Australian Government
Productivity Commission

pc.gov.au

Fabricated structural steel safeguards

Interim report

Overview

This is an interim report prepared for further public consultation and input. The PC will finalise its report after these processes have taken place.

September 2026

Acknowledgment of Country

The Productivity Commission acknowledges the Traditional Owners of Country throughout Australia and their continuing connection to land, waters and community. We pay our respects to their Cultures, Country and Elders past and present.

About us

The PC is the Australian Government's independent research and advisory body on a range of economic, social and environmental issues affecting the welfare of Australians. Its role, expressed most simply, is to help governments make better policies, in the long-term interest of the Australian community.

The PC's independence is underpinned by an Act of Parliament. Its processes and outputs are open to public scrutiny and are driven by concern for the wellbeing of the community as a whole.

For more information visit our website: www.pc.gov.au.

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An appropriate reference for this publication is:
Productivity Commission 2026, *Overview - Interim report - Fabricated structural steel safeguards*, Interim report, Canberra, September

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Opportunity for comment

The Productivity Commission thanks all participants for their contribution to this inquiry and now seeks additional input for the final report.

You are invited to examine this interim report and comment on it by written submissions to the PC, preferably in electronic format, by **30 September 2026**.

Further information on how to provide a submission is included on the website: www.pc.gov.au/inquiries-and-research/steel-safeguards/.

The PC will prepare the final report after submissions have been received and it will hold further discussions with participants.

Commissioners

For the purposes of this inquiry and interim report, in accordance with section 40 of the *Productivity Commission Act 1998,* the powers of the PC have been exercised by:

Catherine de Fontenay	Commissioner
Barry Sterland	Commissioner

Overview

Key points

- **Safeguard measures are for 'extraordinary emergency' situations to temporarily protect a domestic industry.**
  - A safeguard measure is a trade barrier, such as a tariff, quota, or tariff rate quota, on imported goods that can be applied in limited circumstances.
  - Before a measure can be introduced, the evidence must show there has been a recent, sudden, sharp and significant surge in imports that has caused, or threatens to cause, serious harm to the Australian industry that makes like or directly competing goods.
- **The evidentiary threshold to introduce a safeguard measure is very high and we have drawn on comprehensive data sources to make our assessments.**
  - The Productivity Commission has received and considered extensive data and information from industry in undertaking this inquiry.
  - The PC has also used anonymised data for the whole industry from the ABS to test whether the legal requirements under the Agreement on Safeguards are met.
- **During the investigation period, imports of fabricated structural steel continued to increase consistent with longer-term trends, but this does not meet the requirements for the introduction of a safeguard measure.**
  - The increase in imports, either absolutely or relative to domestic production is not recent, sudden, sharp and significant enough to meet the thresholds required.
- **At the aggregate level, the evidence does not show serious injury across the domestic fabricated structural steel industry, or the threat of such injury, that meets the high legal standard for safeguard measures.**
  - Evidence from inquiry participants and administrative data indicate some firms are under pressure, but industry-wide data shows growth in key indicators such as sales and profits over the investigation period, albeit with a weakening in employment in latter years. Similarly, there is not data showing threat of serious injury for the industry as a whole that would meet evidentiary requirements.
- **This report sets out the PC's interim assessment that definitive safeguard measures are not warranted.**
  - It is the PC's assessment that the conditions for the immediate introduction of provisional safeguard measures (where delay would cause damage which would be difficult to repair) are also not met.
  - Further consultation will be undertaken before making a final determination about definitive measures in November 2026.
- **As we have not found the necessary conditions have been met to introduce safeguards, the PC has not assessed whether a measure is in the public interest, but has outlined factors and evidence that would need to be considered in such an assessment.**

The PC has been asked to investigate whether safeguard measures are warranted for fabricated structural steel products

The Treasurer has asked the PC to investigate whether safeguard measures should be applied to fabricated structural steel (FSS) products. These products include bridges and bridge sections, gratings, stairways and treads, guardrails and road barriers and a range of other products set out in twelve 10-digit tariff codes that fall under heading 7308 of the Australian Tariff Code. Fabricators cut, shape, hole, weld and bend semi-finished steel, such as beams, plates and coils, to create finished steel products. The PC is the 'competent authority' in Australia for investigating proposed safeguard measures and the inquiry is being conducted in line with Australia's obligations under the World Trade Organization (WTO) Agreement on Safeguards.

