



**AUSTRALIA CHINA
BUSINESS COUNCIL**
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**Submission to the Department of
Foreign Affairs and Trade for the
General Review of the China-Australia
Free Trade Agreement (ChAFTA)**

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Foreword

Australia's economic relationship with China remains a central pillar of our national prosperity and regional engagement. Over the past decade, the China–Australia Free Trade Agreement (ChAFTA) has played a defining role in that relationship - supporting the expansion of trade and investment, and providing a stable, rules-based framework through periods of both continuity and challenge.

ChAFTA's value extends well beyond tariff liberalisation. Its enduring contribution lies in the certainty and institutional structure it has provided: enabling businesses and investors to engage with confidence in a complex and evolving environment. At critical moments, that stability has been as important as the market access the Agreement delivers.

The context in which ChAFTA now operates has, however, changed in fundamental ways. Global trade is increasingly shaped by geopolitical developments, technological transformation, and the growing intersection of economic and strategic policy. China's economic priorities are evolving, and Australia is repositioning towards a more diversified, sustainable, and digitally enabled economy.

The question for this Review is not whether ChAFTA has been effective - it has - but whether it is sufficiently equipped to support Australian business in a more complex, policy-driven and risk-aware environment.

This is a material shift. The effectiveness of trade agreements is no longer defined solely by the access they provide, but by the extent to which that access can be used in practice: reliably, predictably, and at scale.

This submission reflects the experience of Australian businesses engaging with China across sectors and regions. A consistent message is that while market access remains important, predictability, transparency, and practical operability are now central to commercial outcomes.

A modernised ChAFTA should therefore build on its strong foundations while enhancing its effectiveness in practice, strengthening regulatory cooperation, improving mechanisms for dialogue and problem-solving, and supporting engagement in emerging areas of opportunity. It should also recognise that Australia's long-term position in China will increasingly depend on trust, capability, and alignment with evolving economic priorities.



Australia's relationship with China will continue to evolve, bringing both opportunity and complexity. With careful, forward-looking reform, ChAFTA can continue to provide a stable, practical, and credible framework for Australian business sectors in the decade ahead.

In a more complex and contested environment, the effectiveness of ChAFTA will increasingly be measured not by the access it provides, but by the outcomes it consistently enables.

Rhys Roberts GAICD

National President and Chair,
Australia China Business Council



Executive Summary

ACBC's submission draws on extensive consultation with members of the Australia China Business Council (ACBC) across sectors and regions. It reflects the practical experience of Australian businesses engaging with China under the China-Australia Free Trade Agreement (ChAFTA) over the past decade.

The central message is that ChAFTA has been a highly effective and foundational agreement, supporting trade, investment and commercial engagement between Australia and China. Its value lies not only in tariff reductions, but in the certainty, predictability, and institutional framework it has provided for Australian businesses operating in a complex and evolving market.

At the same time, the operating environment has changed significantly. China's economic model is evolving, with greater emphasis on resilience, technological capability and national security considerations, alongside continued economic development. The broader bilateral relationship has also experienced periods of strain, highlighting the importance of stability, institutional engagement and practical operability in supporting business outcomes.

In this context, ACBC considers that future reform of ChAFTA should be approached within a framework of risk-informed engagement - recognising that the economic relationship remains highly significant, but that it must be managed with greater discipline, capability and awareness of risk.

Three overarching themes emerge from ACBC's consultations:

- **Preserving stability and predictability:** For many Australian businesses, particularly SMEs, ChAFTA's greatest value lies in providing a stable and predictable framework for long-term commercial decision-making. Maintaining this foundation is critical.
- **Focusing on practical operability:** The effectiveness of ChAFTA depends not only on formal market access commitments, but on how those commitments operate in practice, including regulatory transparency, administrative efficiency, and the timely resolution of barriers.
- **Aligning with structural change:** ChAFTA must remain responsive to changes in both the Chinese and Australian economies, including China's policy direction and Australia's transition towards a more diversified, green and digital economy.

ACBC also emphasises the importance of sustained institutional and business engagement in supporting the effective operation of ChAFTA. As the environment becomes more complex,



the role of trusted intermediaries (including business organisations such as ACBC) in facilitating dialogue, building capability, and supporting practical outcomes will become increasingly important.

On this basis, ACBC recommends that ChAFTA reform should be guided by the following priorities:

1. Preserve and strengthen its role as a stable enabling framework for commercial activity
2. Prioritise commercially meaningful market access and reciprocity, particularly for SMEs and trade-exposed sectors
3. Support Australian participation in areas of comparative advantage, value-add and trusted capability
4. Strengthen the broader bilateral operating environment through deeper institutional, regulatory and investment cooperation
5. Be responsive to Australia's green and digital economic transition
6. Improve predictability, transparency, and procedural efficiency in day-to-day operations
7. Progress a forward work program towards a more comprehensive and predictable bilateral investment framework

ChAFTA has provided a strong foundation for the Australia–China economic relationship. The task ahead is not to revisit that foundation, but to modernise and strengthen it so that it continues to support Australian businesses in a more complex, policy-driven and strategically shaped environment.



