

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

Improving Operability and Supporting the Next Phase of Bilateral Economic Engagement

China–Australia Chamber of Commerce (AustCham China)

1. Executive Summary

The China–Australia Free Trade Agreement (ChAFTA) has played an important role in supporting the bilateral economic relationship over the past decade. It has reduced tariffs, improved market access, supported trade growth, and provided a durable institutional framework for trade and investment.

Australia should engage constructively and ambitiously in the proposed review and upgrade of ChAFTA. This should not be treated merely as a stocktake of what the agreement has delivered to date. It is an opportunity to ensure that one of Australia’s most important bilateral economic frameworks remains fit for a more contested and technology-driven global environment, in which China is likely to play an even more prominent role as a market, investor, technology source and provider of industrial capability. If Australia does not adapt the bilateral framework accordingly, it risks under-capturing the commercial, technological and industrial benefits available through deeper and more practical engagement.

This matters because the value of the bilateral economic relationship is no longer adequately described through an export-only lens. It is increasingly four-dimensional:

- Australian exports to China provide access to demand, scale and revenue growth;
- Australian investment in China provides access to customers and revenue in China, embedded participation in major manufacturing and innovation ecosystems, partnership opportunities, and pathways to improve competitiveness in both China and third markets through scale, speed, learning and commercialisation;
- Chinese exports to Australia provide access to cost-effective inputs, industrial capability and leading technologies that can improve productivity, affordability and project delivery in sectors critical to Australia’s economic transition; and
- Chinese investment into Australia can provide capital, industrial capability, supply-chain resilience, local capability-building and skilled employment where structured appropriately.

Taken together, these channels contribute not only to trade outcomes, but also to productivity, resilience, innovation, capability-building and long-term economic performance.

This broader framing is also consistent with recent senior Chinese economic messaging, including at the 2026 Two Sessions and China Development Forum, which increasingly presents China's domestic market as more than a source of demand: it is positioned as a foundation for growth, a driver of opportunity through openness, and a platform for investment attraction, industrial upgrading and supply-chain development.

Evidence from the AustCham China *Doing Business in China* reports suggests that the sectors in which respondents see the greatest opportunity over the next five years differ materially from the current structure of the bilateral economic relationship. These findings should be understood as a heat map of perceived future opportunity, rather than as a description of where trade and investment are currently concentrated. They point to areas such as clean energy, EV supply chains, healthcare and life sciences, advanced manufacturing, sustainable agrifood systems, and digitally enabled trade and services.

Clean energy and related industrial transition sectors deserve particular attention in this review. In a period marked by geopolitical instability, supply-chain disruption and rising concern about energy security, the ability to combine Australian resources, project opportunities and policy demand with Chinese technology, manufacturing scale and industrial capability will increasingly matter. ChAFTA is therefore relevant not only as a trade agreement in the narrow sense, but as part of the enabling framework for lower-friction cooperation in sectors critical to both countries' long-term economic transition.

These sectors are characterised less by standalone goods trade and more by investment, services, integrated supply chains, standards, financing frameworks and project-level delivery. In many of these sectors, practical participation depends on regulatory cooperation, conformity assessment, confidence in the practical protection of intellectual property, and the ability to operate across differing standards and approval systems with greater certainty. Carbon measurement, certification and related industrial standards are also becoming more important practical determinants of market access, project viability and competitiveness. This has important implications for the role of ChAFTA: the next phase of the bilateral economic relationship is likely to depend less on further tariff liberalisation alone, and more on whether the bilateral framework helps reduce friction, improve certainty and support practical commercial cooperation and delivery.

Australia's policy environment has also shifted. There is a stronger focus on sovereign capability, supply-chain resilience, industrial development and mission-oriented delivery, including through the Future Made in Australia framework. These objectives are appropriate. However, sovereign capability does not mean economic self-sufficiency. In practice, Australia will struggle to achieve competitive and scalable outcomes in many strategic sectors without access to global supply chains, cost-effective inputs, industrial capability and technology partnerships.

Properly structured international engagement can help Australia build domestic capability more effectively, rather than weaken it.

