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Productivity Commission

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Fabricated structural steel safeguards

Inquiry report overview

No. 115 | 23 November 2026







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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.

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Overview

Key points

- **Safeguard measures are for 'extraordinary emergency' situations to temporarily protect a domestic industry from competing imports.**
  - 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 domestic 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.
- **During the investigation period, imports of fabricated structural steel (FSS) continued to increase, but not in a way that meets the requirements for the introduction of a safeguard measure.**
  - Absolute imports – the tonnes of FSS imported – can be readily estimated using trade data. Absolute imports have not grown in a way that justifies the use of safeguard measures.
  - Safeguard measures can also be justified based on increases in relative imports, typically measured as imports divided by domestic production.
  - There is uncertainty in relation to estimates of domestic production but we have retained the approach of estimating domestic production using administrative data. This approach does not indicate an increase in relative imports that meets the required threshold.
- **At the aggregate level, the evidence does not show serious injury across the domestic FSS industry, or the threat of serious 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 improvement in most injury factors over the investigation period.
  - In response to feedback on the interim report, the PC's analysis is now targeted at producers identified as largely focused on structural steel fabrication.
  - The updated analysis, which includes additional quality assurance adjustments, aligns with our interim findings.
  - As with the interim analysis, there is not evidence showing threat of serious injury for the industry as a whole that meets evidentiary requirements.
- **We have found that the conditions for definitive safeguard measures are not met.**
- **The interim report contained the Productivity Commission's views on safeguard measure design and public interest assessment.**
  - This analysis is not further developed here given the finding that the conditions for a safeguard measure are not met.

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

The Treasurer asked the PC to investigate whether safeguard action is warranted against imports of 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 to create finished steel products.

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 World Trade Organization (WTO) framework. This report presents our findings on whether the requirements for the introduction of definitive safeguard measures have been met.

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 a single product group. We have 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 members of the domestic industry can produce some or even all of them using the same facilities, inputs, labour and processes.
- 333 Australian Steel Institute (ASI) members, and an additional 33 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.
- In response to feedback, to help ensure industry performance reflects activity relating to FSS, the PC's findings are now based on the performance of the 314 firms within the conservative population assessed as being mainly focused on structural steel fabrication. We have also considered data on the amount of steel galvanised over time which was included in the ASI's post-interim submission.
- 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 highlighting growth in imports from 2020 to 2024. We have chosen to use a 5-year investigation period covering 2020–21 to 2024–25.

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 in the Agreement on Safeguards (SA). These include a requirement to provide reasoned conclusions on all pertinent issues of fact and law (SA Article 3) and evaluate all relevant factors of an objective and quantifiable nature (SA Article 4.2 (a)).

In undertaking this inquiry, the PC has relied on administrative data held by the ABS to examine import trends and the condition of the domestic industry. This includes transaction-level import data sourced through the ABS, anonymised Business Income Tax (BIT) returns, Business Activity Statements (BAS) and Pay As You Go (PAYG). We have also drawn on submissions and other relevant sources to understand conditions in the Australian FSS industry.

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 has previously affirmed that the real significance of short-term trends in the most recent data 'may only emerge when those short-term trends are assessed in the light of the longer-term trends in the data for the whole period of investigation' (US – Lamb, para. 138).

