



# Submission to the General Review of the China–Australia Free Trade Agreement (ChAFTA)

## About AASAF

The Australia–Asia SAF Alliance (AASAF) is a regional platform advancing collaboration on sustainable aviation fuel, Power-to-X technologies, and low-carbon fuel industry development across Australia and Asia.

## Introduction

The Australia–Asia SAF Alliance (AASAF) welcomes the opportunity to contribute to the General Review of the China–Australia Free Trade Agreement (ChAFTA).

ChAFTA has been a cornerstone of the Australia–China economic relationship, supporting strong growth in bilateral trade, services, and investment since its entry into force in 2015. As both economies navigate a period of structural transformation driven by decarbonisation, energy security, and industrial transition, there is a clear opportunity to ensure ChAFTA remains fit for purpose and forward-looking.

AASAF is a regional platform advancing collaboration on sustainable aviation fuel (SAF), Power-to-X (P2X), and low-carbon fuel value chains across Australia and Asia. This submission focuses on how ChAFTA can be modernised to support emerging green industries, strengthen bilateral economic complementarity, and unlock new areas of strategic cooperation.

## Operation and Impact of ChAFTA

ChAFTA has delivered substantial benefits through tariff liberalisation, improved market access, and increased investor confidence. It has provided a stable and predictable framework that has underpinned growth in traditional sectors and supported deeper economic engagement between Australia and China.

However, the structure of ChAFTA reflects the economic priorities at the time of negotiation and does not yet fully capture the opportunities associated with emerging clean energy industries. In particular, sectors such as SAF, hydrogen, and synthetic fuels operate across complex, integrated value chains that extend beyond conventional trade in goods and services.

From an industry perspective, current arrangements are not optimised to support cross-border innovation, early-stage commercialisation, or the development of new industrial



ecosystems. There is limited alignment on emerging standards, certification frameworks, and enabling infrastructure required for low-carbon fuel trade. As a result, ChAFTA is not yet fully positioned to facilitate the next generation of bilateral economic cooperation in clean industries.

### **Key Barriers and Gaps**

AASAF identifies several priority gaps that constrain the development of SAF and broader clean fuel industries within the existing ChAFTA framework.

First, there is no dedicated mechanism to support structured bilateral collaboration on research, development, and demonstration of emerging energy technologies.

Innovation in SAF and P2X requires coordinated efforts across governments, research institutions, and industry, which are not currently enabled through ChAFTA provisions.

Second, workforce and skills development remains a critical bottleneck. Clean fuel industries require specialised capabilities in areas such as hydrogen systems, carbon capture and utilisation, and advanced fuel synthesis. There are limited bilateral pathways for skills recognition, workforce mobility, or joint training initiatives.

Third, investment and commercialisation barriers persist. SAF projects are capital-intensive and require coordination across multiple parts of the value chain, including renewable energy, hydrogen production, carbon sourcing, and fuel synthesis. Existing arrangements do not sufficiently support cross-border investment, joint ventures, or risk-sharing mechanisms needed to bring projects to final investment decision.

Fourth, regulatory and certification misalignment presents a growing non-tariff barrier. Differences in lifecycle emissions methodologies, sustainability criteria, and certification systems limit the development of interoperable supply chains and create uncertainty for investors and industry participants.

### **Opportunities for Expansion and Modernisation**

AASAF considers that the General Review provides a timely opportunity to position ChAFTA as a platform for green industrial cooperation. Sustainable aviation fuel and broader Power-to-X industries represent a strategic opportunity to deepen bilateral economic integration while supporting shared climate and energy objectives.

AASAF recommends the establishment of a Green Fuel Cooperation Framework under ChAFTA to support coordinated action across innovation, skills, investment, and standards.

This framework should prioritise joint research and development in key technology areas, including power-to-liquid fuel pathways, hydrogen-to-fuels conversion, and



carbon capture and utilisation. It should also facilitate access to shared pilot and demonstration facilities and strengthen institutional partnerships between universities, research organisations, and industry.

Workforce cooperation should be elevated as a core pillar of bilateral engagement. This includes developing joint training programs, enabling industry placements, supporting mutual recognition of qualifications, and facilitating the mobility of researchers, engineers, and technical specialists. Building a skilled workforce will be critical to scaling emerging industries across the region.

Investment facilitation should be strengthened to support the development of integrated clean fuel value chains. This includes encouraging bilateral investment in SAF and hydrogen projects, supporting joint ventures, and exploring mechanisms to align concessional finance and risk-sharing approaches. Given the capital intensity and early-stage nature of these industries, targeted measures to improve investment certainty will be essential.

Greater alignment on standards and certification should also be prioritised. Cooperation on lifecycle emissions accounting, sustainability frameworks, and digital tracking systems would reduce non-tariff barriers and enable the development of trusted, interoperable supply chains for low-carbon fuels.

Consideration should also be given to expanding ChAFTA provisions relating to environmental goods and services. Reducing barriers for equipment and technologies critical to SAF production, such as electrolyzers and carbon capture systems, would support industrial development and reinforce the agreement's relevance in a low-carbon economy.

### **Strategic and Regional Benefits**

Strengthening cooperation on SAF and Power-to-X under ChAFTA would deliver tangible economic and strategic benefits for both countries. For Australia, it would support the development of new export industries in synthetic fuels and hydrogen derivatives, leveraging its renewable energy resources and technical capabilities. For China, it would provide access to reliable low-carbon fuel supply and opportunities for technology deployment and industrial scale-up.

At a regional level, enhanced cooperation would contribute to energy security, supply chain resilience, and the acceleration of low-carbon fuel markets across the Asia-Pacific. It would also position Australia and China as key partners in shaping emerging global SAF value chains.



Importantly, integrating these sectors into ChAFTA would demonstrate a shared commitment to modernising the agreement and ensuring it remains responsive to global economic and technological shifts.

### **Conclusion**

The General Review of ChAFTA represents a significant opportunity to future-proof the agreement and expand its relevance to emerging industries.

AASAF recommends that sustainable aviation fuel and broader Power-to-X industries be recognised as strategic priority areas within the bilateral relationship. Strengthened cooperation in innovation, skills, investment, and standards would unlock new economic opportunities, support industrial transformation, and reinforce the long-term value of ChAFTA.

AASAF would welcome the opportunity to engage further with the Department of Foreign Affairs and Trade to support the development and implementation of these proposals.

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