A safeguard measure is a trade barrier, such as a tariff, quota, or tariff rate quota, on imported goods that can be applied in limited circumstances to act as a 'safety valve' to allow a domestic industry to adapt to new economic realities. In accordance with the Agreement on Safeguards, the PC has examined whether imports have increased in such volumes, and under such conditions, that they have caused or threaten to cause serious injury to the Australian FSS industry.

The PC has undertaken a formal, evidence-based assessment of imports, injury to domestic producers, and other matters required under the WTO framework. This report presents our interim findings on whether the requirements for the introduction of safeguard measures have been met. The PC will make its final assessment in November 2026, following further input from inquiry participants.

The PC has defined the scope of this inquiry based on industry insights and with reference to WTO requirements:

- The PC has assessed the twelve 10-digit codes in the terms of reference as one product group. It has examined imports for that group and assessed the domestic industry that produces like or directly competing products. These products share a common functional character as FSS components prepared for use in structures and are produced by an identifiable group of firms using the same facilities, inputs, labour and processes.
- 336 Australian Steel Institute (ASI) members and an additional 40 fabricators identified during the course of this inquiry represent a major proportion of domestic production of FSS and are considered by the PC to be the 'conservative' population for the purposes of this inquiry. To test the representativeness of findings, analysis has also been undertaken for an extended group which includes an additional 138 businesses that have been identified as common consumers of key FSS inputs.

The inquiry's terms of reference are silent on what the period of the investigation should be, although the Australian Government's notice of initiation to the WTO references information from ASI as highlighting growth in imports from 2020 to 2024.

Identifying the appropriate start of the investigation period was complicated by potential distortions caused by COVID-19. A 5-year investigation period for this inquiry, over financial years 2020–21 to 2024–25, is long enough to account for these distortions when assessing trends in imports and the health of the domestic industry.

For added context, the PC has analysed evidence about import trends and injury to the industry for earlier periods and, where available, data beyond the investigation period, but we have focused on the 5-year investigation period when determining whether there has been an increase in imports causing serious injury to the domestic industry.

Consistent with the focus on extraordinary circumstances, the evidentiary threshold for a safeguard investigation is very high

The WTO Appellate Body has stressed that a safeguard measure is 'an extraordinary measure that is applied in extraordinary circumstances' (*US – Line Pipe*, para. 111).

The legal requirements for introducing safeguard measures are set out in Article XIX of the General Agreement on Tariffs and Trade 1994 (GATT), *Emergency Action on Imports of Particular Products*, and the Agreement on Safeguards. These include a requirement to provide reasoned conclusions on all pertinent issues of fact and law (SA Article 3) and evaluate all relative factors of an objective and quantifiable nature (SA Article 4.2 (a)).

In undertaking this inquiry, the PC has used comprehensive administrative data held by the ABS to examine import trends and the condition of the domestic industry. This includes transaction-level import data, anonymised Business Income Tax (BIT) returns, Business Activity Statements (BAS) and Pay As You Go (PAYG) submissions and other relevant information. Using these administrative datasets reduces the reporting burden on businesses and allows the most accurate assessment possible.