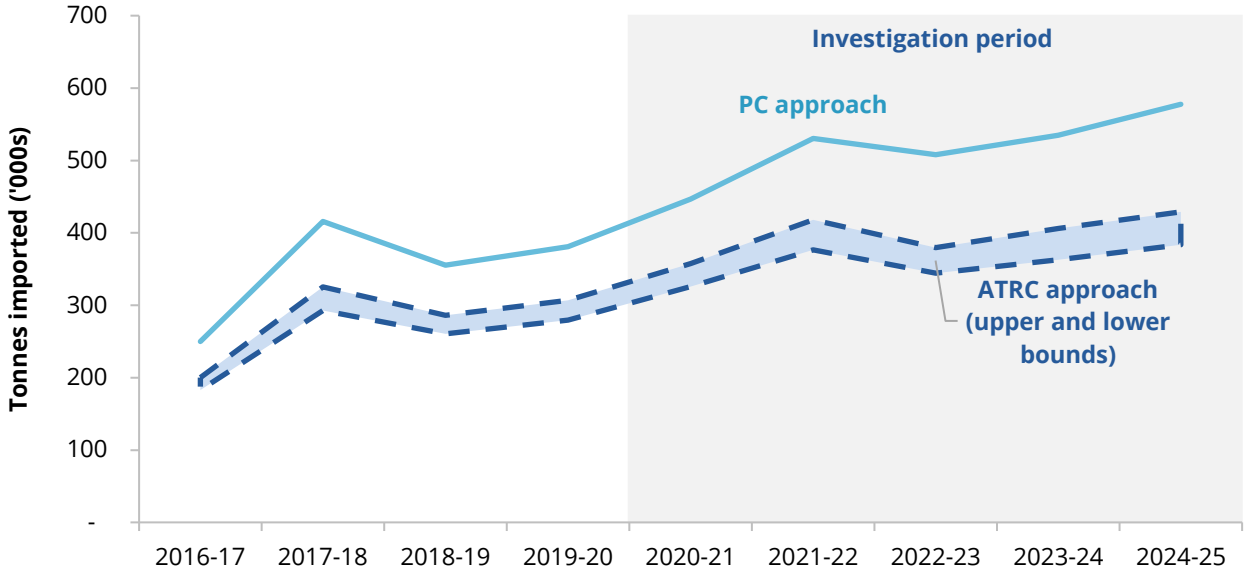
The PC has examined transaction-level import data that captures all in-scope imports over the investigation period (figure 1). Our approach to estimating imports seeks to account for data entry errors and applies statistical approaches to impute quantities where there is evidence of missing data or unit-value outliers.

In response to stakeholder feedback on the interim report, the PC has also estimated imports using an approach informed by the Australian Trade Remedies Commission's[1] analysis in some anti-dumping investigations. The PC has independently adapted this approach in the broader context of this safeguard inquiry as a validity check on its central estimates.

To assess imports relative to domestic production – another consideration specified in the WTO framework – the PC has estimated domestic production using firm-level ABS data and information provided by industry participants. We have also considered other estimates or indicators of domestic production, including data from the Galvanizers Association of Australia (GAA) on the amount of steel galvanised and other potential indicators.

[1] The ATRC was previously named the Australian Anti-Dumping Commission.

Figure 1 – Growth in absolute imports does not meet the conditions for introducing a safeguard measure



Source: PC analysis using ABS administrative data.

Different sources of evidence imply different trajectories for domestic production (figure 2), and all sources have limitations.

- Imports of key upstream steel inputs represent only one channel for sourcing those inputs – public data on domestic production of equivalent products is not generally available. And these imported inputs are not only used to produce FSS.
- InfraBuild's proxy metric for domestic FSS production tracks imports and domestic production of steel used by domestic fabricators, but only hot rolled structural sections.
- Estimates of FSS production based on steel tonnes galvanised are sensitive to the assumed share of FSS production that is galvanised. The GAA estimates this share at about 30% and considers it stable over time (GAA, pers. comm., 23 October 2026), while an ASI survey of 19 fabricators suggests around 40% was galvanised in 2025, albeit with substantial variation (5% to 96%) (pers. comm., 4 November 2026).
  - Taking the midpoint of 35%, the data on tonnes galvanised would imply that domestic FSS production fell by about 206,300 tonnes over the investigation period, compared with a 131,000 tonne increase in imports. This would mean that the domestic FSS market was 5% smaller in 2024–25 compared with 2020–21.[2] Comparing the same years, chain volume measures of engineering construction and non-residential building construction were 37.4% and 10.4% higher respectively (ABS 2026a, 2026b).

[2] FSS production is estimated using the GAA data by multiplying tonnes of steel galvanised by 0.94 and dividing by 0.35 (to reflect the GAA estimate that 94% of steel tonnes galvanised are relevant FSS products, and the midpoint estimate that 35% of FSS is galvanised).

  - If the share of domestic FSS production that is galvanised has changed over time (as might be expected if the types of FSS produced have changed), consistently applying a constant market share figure would produce incorrect estimates of total FSS production.