In this context, productivity is a central issue. Across energy, infrastructure, housing and industrial transformation, projects often do not proceed, not because capital is unavailable, but because cost structures do not support commercial viability. Access to internationally competitive inputs is therefore not simply a trade issue. It is also a productivity and project-delivery issue.

Digital trade and e-commerce should likewise be treated as priority areas in their own right. They are increasingly central to how firms access demand, how SMEs participate in cross-border trade, and how trade is delivered efficiently across platforms, payments, logistics and documentation systems. This is one of the areas in which a ChAFTA upgrade may be able to produce practical, near-term improvements aligned with business needs.

The *Doing Business in China* evidence also suggests that businesses are not primarily seeking dramatic new market-access concessions under ChAFTA. Rather, the central message is that the agreement remains valued, but now needs to work better in practice: with less friction, stronger digital usability, and greater predictability.

Respondents prioritise practical improvements in operability, including:

- digital certificates of origin and paperless trade;
- customs efficiency and reduced administrative burden;
- improved services mobility, including clearer pathways for temporary entry and, where feasible, mutual recognition of professional qualifications;
- greater regulatory clarity and predictability;
- more predictable and transparent regulatory treatment, including where relevant in standards recognition, conformity assessment and practical market-access conditions; and
- practical pilot initiatives focused on implementation.

This submission therefore argues that the review should prioritise practical improvements in operability, while remaining open to targeted scope enhancements where they are commercially useful and realistically achievable.

Priority areas should include:

- trade facilitation and digitalisation;
- digital trade and e-commerce;
- services mobility;
- investment facilitation and transparency;
- standards, regulatory cooperation and interoperability, including where relevant in carbon measurement, sustainable finance and related frameworks;
- sector-specific cooperation mechanisms in future opportunity areas; and
- pilot programs and SME-focused support.

More broadly, the next phase of the bilateral economic relationship is best understood as a transition from a model based largely on complementarity and market access to one based more on integration, joint capability, innovation and implementation. In practice, this means deeper cooperation — including co-investment and co-innovation — in sectors where each side brings different but mutually reinforcing strengths. ChAFTA should be strengthened as a valuable and necessary foundation for that transition.

2. ChAFTA's Performance to Date

ChAFTA has played an important and effective role in the bilateral economic relationship. It has reduced tariffs, improved market access for key Australian exports, and provided a stable and predictable institutional framework for trade and investment. Business evidence indicates that it continues to be used and valued, and that its overall impact is generally regarded as positive.

This is important for two reasons.

First, the review should begin from a position of confidence rather than defensiveness. ChAFTA is not a failed agreement in need of rescue; it is a functioning agreement that has delivered real value.

Australian exporters will also remember the period in which a number of Australian exports were subject to significant trade disruption. That experience does not negate the value of ChAFTA, which continued to provide an important framework for market access and institutional engagement. It does, however, suggest that the review should consider how to strengthen the agreement's practical resilience in the face of disruption, administrative friction or opaque restrictions, so that the framework is as operationally robust and responsive as possible in practice.

Second, the relevant question is no longer whether ChAFTA has mattered, but how it should evolve in a changed economic and strategic environment. ChAFTA helped underpin the current relationship. The review now needs to consider how it can support the next phase.

3. From Current Structure to Future Opportunity

The most important change is not simply sentiment, but the structure of opportunity.

The bilateral commercial relationship is already broader than a traditional export-only frame, and is likely to become more so over time if the policy settings and implementation mechanisms improve.

The *Doing Business in China* evidence does not merely restate where bilateral trade and investment are currently concentrated. Rather, it identifies where respondents see the greatest potential for growth over the next five years.

That distinction matters. It means the data is not validating the past structure of the bilateral economic relationship; it is signalling where business believes the next phase will emerge.

Those forward-looking opportunity areas are concentrated in sectors such as:

- clean energy and EV supply chains;
- healthcare and life sciences;
- advanced manufacturing and resource-efficiency technologies;
- sustainable agrifood systems; and
- digital trade and e-commerce-enabled channels.