Note on Submission

The Australia China Business Council (ACBC) welcomes the opportunity to make this submission to the Department of Foreign Affairs and Trade for the General Review of the China-Australia Free Trade Agreement (ChAFTA).

ACBC is a membership-based, non-profit, non-governmental organisation composed of over 600 member companies engaged in bilateral trade and investment with China. Founded in 1973, as one of Australia's oldest, largest and most representative member-based business organisations focused on the Australia–China relationship, our mission is to support productive two-way trade and investment between Australia and the People's Republic of China (China) for the benefit of our members and the Australian community.

Through four operational pillars: 'knowledge', 'networks', 'advocacy', and 'capability', ACBC works between individuals, businesses, government, and non-profit organisations: strengthening existing relationships, building new ones, sharing best practice, fostering new opportunities, and providing practical support to help member businesses trade, invest, and engage productively and successfully with China.

ACBC's strength lies in our unique positioning to translate on-the-ground commercial experiences into constructive policy insight. Through sector-specific working groups, national and branch-based events, member briefings, visiting delegations and direct engagement with decision-makers, ACBC is well placed to identify how trade settings are operating in practice across industries and regions. This gives ACBC a distinctive vantage point on the ChAFTA's performance, opportunities, and constraints for Australian business.

In preparing this submission to DFAT's General Review of the China-Australia Free Trade Agreement (ChAFTA), ACBC undertook an extensive consultative process, including direct engagement with more than 45 stakeholders, with support from ACBC's members and working groups. This submission therefore reflects both a broad cross-section of business perspectives and ACBC's accumulated institutional experience.

Accordingly, this submission provides a high-level overview of ACBC's assessment of ChAFTA, drawing on existing perspectives and commentary, industry experience under the agreement, and its relevance to Australia's green and digital economic transition. It also sets out recommendations for modernising ChAFTA so that it could continue to support Australian businesses, strengthen Australia's international competitiveness, and remain aligned with Australia's emerging national economic interests.



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Introduction: ChAFTA – The Agreement

Arguably one of Australia's most important free trade agreements (FTAs), ChAFTA is a binding treaty that has been in force since 20 December 2015 and has provided preferential rules for trade and investment between Australia and China.

Supporting goods exports, ChAFTA facilitated the staged elimination of customs duties across a variety of agricultural and processed goods, resources and energy, and manufactured goods.

Furthering services trade, ChAFTA enabled improved market access to China, benefiting Australian financial, legal, and professional services and education providers.

Entrenching the agreement and ensuring compliance, ChAFTA also includes provisions addressing non-tariff issues such as TBT and SPS measures, together with institutional, transparency, exceptions and dispute-settlement provisions that support administration of the Agreement and ongoing bilateral dialogue.

Macro Perspectives on ChAFTA

ChAFTA has significantly benefited the Australian business community. The most immediate benefit materialised with the rapid pace of negotiated trade liberalisation: according to DFAT's Post-Implementation Review, following ChAFTA coming into effect, China eliminated tariffs immediately on entry into force for around 85% of its imports (by value) from Australia; nearly all of Australia's resources, energy and manufacturing exports also became duty-free within four years.

This was matched by Australia likewise eliminating tariffs on about 82% (by value) of merchandise imports from China on entry into force, with remaining tariffs phased out within four years.

These tariff reductions assist Australian exports to China, greatly improving market competitiveness; empirically, ChAFTA has also been highly utilised. PwC's 2018 Free Trade Agreement Utilisation Study calculates the utilisation for Australian goods imported into China to be 83%; DFAT's Post-Implementation Review provides a preference utilisation of 94.8% for 2019. The benefits of price effects and Australian trade responses are therefore substantial, as designed.



Complementing China's growing economy, ChAFTA coincided with strong Australian exports to China. While not all trade increases could be credited to ChAFTA, a paper by James Laurenceson and Xi Chen: 'ChAFTA: Assessing Outcomes a Decade On' cites data that total trade with China rose from \$145b to \$326b in the decade following enactment (a 125% increase), and with exports rising from \$85b to \$213b (150%). Australia's share of China's total goods imports also rose from 4.4% (2015) to an average of 5.7% in the following decade, demonstrating greater Australian competitiveness relative to international exporters. China's service imports from Australia also increased significantly during the same period to a figure of \$2.6b in 2022, according to the ACBC and Bankwest Curtin Economics Centre (BNEC) Report: 'Australia's Trade and Economic Relationship with China'.

For Australian households, DFAT's Post-Implementation Review also showed dispersed savings through supply chains and lower consumer prices, corresponding to a reduction in tariff duties collected on Australian imports from China from \$1,141m (2015) to \$118m (2019). The ACBC BNEC report similarly outlined higher household incomes and lower unemployment rates attributed to labour demand lifted by trade expansions.