- The PC's estimates of domestic production may capture imported FSS where it has been purchased by fabricators themselves. The available evidence does not indicate this is a major feature of the industry, with direct imports of FSS by fabricators accounting for 1.4% of total in-scope imports over the investigation period (PC analysis using ABS administrative data). The estimates also rely on a number of assumptions (for example, the share of cost of sales spent on steel). These were detailed in the interim report and are also included in appendix B of the final report.
- The method used by the ASI to estimate FSS production has not been published.

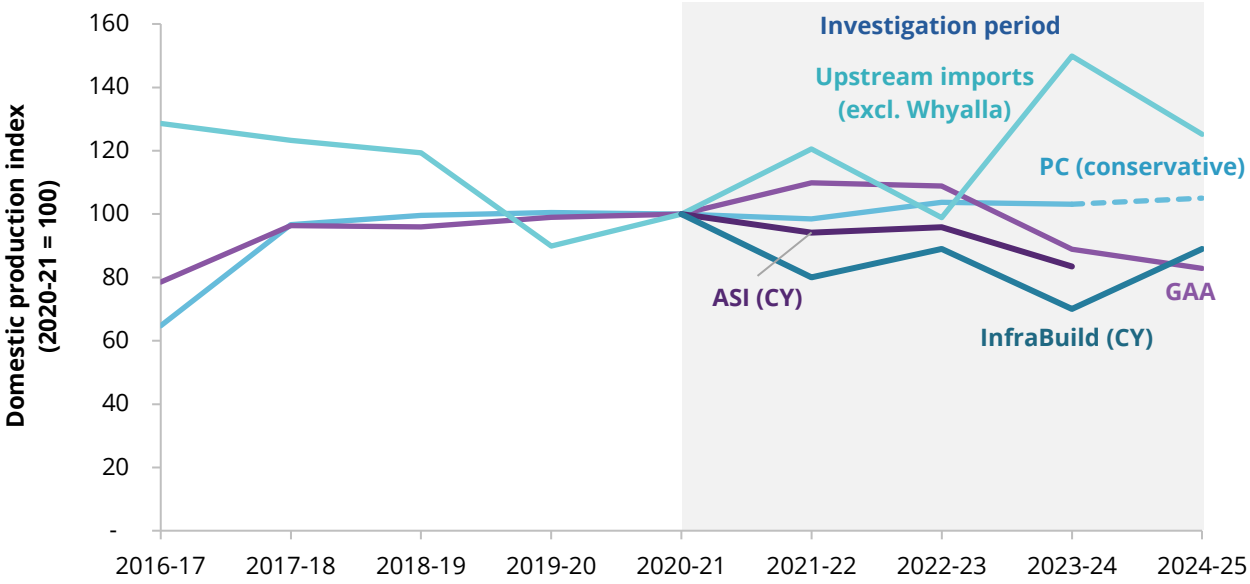
On balance, the PC considers that its estimates provide the most reliable basis for assessing changes in relative imports. The PC has further tested the robustness of its approach by:

- ensuring that the businesses analysed are ASI members or were directly identified as fabricators during the inquiry, and are further restricted to the large proportion of these that appear to be strongly focused on the production of FSS
- confirming that there is limited evidence of direct FSS imports by these firms.

The PC has therefore retained its estimates of domestic production as its preferred measure for use when calculating relative imports (figure 3).

Overall, the additional information received since the interim report does not alter the PC's assessment: on balance, the evidence does not indicate that import growth during the investigation period was recent, sudden, sharp and significant.