Beyond the sectors highlighted in the *Doing Business in China* evidence, there are also emerging areas of opportunity linked to Australia's domestic policy priorities and productivity needs. One example is modular and prefabricated construction, where Chinese firms may contribute not only through exports, but also through investment, technology transfer, local assembly, capacity-building and skilled employment in Australia where projects are appropriately structured.

This is a meaningfully different opportunity set from the one around which ChAFTA was originally negotiated. The original agreement reflected a relationship in which goods trade and tariff preferences were central. The future opportunity set is much more dependent on:

- investment and project development;
- services and technical capability;
- industrial systems and supply-chain integration;
- standards, certification and financing frameworks; and
- digital platforms, logistics and interoperability.

This shift changes the nature of the bottlenecks. In many of these future opportunity areas, tariffs are no longer the primary constraint. Instead, businesses point to regulatory complexity, confidence in the practical protection of intellectual property, standards and conformity assessment, investment settings, financing, documentation, logistics and operational friction as the issues most likely to determine whether future opportunities are realised.

The proposed upgrade of ChAFTA should therefore be viewed in an international context. Australia is competing not only for market share, but also for technology access, investment, industrial partnerships and participation in emerging production and innovation systems. This is especially true in clean energy, industrial decarbonisation, advanced manufacturing, digitally enabled industries and emerging areas such as modular and prefabricated construction, where the opportunity may lie not only in trade, but also in investment, technology, local assembly, capacity-building and skilled employment in Australia. If Australia approaches the review as though ChAFTA's main task has already been completed, it risks missing the fact that the next phase of opportunity depends on a more operational and future-oriented framework.

4. ChAFTA, Sovereign Capability and Productivity

Australia's current policy focus on sovereign capability reflects legitimate and important objectives, including resilience, security of supply and domestic capability development. However, achieving these objectives must be considered in the context of Australia's economic structure and current constraints.

This is not only a question of cost. It is also a question of staying connected to the frontier of industrial capability, technology and commercialisation. In a world in which China is increasingly a leader in a growing number of industrial, digital and energy-related technologies, Australia's economic interests will depend not only on preserving access to Western partners, but also on maintaining practical pathways for engagement with Chinese capability where consistent with national-interest and security settings. ChAFTA cannot determine those settings, but it can help ensure that the broader framework for legitimate economic engagement remains usable, predictable and commercially meaningful.

A central challenge is productivity, particularly the cost and complexity of delivering major projects across sectors such as energy, infrastructure and housing. In practice, many strategically desirable projects do not proceed, not because there is insufficient demand or policy intent, but because cost structures do not support viable delivery.

That matters for the ChAFTA review because, in several future opportunity sectors, engagement with China is not only about sales into China, but also about participation in production, innovation and commercial ecosystems.

In that context, access to globally competitive inputs is not simply a question of import penetration. It is often a precondition for project viability, delivery at scale and commercially sustainable domestic capability.

This issue is particularly relevant where trade frictions arise in relation to Chinese industrial inputs used in downstream sectors such as housing, infrastructure and clean-energy deployment. Without prejudice to either party's WTO-consistent trade-remedy rights, the practical issue for Australia is not only whether such measures are legally available, but how their broader economic effects are understood.

In sectors where domestic production is capacity-constrained or structurally high-cost, access to internationally competitive inputs can be a precondition for project viability, timely delivery and improved productivity. In such cases, the economic impact of trade friction may extend well beyond the directly affected product category, affecting construction costs, delivery timelines, supply-chain resilience and overall economic productivity.

This is particularly relevant to the concept of sovereign capability. Properly understood, sovereign capability should not mean self-sufficiency at any cost. It should mean the ability to develop and sustain capabilities that matter to Australia's national interest, supported by secure, resilient and commercially viable supply arrangements.

That objective is fully compatible with participation in global supply chains. In many sectors, it depends on it.

China is relevant here not only because it is a major export market, but because it offers a combination of customer scale, manufacturing capability, industrial ecosystems, research strength, innovation capacity and commercialisation speed that is difficult to replicate elsewhere. Australian and other foreign firms invest in China not only to sell into the Chinese market, but also to participate in world-class production ecosystems, partner with leading firms and institutions, accelerate product development and commercialisation, and strengthen competitiveness both in China and in third markets. For many firms, participation in China's innovation ecosystem is becoming important not simply to remain relevant in China, but to remain competitive globally.