Imports have increased, but there has not been a sudden surge

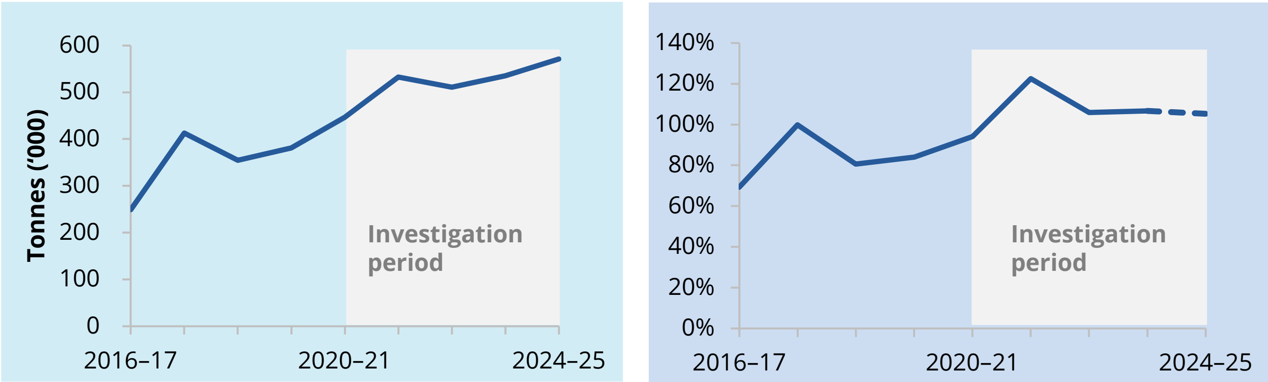
To justify safeguard measures, there must be an increase in imports that is 'recent enough, sudden enough, sharp enough, and significant enough, both quantitatively and qualitatively, to cause or threaten to cause "serious injury"' (*Argentina – Footwear (EC)*, para. 131). The WTO Appellate Body's report in the *US – Lamb* case (para. 138) 'affirmed that the real significance of short-term trends in the most recent data should be assessed in the light of long-term trends'.

The ASI's application requesting the safeguard investigation stated that 'since CY2022, there has been a clear and sustained surge in import volumes across the consolidated category of key FSS products.' The PC has examined transaction-level import data sourced from the ABS which captures all imports over the period under investigation. To assess imports relative to domestic production, the PC has estimated domestic production using firm-level ABS data and information provided by industry participants.

This data shows that imports have increased, both in total and relative to domestic production (figure 1). However, growth largely continues a trend that has been ongoing since at least 2016–17, and there has not been a recent, sudden or sharp increase. Annual growth in absolute imports was just over 6% during the investigation period. It was just over 15% from 2016–17 to 2019–20 (before the investigation period).

Figure 1 – Growth in imports does not meet conditions for the introduction of a measure

Absolute imports		Relative imports	



Growth over investigation period	28%	Growth over investigation period	11ppt
Annual growth	6%	Annual growth	3ppt

Relative imports for 2024–25 uses an estimate of domestic production based on turnover rather than cost of sales (which is not available for 2024–25).