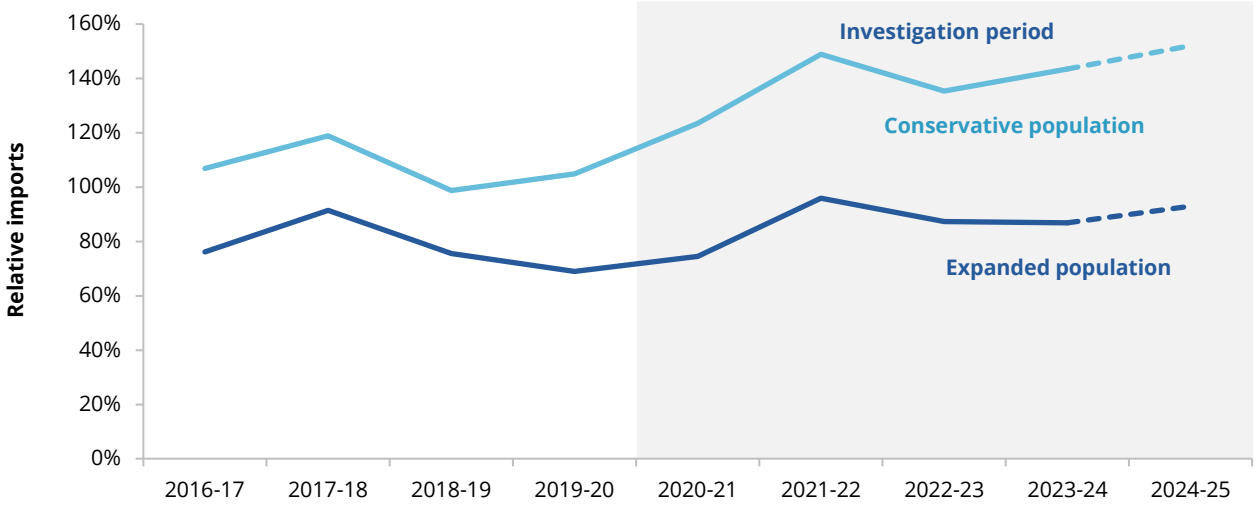
Figure 2 – Different sources indicate different trajectories for domestic production



'CY' denotes data measured on a calendar year basis. 31 codes were identified to be key contributors to upstream imports, though 4 codes were determined to most closely relate to Whyalla Steelworks production and were removed to account for disruptions in recent years (the disruptions are understood to have considerably increased use of imported products that would otherwise have been sourced from the Whyalla Steelworks). This is discussed further in appendix B. ASI figures are included, though it is noted that the methodology for calculating these figures is not on the public record.

Source: PC analysis using ABS administrative data, ASI (sub. 75, attachment 3), InfraBuild (sub. 40, p. 12).

Figure 3 – Relative imports, based on the PC's preferred measure of domestic production, have not increased in a way that meets the conditions for introducing a safeguard measure



Source: PC analysis using ABS administrative data.

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 the industry recorded growth for key indicators over the investigation period (figure 4).

The ASI submitted that the interim analysis used whole-of-firm data that may have included unrelated activities and revenue from FSS imports (sub. 75, p. 4).