This means engagement with China is not just about importing products. It is also about learning from, partnering with and participating in large-scale industrial and digital ecosystems in ways that align with Australia's economic and national-interest objectives.

Standards and regulatory frameworks are central to making this work. If access to global scale is to strengthen domestic capability rather than undermine it, it must be mediated through:

- technical standards and certification;
- regulatory frameworks and conformity assessment;
- digital systems and interoperable trade infrastructure; and
- financing frameworks, including in areas such as green finance taxonomy.

This includes not only technical standards themselves, but also conformity assessment, regulatory recognition and the practical ability of firms to operate across different approval systems with reasonable certainty. In a growing number of sectors, commercially meaningful market access depends as much on how these systems interact in practice as on tariff treatment at the border.

These frameworks are not peripheral. In many sectors, they are among the mechanisms through which global inputs are converted into deployable, financeable domestic capability. Standards and finance determine whether projects can be delivered, certified and funded, not just whether products can cross a border.

This is also relevant to intellectual property. In knowledge-intensive sectors, the willingness of firms to invest, localise, partner and transfer capability depends not only on formal legal protections, but on confidence in how rights are recognised, administered and enforced in practice.

This is increasingly relevant in areas such as carbon measurement, certification and industrial decarbonisation standards.

For Australian exports in sectors such as resources, energy and advanced manufacturing inputs, how emissions are measured, verified and recognised across jurisdictions will increasingly affect market access, pricing, financing and long-term supply relationships.

Divergence in carbon-related standards and frameworks has the potential to create practical friction, while greater transparency, dialogue and, where possible, interoperability can support commercially viable engagement in sectors central to both countries' economic transition.

Digital systems are increasingly central to this integration. Trade documentation, logistics platforms, payments, data-enabled supply-chain management and e-commerce pathways are not merely administrative improvements. They are part of the core infrastructure of a modern trading relationship.

In this environment, ChAFTA cannot substitute for domestic industrial policy, investment screening or strategic judgment. But it can make a practical contribution to those wider objectives by facilitating trade, enabling services, improving interoperability and providing an institutional basis for cooperation and problem-solving.

5. Future Opportunity Through a Sector Lens Across the Four Channels

This section does not seek to provide a comprehensive sectoral analysis. Its purpose is to illustrate how the four channels of the bilateral economic relationship operate in practice in sectors where respondents see the strongest future commercial potential, and why realisation of that opportunity depends increasingly on system-level operability rather than tariff settings alone.

1. Australian exports to China

Australian exports to China remain important and, in many sectors, continue to offer significant opportunity. China's scale, depth of demand and increasingly sophisticated consumer and industrial markets continue to make it one of the most important destinations for Australian goods and services.

However, future export opportunity is not defined only by tariff settings. In many growth sectors — including premium agrifood, healthcare and life sciences, education- and knowledge-linked services, consumer-facing products and specialised industrial and advanced manufacturing inputs — commercial success depends equally on branding, regulatory clarity, regulatory pathways, standards recognition, services capability, in-market execution, digital channels and logistics. This is especially relevant in healthcare and life sciences, where regulatory pathways, standards recognition, service capability and confidence in the practical protection of intellectual property can materially affect commercial outcomes.

The implication is that, while tariff preferences remain valuable, future export growth increasingly depends on whether Australian firms can combine market access with effective commercial presence, service capability and system integration in China.

2. Australian investment in China

Australian investment in China should be understood as a central part of the future opportunity set, not a secondary issue. In many sectors, it is part of how Australian firms remain connected to customer demand, industrial capability, manufacturing ecosystems, research strength, innovation capacity and commercialisation speed, while learning, partnering and strengthening competitiveness in both China and third markets.

Key areas of opportunity include advanced manufacturing, healthcare and medtech, clean-energy and EV-related value chains, consumer-oriented businesses, research and commercialisation partnerships, and digitally enabled business models that benefit from China's scale, speed and innovation ecosystems.