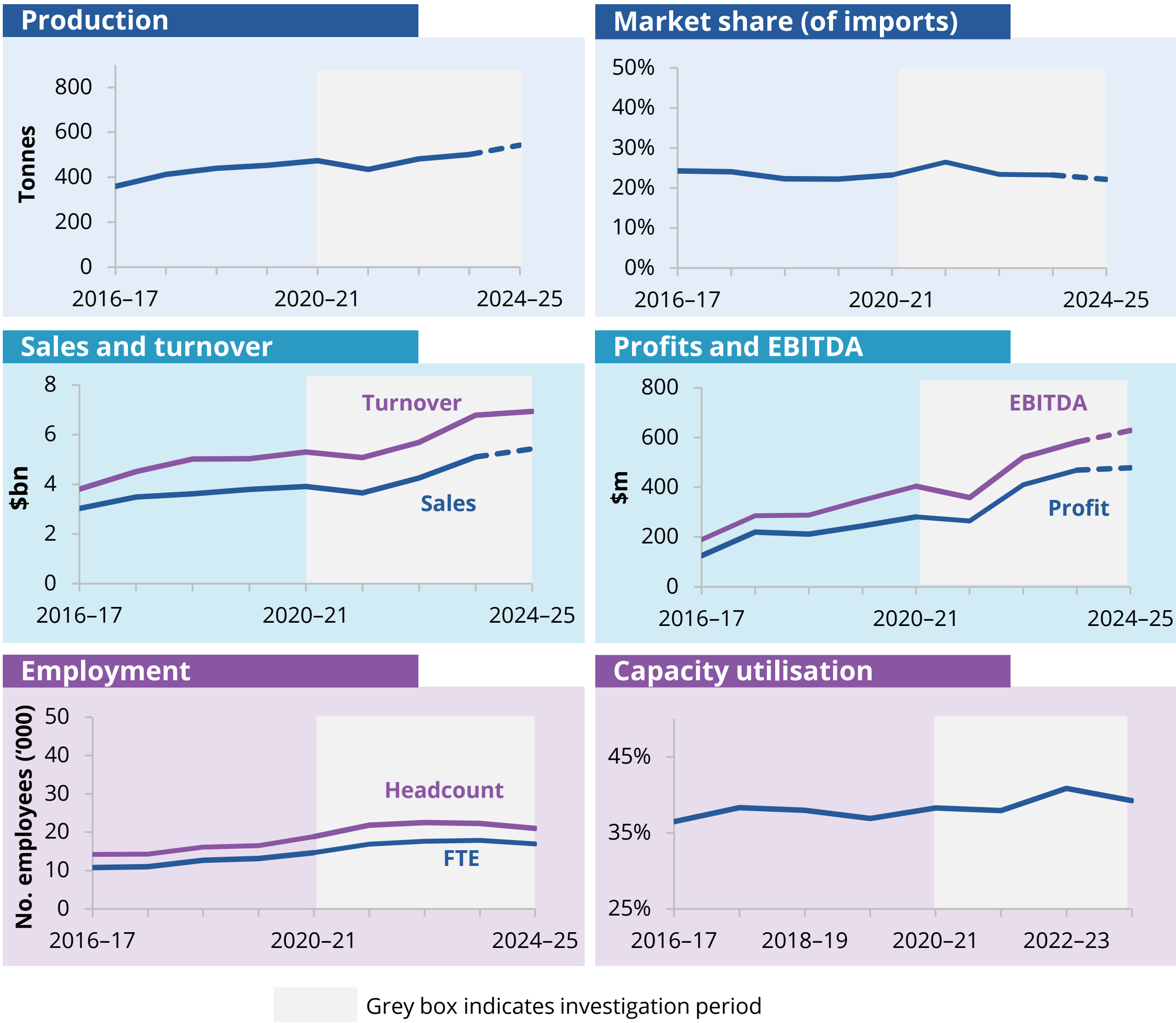
Inquiry participants identified several international developments that may have contributed to increased FSS imports. These include global steel overcapacity impacting downstream foreign production of goods, upstream trade protection measures (such as anti-dumping actions) increasing the cost of inputs and therefore impacting the competitiveness of local FSS producers, and more competitive overseas FSS manufacturing.

Participants also identified domestic factors that may have contributed to higher FSS imports, for example rising demand consistent with increases in construction, infrastructure, and mining activity, and disruptions in domestic steel production in recent years.

The evidence does not show serious injury across the industry as a whole, but some segments are facing difficult conditions

The data examined by the PC shows that, over the investigation period, the industry recorded growth in sales, profits and production. Employment also grew for most of the period, although it came off its peak in the second-last year of the investigation period. Productivity and capacity utilisation improved overall, despite some moderation in the later years. Import market share remained broadly stable over the period (figure 2).

Figure 2 – Analysis of administrative data does not reveal serious injury for the industry as a whole



Business income tax data is only available to 2023–24, so production, market share, sales, profits and EBITDA are estimated for 2024–25.

The overall weight of evidence does not indicate significant impairment across the domestic industry.

The safeguards test requires the PC to assess the domestic industry as a whole. Where possible, this report presents results broken down by firm size to show how conditions may differ across the industry. The PC notes that the results presented in the data differ from the experiences shared by many industry participants through the course of this inquiry. To test our results, we sought to locate additional fabricating businesses, for example through identifying firms which are common consumers of key FSS inputs. We have confirmed that analysis using this larger industry group (over 500 businesses in total) generates the same conclusion.

While there are uncertainties in the industry outlook, the evidence does not suggest that serious injury is threatened

Analysis of the threat of serious injury must be 'based on facts and not merely on allegation, conjecture or remote possibility' (SA Article 4.1(b)). As noted above, recent evidence on imports and industry performance are particularly relevant but short-term movements should be interpreted in the context of long-term trends (*US – Lamb*, paras. 136–138). Hence it is relevant in assessing the threat of serious injury that the most recent data points above do not suggest a severe deterioration at the end of the investigation period.