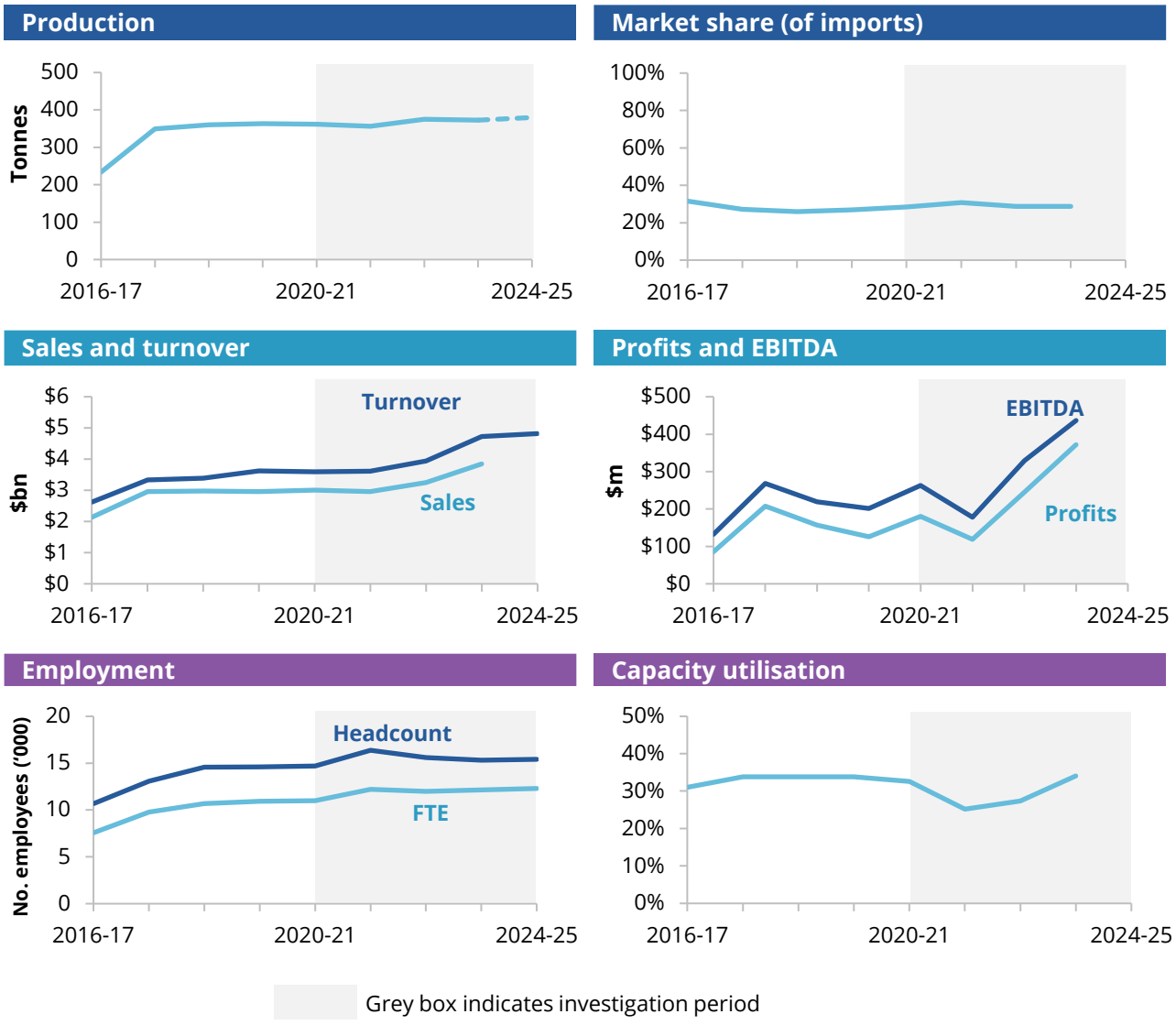
We have restricted the injury analysis to the large majority of businesses in our conservative population that have been assessed by the PC to be focused on structural steel fabrication rather than also undertaking other activities. The 314 firms included in this analysis may undertake activities beyond cutting, bending, welding and other processing activities where they are directly associated with fabrication activities. NEACH submitted that 'Engineering, detailing and project management directly associated with Australian fabrication should remain recognised as part of that activity's value-add' (sub. 69, p. 2).

The injury analysis indicates that production, sales, turnover, profits, earnings before interest, taxes, depreciation and amortisation (EBITDA), headcount, FTEs, productivity and capacity utilisation all improved over the investigation period (figure 4). Domestic market share based on value declined marginally, and alternative measures of production suggest a decline (as discussed previously). There is not evidence of serious injury in this cohort.

The PC tested these findings by also analysing the 'expanded' industry population of fabrication businesses. The additional businesses tend to be more diversified than those in the conservative population. Trends were similar in this broader cohort, and there is not evidence of serious injury.

The weight of evidence does not indicate significant impairment across the domestic industry for those focussing on FSS production, and outcomes for firms that may be more diversified are similar. The conditions for introducing a safeguard measure have not been met for either group.

Figure 4 – Analysis of administrative data does not reveal serious injury for the industry as a whole



Source: PC analysis using ABS administrative data, confidential information from key industry stakeholders, DFAT (2026a, 2026b). Nominal values were converted to 2024–25 dollars using the ABS producer price index for ANZSIC class 2221 (structural steel fabricating).

While there are uncertainties in the industry outlook, the evidence does not show 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 is particularly relevant, but short-term movements should be interpreted in the context of long-term trends (*US – Lamb*, paras. 136–138).

Data at the end of the investigation period does not indicate imminent serious injury. Most indicators, including sales, turnover, profit, EBITDA, headcount, FTEs, productivity and capacity utilisation improved in the most recent year of data. Preliminary BAS data for the first two quarters of 2025–26 indicate turnover levels comparable to what was recorded during the investigation period.

Other indicators of domestic FSS industry activity do not indicate that serious injury is clearly imminent. For example, data from the GAA suggests that the amount of steel galvanised in the first 3 quarters of 2025–26 was only 1.1% lower than the comparable period in 2024–25 (ASI, sub. 75, attachment 3).