3. Chinese exports to Australia

Chinese exports to Australia are also an important part of the future opportunity set, particularly in sectors where cost-effective inputs, industrial capability and leading technologies can improve project economics, rollout speed and downstream competitiveness.

Key areas of opportunity include clean-energy equipment and components, EV-related systems and supply-chain inputs, advanced-manufacturing equipment and intermediate goods, and modular and prefabricated construction systems and related inputs relevant to housing, infrastructure and industrial transition. In these sectors, access to globally competitive products and systems can support productivity, affordability and commercially viable deployment, and can materially affect whether projects proceed, how quickly they can be delivered, and whether domestic capability can be developed on a commercially sustainable basis.

In some cases, these exports may also form part of broader delivery models involving local assembly, technical support and partnership structures that help translate global scale into practical domestic capability. In that sense, Chinese exports to Australia are relevant not only to trade flows, but also to productivity, project delivery and the broader economics of domestic capability-building.

4. Chinese investment into Australia

Chinese investment into Australia, where appropriately structured, can contribute more than capital. It can also bring industrial capability, technology, supply-chain integration, local capability-building and commercial partnerships that support project delivery and sector development. In some sectors, this may be one of the most practical ways for Australia to combine domestic policy objectives — including resilience, capability development and commercially viable delivery — with access to globally competitive technology, manufacturing know-how and industrial scale.

Key areas of opportunity include local assembly and downstream processing, clean-energy and industrial-transition projects, advanced-manufacturing partnerships, modular and prefabricated construction capability linked to housing delivery, supply-chain localisation, and capability-building in sectors where Australia is seeking both resilience and commercial viability. In such sectors, the value of investment may lie not only in whether projects proceed at all, but in whether they can be delivered competitively, at scale, and with the cost, speed and capability needed to strengthen productivity and resilience over time.

In areas such as modular and prefabricated construction, the opportunity may lie not only in supplying products to Australia, but in bringing capital, technology, manufacturing know-how and partnership models that support local capacity, skilled employment and more commercially viable project delivery.

Whether these opportunities are realised depends not only on the trade framework, but also on investment policy, regulatory certainty, political confidence and project-level structures. In practice, the commercial opportunity may be significant, but its realisation depends on clarity, confidence and workable institutional settings.

Taken together, these four channels provide a more complete account of the next phase of bilateral economic opportunity than an export-only perspective. They also help explain why the next phase of the relationship cannot be understood simply through the lens of further tariff liberalisation.

It is also important to recognise the value of direct investment itself, not only as a support to trade. Outward investment can help Australian firms access customers, capabilities, technology, learning and commercial scale beyond the limits of the domestic market, strengthening competitiveness both in China and globally. Inward investment into Australia likewise contributes not only capital, but also infrastructure, competition, innovation, export connectivity and broader economic capability. In that sense, investment is not just an enabler of trade — it is a core driver of economic performance in its own right.

Digital Trade and E-commerce

Digital trade and e-commerce should be understood not only as opportunity areas in their own right, but also as cross-cutting enablers across all four channels of the relationship. They shape how firms access customers, how SMEs participate in trade, how services are delivered, how documentation is processed, how logistics systems operate, and how payment and data-enabled supply-chain systems function in practice.

This is also relevant to high-value services, creative and digitally enabled offerings, where commercial participation may depend not only on digital connectivity, but also on workable approval pathways, confidence in the practical protection of intellectual property, and regulatory systems that are usable in practice.

This matters because, in many future opportunity sectors, commercial success will depend not only on whether tariffs are low, but on whether the surrounding systems are efficient, interoperable and predictable. Paperless trade, digital certificates of origin, e-commerce pathways, interoperable digital systems and more efficient logistics are not merely administrative improvements; they are part of the commercial infrastructure of a modern trading relationship. For that reason, digital trade should be treated not only as a technical negotiating topic, but as part of the practical business architecture through which future bilateral opportunity will be realised.

