

Australian Steel Institute (ASI) member update: imported fabricated steelwork

Background and context

Whilst the implementation of 25% tariffs on steel exports to the United States on 12th March has attracted widespread media attention, the focus of the ASI remains on the arguably much greater issue of significant damage being caused to the domestic steel fabrication industry due to a surge in imports of very low-priced finished steelwork.

There has been a rapid increase in fabricated steelwork imports over the past three years, with the 2024 volume representing an increase of nearly 50% on the 2016 to 2021 period. This rapid increase when combined with a drop off in project activity due to government reprioritisation of funding, has led to a large reduction in the availability of work for local fabricators. Whilst the structural steel portal frame market for wide span commercial buildings such as warehouses, distribution centres, and factories has been the most heavily impacted, the issue is increasingly being reported in other markets including bridgework and cold-formed components such as purlins and girts, and drywall framing.

Information provided to the ASI by members has confirmed that these imports are priced at between 15% and 50% lower than the cheapest local offer. Given the cost structure to operate a manufacturing business in this country, it is not possible to compete with this level of discounting and remain viable. Dozens of individual fabrication businesses have contacted the ASI to report a drastic deterioration in their financial position due to being unable to compete with very low-priced imported fabricated steel. The impacted businesses are reporting loss of viability due to decreased profit margin, loss of revenue due to lower volumes and capacity utilisation, and increased costs.

Further to this concern, when the pricing of the finished fabricated steel is comparable to the internationally traded price of the semi-finished steel that is used as the raw material for fabrication, it is indicative that dumping and/or subsidies could be responsible for unfairly distorting the market.

Actions being taken

The options available to address this significant issue are limited by the fact that the majority of the impacted projects are privately funded and therefore not subject to federal or state government local industry participation requirements. Two key strategies are being pursued, as follows.

1. Maintain sovereign capability

One of the key lessons from the COVID-19 pandemic was the criticality of having a domestic capability and capacity to manufacture strategically important products, due to the ever-present potential for disruption to international supply chains. This lesson has been incorporated into the design of key Federal Government funding and growth initiatives such as the National Reconstruction Fund (NRF).

More recently, the action of the South Australia and Federal Governments to provide financial support to the administrators of the Whyalla Steelworks to ensure its ongoing viability is another example of practical commitment to sovereign capability within the domestic steel supply chain. The steel fabrication industry is the key customer for Whyalla Steelworks core products

such as hot rolled structural columns and beams, and therefore the future viability of the Steelworks is directly related to the sustainment of a viable domestic steel fabrication sector.

The ASI and its members continue to work closely with both the South Australia and Federal Governments to prosecute this specific case for sovereign capability.

2. Action against unfairly traded imports

The international system of rules for trading provides for two main options that can be taken in the event of injury due to unfair trading. The best known of these is an anti-dumping action, which is managed by the Federal Anti-Dumping Commission (ADC). Due to the very specialised nature of the international trading system, the ASI has employed the services of a specialist consultant with expertise in this area, to provide advice in how to initiate an anti-dumping case.

The ASI has worked closely with selected NSW fabricator members and the ADC to investigate the viability of initiating an anti-dumping action on behalf of the national industry. In pursuing this option, the ASI has met on multiple occasions with key Federal Government ministers, the Anti-Dumping Commissioner, senior staff from the Department of Foreign Affairs and Trade, the Department of Industry, Science and Resources, and with a range of specialist advisors that have expertise in international trade law.

After an extensive investigation over the course of 2024, it has reluctantly been concluded that the anti-dumping system, as it is currently designed, is not fit for purpose to support an action in support of small and medium-sized businesses (SMEs). The level of confidential information disclosure required, combined with the requirement for publication of all parties involved in an application, have been determined to be unachievable, and therefore an action is not viable.

The second option, which is currently under investigation, is a Safeguards action. This mechanism has been used successfully in places such as Europe, to provide relief to the local steel industry in response to a surge in low-priced imports. It has only been used infrequently in Australia and is relatively unknown to local exports. Therefore, in order to bolster knowledge of the provisions of Safeguards, the ASI has engaged an international legal firm to provide advice in this investigation. A second consultant has also been engaged to undertake detailed economic modelling of the local steel industry value chain, which is necessary to support an application.

As the issue of imported fabricated steelwork is also negatively impacting the importers of semi-finished products such as universal beams and columns, the ASI and the Australian Steel Association (which is the representative organisation for steel importers) have agreed to work collaboratively on this matter, particularly on aspects such as engagement with Federal Government ministers and departmental officials. The ASI is also providing regular briefing information on this issue to the national secretaries of the key metal worker unions.

Looking forward

Unfortunately, the nature of the remedies available under the international trading system are both complex to engage with and slow to progress, which works against the interests of our members who are seeking immediate relief from this issue. The issue of imported fabricated steelwork is negatively impacting the entire steel value chain in Australia, including steel producers, steel distributors and processors, steel detailers, galvanizers, consumable suppliers, and most significantly the steel fabricators. As such, the ASI views this as the single most critical issue for the steel industry in Australia. That is why, despite the considerable time

and cost that has already been invested in attempting to combat this problem, the ASI will continue to pursue all viable strategies that offer relief to local businesses.

As these efforts have ramped up in recent months, the ASI has been taking every opportunity to speak publicly about this issue. These opportunities have included numerous print media articles, radio interviews, as well as TV interviews with organisations such as Channel 7 News and Sky News. In combination with this media activity, the ASI is continuing to work through the appropriate channels of government and the international trading system to achieve a lasting solution.

Due to the commercially sensitive nature of the advocacy work being done to prosecute an international trade remedy, it has not been possible to provide regular or detailed updates to members. However, the ASI is acutely aware that many of our members are facing an uphill battle to keep their businesses operating, and need to know what is being done to support them. For that reason, we'll undertake to provide an update to members as we reach major milestones in progressing the two strategies that have been explained earlier.

Mark Cain

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Australian Steel Institute

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<https://www.steel.org.au/what-we-do/advocacy/asi-campaign-on-imported-fabricated-steelwork/imported-fabricated-steelwork/>