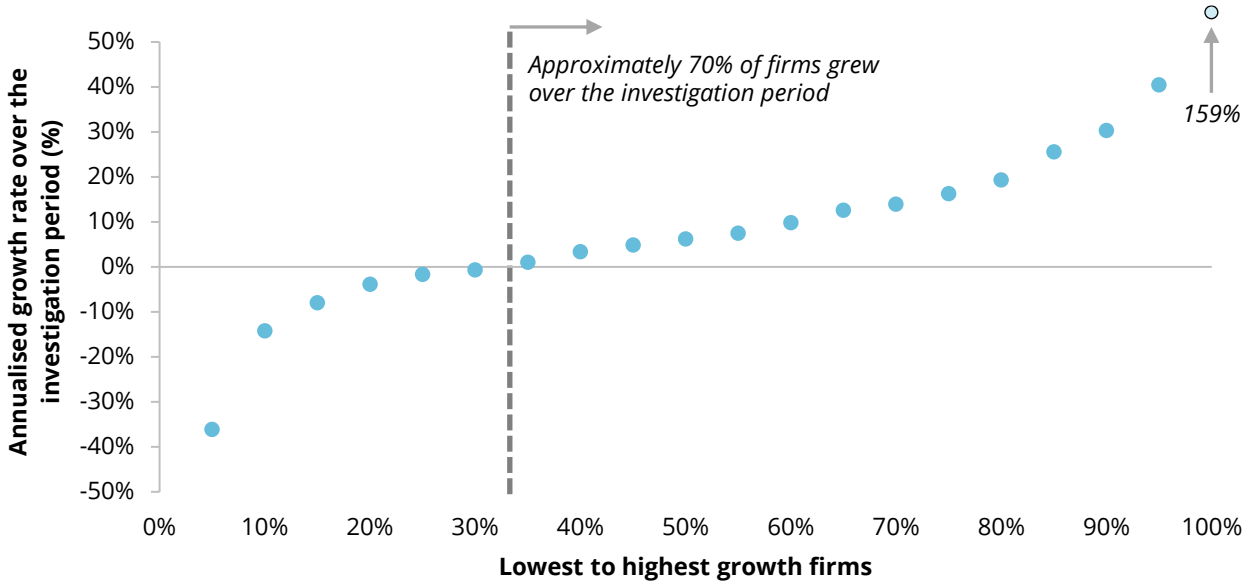
Preliminary import data for 2025–26 suggest the trend growth in imports has continued beyond the period of investigation using the PC's central estimate.

Some of the evidence received throughout this inquiry 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. The administrative data does show that some of the industry has experienced a significant decline in turnover over the investigation period (figure 5), but the PC's findings must be based on conditions in the industry overall.

Other evidence provided 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. Firms which previously specialised in portal frames – identified as highly exposed to imports – have picked up more one-off project work, or firms have increased their activity in engineering and design-and-construction.

Figure 5 – Some fabricators have experienced a significant decline in turnover

Distribution of turnover compound annual growth rates by firm cluster



Compound annual growth in turnover is calculated in 2024–25 dollars. Nominal values were converted to 2024–25 dollars using the ABS producer price index for ANZSIC class 2221 (structural steel fabricating). Analysis excludes births and exits over the period.

Source: PC analysis using ABS administrative data.

Future arrangements

The Australian Trade Remedies Commission is now Australia's authorised body to undertake inquiries to investigate potential safeguard procedures for Australian industries. Information contained in the interim report, including the PC's views on quota and tariff quota measures being a least preferred option, and considerations for public interest assessment, may be of assistance to the Commission in undertaking future inquiries.

Findings

Finding 3.1
The increase in imports does not meet the standards required

The evidence shows that growth in imports, in absolute terms and relative to domestic production, does not meet the standard required by the WTO Agreement on Safeguards.

Finding 4.1
The Australian fabricated structural steel industry as a whole is not suffering serious injury and there is not a threat of serious injury

During the investigation period, the industry experienced an increase in most injury factors, including turnover, sales, production, profits and employment. The available evidence does not establish that there is a threat of serious injury.

Finding 5.1
The conditions for definitive safeguard measures are not met

There has been an increase in fabricated structural steel imports, but it does not meet the standards required for safeguard measures, and the evidence demonstrates that the industry is not experiencing serious injury. Nor does the evidence indicate that there is a threat of serious injury.