Clean Energy and EV Supply Chains as a Proof Case

Clean energy and EV supply chains provide the clearest illustration of why the next phase of the bilateral economic relationship depends on more than tariff preferences alone. They sit at the intersection of energy security, industrial transition, technology access, standards, financing, investment and large-scale project delivery. In a more volatile geopolitical and supply-chain environment, ChAFTA's relevance in these sectors lies not only in reducing trade friction, but in supporting a more practical and predictable framework for cooperation in areas that are becoming increasingly important to both countries' future economic resilience.

They engage all four channels of the relationship:

- Australian exports to China, including upstream resources and related inputs;
- Australian investment in China, including participation in manufacturing, innovation and commercial ecosystems;
- Chinese exports to Australia, including cost-effective technologies, systems and components relevant to deployment at scale; and
- Chinese investment into Australia, including capital, industrial capability and local capability-building where appropriately structured.

These sectors also bring together resources, processing, advanced manufacturing, energy systems, infrastructure, standards, financing and industrial policy. Their commercial development depends not only on trade flows, but on whether firms can combine resources, technology, capability, capital and market access in workable ways.

In these sectors, ChAFTA can help by reducing friction, supporting associated services and capability, improving digital operability and documentation, and providing a framework for dialogue on standards, interoperability and related barriers. But it cannot resolve domestic strategic sensitivities, determine investment screening outcomes, certify products or projects, make uneconomic projects viable, or substitute for commercial structures, financing arrangements and local partnerships. In other words, it can support delivery, but it cannot deliver the sector.

Implications for the ChAFTA Review

The implications are clear. As the next phase of bilateral opportunity shifts from traditional goods trade towards investment, services and system integration, the relative importance of tariff-centred FTA mechanisms declines. This does not make ChAFTA less important. It changes its role.

ChAFTA remains a valuable and necessary foundation for the bilateral economic relationship. But in the future opportunity sectors identified by business, its primary value is increasingly as a supporting framework for more complex forms of economic engagement: reducing friction, improving certainty, supporting interoperability, enabling services and providing an institutional basis for cooperation.

That is why the review should focus not only on market access in the narrow sense, but on the broader operability of the agreement in practice.

6. What Business Is Seeking from the Review

The *Doing Business in China* evidence provides useful guidance on business priorities in relation to ChAFTA and the next phase of the bilateral economic relationship. The key message is not that the agreement has failed, but that the opportunity set has changed and the agreement now needs to work better in practice if Australia is to capture it.

Some businesses do identify opportunities for further tariff reduction, improved market entry and more favourable commercial conditions in particular areas. However, these are not the dominant themes emerging from the evidence. More often, businesses are seeking practical improvements that reduce friction, increase certainty, improve digital usability, and support investment, services, regulatory cooperation, standards recognition, confidence in the practical protection of intellectual property, and implementation across a more complex commercial relationship.

Respondents prioritise:

- digital certificates of origin and paperless trade;
- improved customs efficiency and reduced administrative burden;
- enhanced services mobility, including temporary entry arrangements and, where feasible, mutual recognition of professional qualifications;
- greater regulatory clarity and predictability;
- more predictable and transparent regulatory treatment, including where relevant in standards recognition, conformity assessment and practical market-access conditions;
- operational and logistics improvements across supply chains; and
- practical pilot programs to test implementation-focused improvements.

These requests are notable because they are both operational and implementable.

While some businesses do see value in targeted scope enhancements, respondents are not primarily calling for sweeping new concessions or treaty redesign. They are seeking practical changes that reduce friction, shorten timelines, lower cost and increase certainty in the operation of trade and investment.

Digital trade and e-commerce are especially important in this context, not as technical add-ons, but as part of the practical architecture through which goods and services are delivered and SMEs participate. Accordingly, operability-focused improvements should be prioritised, while broader scope enhancements should be guided by clear commercial need and realistic achievability. Practical pilot programs could also play a useful role in testing implementation-focused improvements in areas of business priority.

7. What ChAFTA Can and Cannot Do

The review will be most useful if it proceeds from a realistic understanding of both the capabilities and the limits of a trade agreement.

