTED] — because China's lower unit price inflates its share of tonnage relative to value. SBA's 61% figure, therefore, understates the tonnage share of non-compliant imports; it is a conservative representation of the compliance problem, not an overstatement.

#### Identification of accredited facilities

Accreditation to AS/NZS 5131 is conferred through BSI Group (which certifies offshore fabricators to AS/NZS 5131 under its international certification programme) or Steelwork Compliance Australia (SCA), against Australian-specific requirements; it is not an attribute of ISO 9001, ISO 3834, or EN 1090 certification, none of which is equivalent for National Construction Code (NCC) purposes. BSI and SCA publicly list the entities that have been certified to AS/NZS 5131.

To identify the extent of off-shore accredited facilities SBA undertook a review of a wide variety of publicly available information. The review included publicly available certification registers, industry directories, certification body records, company disclosures, public certification announcements, and industry publications. Sources reviewed included SCA certification registers, Weld Australia certification directories, Australian Steel Institute (ASI) industry resources, publicly available certification announcements issued by fabricators and certification bodies, and other publicly accessible industry information.

The review was supplemented by SBA's industry knowledge, market observations, and anecdotal intelligence obtained through its participation in the Australian structural steel sector.

It should be noted that SBA was unable to identify a publicly available consolidated register of offshore AS/NZS 5131 CC3-certified fabrication facilities. Accordingly, the review should not be regarded as exhaustive and may not identify all offshore facilities that currently hold, or are in the process of obtaining, certification. Rather, the purpose of the review was to assess the extent to which offshore fabricators have publicly adopted the Australian compliance framework and to identify publicly identifiable examples.

### **Derivation Methodology**

The 61% figure is derived from a country-of-origin analysis of the 2025 ABS LS008485 import data, based on value, for HS 7308900065, applied against known accreditation status by origin.

*China (the dominant component).* China supplied 352,350 tonnes in 2025, representing approximately 72.7% of total HS 7308900065 tonnage and [REDACTED]. There is no public record, or SBA industry knowledge, of any Chinese facility holding AS/NZS 5131 CC accreditation. Accordingly, 100% of Chinese-origin volume is treated as non-compliant by definition — not as a judgment about the quality of Chinese fabrication generally, but as a statement of fact about accreditation status against the specific Australian standard that the National Construction Code mandates.

*Vietnam.* Vietnam supplied 70,048 tonnes in 2025. SBA's own CC3-accredited offshore facility, HTSB, in 2025 the only AS/NZS 5131-accredited facility in Vietnam — [REDACTED] (independently cross-validated against ABS LS008485 unit prices: [REDACTED]). This places [REDACTED] exports by value to Australia originating from non-accredited processors. This independently derived figure for Vietnam alone is broadly consistent with — and corroborates — the aggregate 61% of exports by value estimate.

*Other origins.* The balance of the import market — Indonesia, South Korea, Malaysia, and other origins — is assessed on available information about known accredited facilities in those markets. Indonesia in particular presents a high non-compliance risk: it has experienced 630% volume growth over three years at prices closely tracking Chinese CIF levels, and no Indonesian facility is known to hold AS/NZS 5131 CC accreditation. The compliance assessment for Indonesia, therefore, rests on the same factual basis as China: the absence of any known AS/NZS 5131-accredited facility, not any inference about ownership structure or supply chain origin.

For OECD-origin imports (approximately 8% of the market), SBA has identified no offshore fabricators from Germany, the United Kingdom, Spain, or other OECD jurisdictions holding AS/NZS 5131 CC accreditation from BSI or SCA. As explicitly noted in SBA's initial submission and in the China discussion above, EN 1090 certification and equivalent domestic standards are not substitutes for AS/NZS 5131 CC accreditation for NCC purposes. The lower non-compliance rate applied to OECD-origin imports in the derivation reflects the small overall volume from those origins and the probability that at least some OECD-origin product is imported under project-specific professional engineer certifications or for non-NCC applications — not an assumption of AS/NZS 5131 accreditation equivalence.