Preliminary data for the first 3 quarters of 2025–26 suggest the longer-term import trend has continued beyond the period of investigation. Demand for FSS is expected to remain strong further into the future, with Infrastructure Australia forecasting $1.14 trillion of construction expenditure between 2024–25 and 2028–29 (Infrastructure Australia 2025, p. 20).

Some of the evidence received throughout this inquiry has reported challenges to a range of existing businesses. This included reports of imports priced below profitable levels for domestic businesses. Others were operating at tight margins and were unable to make major investment decisions.

Other evidence provided also suggests that fabricators have started to change their business models. This includes shifting towards more complex and bespoke projects where imported fabricated steel may be less competitive or focusing on government-funded infrastructure, which can include local content requirements. Other participants have noted some shifts within the domestic FSS market, with firms which previously specialised in portal frames – identified as highly exposed to imports – picking up more one-off project work, or firms increasing their activity in engineering and design-and-construction relative to steel fabrication.

Taken at face value, these accounts describe adjustment rather than serious injury as required by the relevant international legal tests.

Whether a measure is in the public interest depends on benefits from supporting the industry outweighing broader economic costs

Because the PC has not found that the threshold for a safeguard measure has been met, it is not required to complete a public interest assessment. However, given this is an interim report, we have outlined some of the considerations that would need to be examined to make such an assessment. These considerations should also be relevant to future decision-making, including in light of the proposed transfer of safeguard functions to the Anti-Dumping Commission (proposed to be renamed the Australian Trade Remedies Commission).

Safeguard measures provide scope to temporarily depart from open approaches to trade in circumstances where an industry is facing serious injury and therefore adjustment pressure. By sustaining demand for domestically produced goods, they can provide temporary breathing space to businesses in the protected industry, their workers and suppliers. However, like all border measures, safeguard measures will generally impose costs for users of the relevant goods and risk impeding adjustment in the industry concerned and movement of resources in the economy to their most productive uses. These costs and risks arise regardless of whether a tariff, quota or tariff rate quota is employed. Therefore, even if the legal conditions are met that allow for a safeguard measure to be imposed, careful assessment of the benefits, costs and overall public interest is warranted.

The first consideration in testing whether such measures are in the public interest is whether they contribute to facilitating a sustainable and efficient industry. Safeguard measures are temporary and must be relaxed over time (SA Article 7). Governments can initially impose measures for no more than 4 years and must progressively liberalise any measure that operates for more than 1 year (for example, by increasing a quota or reducing a tariff rate).

The case for temporary protection may be stronger where:

- without it, an industry faces a near-term risk of losing capabilities that would be difficult or costly to re-establish if conditions later improve. In such cases, the public interest assessment should consider whether the safeguard would materially reduce the risk of that loss and whether preserving the capability would generate an enduring benefit
- the industry is considered to have longer-term strategic importance to the economy, for example contributing to achieving economic resilience or net zero objectives
- the strategic importance of an industry should be established separately to a safeguard measure investigation using established frameworks, such as the National Interest Framework as part of the Future Made in Australia agenda and drawing on rigorous approaches to assessing the case for support such as those outlined in the PC's *Guardrails for modern industry policy* (2025).

Assessing whether a safeguard measure would be in the public interest also requires consideration of other policy options that could address identified problems or achieve the government's objectives more effectively or at lower cost.

A public interest assessment should consider all material benefits and costs of a safeguard measure across the economy, including effects outside the protected industry. This includes economic modelling of the effect of imposing higher prices (than would otherwise be the case) on downstream industries and consumers, and distortions to resource allocation in the economy more broadly.

If a safeguard measure was determined to meet the high evidentiary tests of being justified under international law and also being in the public interest, there are important design considerations to be made to minimise the cost of any measures. Quotas should not be preferred as they impose more uncertain costs to the wider economy, are generally more complex than alternatives to implement, and are less transparent. The PC has concerns about the possible return of quotas or tariff rate quotas to the policy toolkit, because of their propensity to foster lobbying and an uneven playing field between competitors.