What ChAFTA can do

ChAFTA can make a meaningful contribution in several areas. It can:

- support trade facilitation and reduce friction;
- enable services and associated capability deployment;
- provide a framework for standards dialogue and interoperability;
- support digital trade and e-commerce systems;
- create institutional channels for problem-solving and cooperation; and
- improve the usability of the bilateral framework for SMEs and project developers.

These are not marginal issues. In a relationship increasingly defined by integrated systems rather than tariff lines alone, these are among the areas in which an agreement can still add real value.

What ChAFTA cannot do

At the same time, ChAFTA cannot do several of the things that now matter most in future opportunity sectors. It cannot:

- determine whether a Chinese investment in a strategic Australian sector will be approved;
- resolve domestic political sensitivities associated with security, resilience or industrial policy;
- certify a product or project under Australian regulatory or technical frameworks;
- make uneconomic projects viable; or
- substitute for broader productivity, industry and investment policy.

These limits matter particularly in sectors such as clean energy, EV supply chains, advanced manufacturing and strategic healthcare, where outcomes depend heavily on domestic settings, project structures, standards and financing.

The implication is not that ChAFTA is unimportant. It is that it should be used for what it can realistically do well. ChAFTA is a valuable and necessary foundation for the bilateral economic relationship, but additional mechanisms will also be required to realise the full potential of the next phase, particularly where future opportunity depends on investment, standards, financing and joint capability. The review should therefore focus on practical enhancements and complementary mechanisms, rather than assume the agreement alone can deliver the next generation of bilateral opportunity.

8. Recommendations

Some of these recommendations sit squarely within the scope of a ChAFTA upgrade; others are better understood as implementation, cooperation or institutional measures associated with the agreement. This distinction matters. The review will be most useful if it focuses both on what can realistically be improved within the agreement itself, and on the complementary mechanisms needed to make the bilateral framework more usable in practice.

As a general principle, Australia should support measures that reduce time, reduce cost, increase certainty and improve productivity in trade- and investment-related processes.

On that basis, priority areas for the ChAFTA review should include:

1. Trade facilitation and digitalisation

Australia should seek practical improvements in trade facilitation, including digital certificates of origin, paperless trade systems, customs interoperability and streamlined documentation.

These measures would also strengthen resilience by reducing scope for delay, opacity and discretionary administrative friction in day-to-day trade.

2. Digital trade and e-commerce

A ChAFTA upgrade should support practical improvements to the digital and e-commerce architecture of the bilateral relationship, including:

- paperless trade and more efficient digital documentation;
- interoperable customs and trade systems;
- stronger support for cross-border e-commerce participation;
- more usable digital pathways for SMEs; and
- dialogue on digital standards and system compatibility.

These measures would not simply modernise the agreement. They would reduce time, lower cost and increase certainty in commercially meaningful ways.

3. Services mobility and capability deployment

Australia should support measures that improve the movement of professionals and technical personnel, including clearer temporary entry arrangements, greater transparency around services licensing where relevant, and, where feasible, mutual recognition of professional qualifications. These measures would better support the service elements embedded in goods, projects and investment.

4. Investment facilitation and transparency

Australia should seek clearer information and contact points, structured dialogue on recurring issues, and practical transparency around how processes operate, while respecting domestic policy settings.

This is particularly relevant in capital-intensive sectors, where predictability around process, timing and practical points of engagement can materially affect project confidence and long-term investment decisions.

5. Standards, regulatory cooperation and emerging frameworks

Australia should support system-level cooperation on technical standards, conformity assessment, regulatory interoperability and emerging frameworks such as carbon measurement, certification and sustainable finance taxonomy where these affect market access, project viability or financing.

The focus of this recommendation should be on improving system interoperability and reducing friction arising from standards, approval pathways and regulatory usability.

This should include practical attention to standards recognition, approval pathways and related sources of friction in sectors where regulatory usability materially affects participation, including healthcare and life sciences, health-related consumer products, clean-energy technologies and advanced-manufacturing inputs.

6. Transparency and consultation on frictions affecting strategically important inputs

Without prejudice to either party's WTO-consistent trade-remedy rights, Australia should support more structured transparency, consultation and implementation dialogue where trade frictions affect strategically important inputs used in housing, infrastructure, clean-energy deployment and other areas linked to productivity, scale and supply-chain resilience.