*Aggregate derivation.* Applying 100% non-compliant to Chinese volumes, approximately [REDACTED] non-compliant to Vietnamese volumes, and an assessed non-compliant rate to remaining origins, produces a weighted average non-compliant share of the total HS 7308900065 import market of approximately 61% by value. This figure is

presented as a rounded approximation; the methodology is directionally robust but depends on the accuracy of the country-level facility accreditation assessments for non-Chinese, non-Vietnamese origins.

### **Updated Assessment of Known Accredited Offshore Fabricators**

At the time of its original submission, SBA noted that it was not aware of any offshore fabricators other than HTSB, its jointly owned Vietnamese manufacturing facility, which holds AS/NZS 5131 CC3 accreditation and has a demonstrated capability to service the Australian market. Following those discussions, and prior to the public hearings, SBA undertook further investigation to determine whether any other equivalent facilities existed.

SBA has, since the time of its submission, identified a further offshore-accredited facility in Vietnam, World Steel Group, which holds an AS/NZS 5131 CC3 accreditation. SBA acknowledges this finding and has considered whether it materially affects the conclusions presented in this submission, including the 61% non-compliant estimate.

Our assessment is that it does not. While World Steel Group holds the relevant accreditation and reports an annual fabrication capacity of approximately 24,000 tonnes, its publicly identifiable participation in the Australian structural steel market appears limited. World Steel Group's own international project register lists three Australian projects: the Goldfields Arts Centre pavilion in Kalgoorlie, Western Australia (approximately 300 tonnes of structural steel), a childcare facility in Byford, Western Australia, and one further minor industrial or warehouse structure.

This project record is drawn directly from World Steel Group's public-facing project portfolio, which the company maintains as a marketing and credibility resource and therefore has an incentive to present comprehensively. On this basis, SBA is satisfied that the identified project history represents the substantial majority of World Steel Group's Australian project activity, rather than a partial disclosure. At the volumes implied by this project history — which would total well below 1,000 tonnes across all three identified projects — World Steel Group's accredited output into the Australian market represents a small fraction of HTSB's [REDACTED].

SBA notes that the Commission has access to Australian Border Force (ABF) import declaration data, which will enable direct verification of the volume and value of World Steel Group's exports to Australia. SBA invites the Commission to carry out this cross-check. If ABF data reveals World Steel Group export volumes materially above those implied by the project record above, SBA would welcome the opportunity to address that finding. On currently available evidence, World Steel Group's Australian volumes would not materially alter the country-level non-compliant share estimates on which the 61% figure rests.

This finding does, however, sharpen a broader observation relevant to this inquiry. The existence of only two known offshore fabricators holding AS/NZS 5131 CC3 accreditation with any demonstrated Australian delivery track record — one of which (HTSB) accounts for the substantial share of known compliant offshore volume — illustrates the degree to which demonstrated compliance capability within the offshore supply chain remains substantially more constrained than theoretical capacity figures or headline accreditation counts alone might suggest.

Accreditation is a necessary, but not sufficient, condition for reliable, at-scale Australian project delivery: supply chain integration, engineering governance, materials traceability, and a track record of successful project execution under Australian procurement and quality requirements are equally material. On all of these dimensions, the pool of proven compliant offshore supply options remains extremely small.

This observation reinforces, rather than qualifies, the 61% estimate. SBA acknowledges that it bears the primary evidentiary responsibility for the figures it places before the Commission, and has sought to discharge that responsibility through the transparent derivation methodology set out above, including its known limitations. The derivation relies on facility-level accreditation information that is entirely consistent with available public evidence. SBA is not aware of any further offshore AS/NZS 5131 CC-accredited facility with a material Australian project track record that has not been identified in this submission. Any party to this inquiry who is aware of

such a facility and asserts a materially lower non-compliant share should identify the relevant accredited facilities and their estimated Australian volumes so that the Commission can assess the claim on its merits.

SBA notes, for completeness, that the ABF cross-check invitation above applies equally to any other entity that claims AS/NZS 5131 CC accreditation and Australian market participation. The derivation will be strengthened, not weakened, by any verified data the Commission is able to draw from import declaration records.

As a final point, we note the many Australian industry submissions and evidence at the hearings, which confirmed the economic and safety impact of importations of non-compliant fabricated structural steel.

### Known Limitations

Three qualifications apply to our calculations and should be stated clearly.

First, the 61% figure is an origin-based proxy, not a product-level compliance determination. It treats all volume from non-accredited origins as non-compliant. In practice, a small share of imports from non-accredited facilities may be destined for non-structural applications genuinely exempt from AS/NZS 5131 requirements; the estimate does not attempt to adjust for this.

Second, no independent facility-level audit of the Australian import stream exists. The absence of a CC Gate at the border — which is the central policy reform SBA advocates — means that the compliance profile of the import stream cannot be verified with precision from public data. The 61% estimate is, in this sense, a consequence of the very enforcement gap the submission addresses: without border-level disclosure, no verified dataset exists. SBA submits that this is itself a finding of significance for the Commission's deliberations.

Third, [REDACTED] applied to the non-compliant share to derive [REDACTED]. The principal components are: [REDACTED] a compliance [REDACTED] of [REDACTED]. Aggregated at HTSB's scale, these components produce a compliance cost of [REDACTED]. The rate is volume-sensitive: for smaller domestic fabricators operating at [REDACTED] — the majority of the Australian sector — the equivalent rate rises to approximately [REDACTED], consistent with the [REDACTED] range cited in SBA's initial submission. [REDACTED] is presented as a representative estimate at HTSB's known scale and is not a precise accounting figure.

### Why the Estimate Remains Analytically Reliable

Notwithstanding these qualifications, the 61% estimate is supported by three independent lines of evidence. The facility-level derivation from ABS origin data and known accreditation status produces approximately this figure. The Vietnam-specific cross-check — using SBA's independently verified HTSB import volume against total Vietnamese exports — independently produces a non-accredited share of approximately [REDACTED] for Vietnam alone, which is consistent with the aggregate. The Infrastructure Australia 2025 Market Capacity Report explicitly confirms that "it is currently difficult to ascertain the compliance of imports with Australian Standards, creating significant quality risks" — an institutional acknowledgment that the compliance gap is real, even if its precise magnitude is not independently quantified.

The updated assessment of the known accredited offshore fabricator population, discussed above, provides a further line of support: the extremely limited Australian project history of the only additional identified CC3-accredited facility makes it implausible that a material volume of currently unidentified compliant offshore supply is being overlooked in the derivation.

The estimate is used throughout SBA's submissions as an indicative analytical input, not as an independently audited fact, and all derivative figures — the \$1.1B non-compliant import value, the [REDACTED], and the [REDACTED] causal attribution — should be read with that qualification in mind. The [REDACTED] figure refers to SBA's indicative causal decomposition of observed injury to domestic fabricators, in which non-compliant import competition (exploiting the regulatory cost asymmetry created by the post-2020 NCC revision) is assessed to account for approximately [REDACTED] of the causal weight, with the balance attributable to cyclical demand contraction [REDACTED], structural cost escalation [REDACTED], and compliant import competition [REDACTED]. This framework is presented as an

analytical instrument to assist the Commission in identifying the appropriate policy response, not as a precise empirical finding.

As stated above, the 61% measure is based on the value of exports, and if a volumetric measure were adopted, the figure would be above 80%. Even applying a generous margin of error to the 61% non-compliant estimate — for example, reducing it to 50% — the core conclusion is unchanged: a large volume of fabricated structural steel imports are entering the Australian market without AS/NZS 5131 CC accreditation, generating a substantial compliance cost asymmetry against both domestic fabricators and compliant offshore suppliers. SBA's position remains that the appropriate policy response is not a blanket safeguard tariff, which would raise costs on compliant and non-compliant imports alike without closing the compliance gap, but to implement a mandatory CC Gate at the border — a targeted, WTO-consistent technical regulation requiring imported fabricated structural steel to demonstrate AS/NZS 5131 CC accreditation as a condition of Australian market entry.