In particular, greater attention should be given to system-level effects, including impacts on project viability, delivery timelines, cost structures, downstream industries

and the practical rollout of nationally significant projects, where frictions affect strategically important inputs.

7. Sectoral cooperation in future opportunity areas

The review should support practical cooperation in sectors where future bilateral opportunity is most likely to depend on investment, technology, standards, services and more integrated delivery models, rather than tariff preferences alone. Priority areas should include:

- clean energy and EV supply chains;
- healthcare and life sciences;
- advanced manufacturing;
- modular and prefabricated construction;
- sustainable agrifood systems; and
- digitally enabled trade and services.

These are also the sectors in which broader complementarity is most plausibly capable of evolving into joint capability through co-investment, co-innovation and more integrated delivery models.

In sectors such as healthcare and life sciences, this may require greater attention to regulatory pathways, approval predictability, standards recognition and confidence in the practical protection of intellectual property. In areas such as modular and prefabricated construction, it may require more workable frameworks for standards, certification, investment and local delivery models.

8. Pilot programs and SME support

Australia should support implementation-focused pilots and SME support measures that test practical improvements and help businesses use the agreement in practice, not just in theory. The objective should be to improve operability, while pursuing targeted scope enhancements only where they respond to clear business need and can deliver practical commercial value.

This could include implementation pilots such as digital certificate-of-origin recognition and expedited customs or “green lane” arrangements for imported goods used in major housing, infrastructure or clean-energy projects.

It could also include a trial mutual-recognition pathway for a relevant professional qualification, such as engineering or architecture, where timely deployment of qualified personnel is important to project delivery.

9. Resilience to disruption and implementation response

Building on ChAFTA’s existing institutional architecture, Australia should seek practical mechanisms that improve resilience to sudden trade disruption, including rapid consultations, designated senior contact points, greater transparency around changes in administrative treatment, and time-bound escalation pathways where legitimate trade or investment encounters unexpected barriers, delays or uncertainty.

The purpose would not be to attempt to eliminate all risk of disruption through treaty text alone. Rather, it would be to improve the speed, visibility and practical effectiveness of problem-solving where legitimate trade encounters unexpected barriers, delays or uncertainty. In business terms, the value of such mechanisms lies in reducing opacity, improving response times, and supporting continuity for commercially significant trade and investment flows.

9. Conclusion

China remains an important economic partner for Australia, and ChAFTA remains a critical foundation for engagement. But the bilateral economic relationship is entering a new phase, in which future opportunity will depend less on tariff liberalisation alone and more on whether the bilateral framework supports practical engagement across investment, technology, industrial capability, standards, services and project delivery.

If Australia fails to adapt that framework, it risks under-capturing the commercial, technological and industrial benefits available through deeper and more practical engagement with one of the world's most important markets and increasingly important sources of capability. The issue is not whether Australia should set aside its national-interest, security or strategic judgments. It is whether, within those settings, Australia's framework for economic engagement with China remains fit for a world in which industrial capability, technology access and commercially viable delivery increasingly depend on deeper and more operational engagement.

The most important opportunities over the next five years are not defined solely by traditional goods trade, but by the four channels set out above: exports, outward investment, inward flows of industrial inputs and capability, and inward investment. Increasingly, the opportunity is not only to exchange more, but to deepen cooperation across supply chains, investment, innovation and project delivery in ways that support productivity, resilience and long-term economic performance.

Over the next five years, there is a substantial opportunity for complementarity to broaden into joint capability through deeper cooperation, including co-investment and co-innovation, in sectors where both countries bring different strengths. In the next phase, the relationship will be defined not only by what the two countries sell each other, but increasingly by what they can build together.

Australia should therefore engage constructively in the ChAFTA upgrade process.

The objective should not be to revisit the agreement as though the past decade had not happened. It should be to ensure that one of Australia's most important bilateral economic frameworks remains fit for a more complex and more competitive era, and better able to support trade, investment, productivity and commercially viable delivery across more integrated commercial systems.

Beijing, 31 March 2026