Beyond direct tariffs, the Post-Implementation Review further highlighted that ChAFTA supported the 'binding' of tariff settings beyond other international agreements and frameworks: by reducing policy discretion on tariffs, certainty for international trade could be increased. A UTS:ACRI report: 'Beyond the Tariff', observed that ChAFTA provided a "rules-based framework and a 'confidence premium' in a volatile geopolitical climate". A 2025 commentary by the AustChina Institute further credited ChAFTA for being "a stabilising framework" amidst turbulent Australia-China relations across 2019-2022.

The initial fears that ChAFTA would harm labour conditions and sovereignty, as expressed in reports by the Australian Council of Trade Unions (ACTU) and the Australian Fair Trade & Investment Network (AFTINET): such as depressed wages, weaker bargaining rights, increased exploitation for workers, and accompanying the possibility of constraints to regulations from services and investment rules, did not materialise in retrospective quantitative analyses. A paper by James Laurenceson and Xi Chen found that labour mobility provisions were only modest extensions in retrospect, and as mediated by Australian domestic safeguards and labour market institutions, temporary skilled visas granted to Chinese nationals even fell to 4% of all visas granted in the category notwithstanding ChAFTA being in place.

However, notwithstanding articulated positive benefits and unrealised risks, the UTS:ACRI report highlighted developments that had unexpected negative impacts on market competitiveness. Contextualised by broader geopolitical tensions, non-tariff barriers have



increasingly become a concern, especially through tightened national security reviews, data localisation rules, and heightened scrutiny on tax and ESG matters, which create further uncertainty. Political tensions from 2020-2022, leading to China imposing formal and informal trade restrictions on Australian products worth \$20b, also demonstrate this risk of potential economic impacts going beyond FTA rules.

Also, even as institutional mechanisms are underpinned by agreements, the operations of bilateral committees, reviews, and the Joint Commission have stalled between 2017 and 2024, given China's lack of political will for engagement. This raises issues about whether the full benefits of ChAFTA, even where formally agreed, are consistently realised in practice.

Experiences of ChAFTA from Industry Perspectives

Within ACBC's conversations with Australian businesses across industries and sectors, ACBC consultations indicate that, far from these experiences and perspectives being wholly discrete, there are underlying thematic commonalities which may be drawn out to reflect the general operation and experience of ChAFTA within the Australia-China commercial relationship.

ChAFTA as a Foundational Framework

These commonalities arise in large part from the nature of ChAFTA as a foundational agreement that has materially supported Australian business by improving baseline certainty and market access. ChAFTA has not operated merely as an instrument for reducing tariffs at a single point in time and delivering immediate benefits; rather, it has functioned as a framework through which many businesses have been able to make longer-term commercial decisions on the basis of relative predictability as to market access, landed cost, margin, compliance settings and the broader conditions of bilateral trade. The stability provided by ChAFTA in many areas, accompanying amended SPS/TBT outcomes, border processes, investment clarity, and data/regulatory settings, has ensured ongoing business appetite to conduct customer acquisition, contract formation, distribution planning, and other cross-border business activities. Atop these foundations, broad benefits for Australian business have been realised.

Beyond these industry-agnostic effects, ChAFTA has had a particularly pronounced enabling effect: it has not simply enhanced existing trade flows, but has helped lower barriers to participation and improve the commercial viability of trade for many firms. This is visible in the increasing numbers of Australian businesses exporting goods to China from 6,231 in 2014-15 to 8,184 in 2018-19 alone. Where businesses can understand known barriers or constraints,



meet documentary and origin requirements, and make assumptions about future market conditions with a reasonable degree of confidence, they are more likely to commit capital, develop products for export, establish channels, and absorb the upfront cost of entering a foreign market. ChAFTA has thus functioned as an important enabling condition for commercial action, not merely a favourable input – a role that has been especially visible in primary industries characterised by significant export volumes to China from small- to medium-sized firms.

ACBC members have commented highly favourably on ChAFTA overall, especially across sectors where China is a significant export market, including in the minerals and mining, and the agribusiness and fisheries sectors. A similar dynamic has also been visible in services and knowledge-intensive sectors, where certainty, reputation, regulatory transparency, and practical ease of doing business can matter as much as formal tariff outcomes.

The Structural Preference of SME Exporters for Stability

Notwithstanding these benefits, ACBC also recognises that new market entrants, many of which are SME exporters, have often made the market entry decision not only on account of the lower barriers to entry into the Chinese market presented by ChAFTA, but also by the belief that such conditions would persist with reasonable certainty.

Therefore, from the perspective of these new market entrants, the maintenance of ChAFTA on its current terms, if not on terms which are even more favourable in relation to access to the Chinese market and trade barriers, is highly desirable. This is not only because their profitability relies on current conditions, but because SMEs are more sensitive to uncertainty, compliance costs, delays, and duplicated administration. Larger firms, instead, are more capable of absorbing temporary dislocation, reconfiguring supply chains, reallocating resources across markets, or carrying compliance and legal costs for longer periods. By contrast, SMEs typically operate with thinner margins, less diversified customer bases, and lower retained earnings – meaning that stability is itself an economic asset: the basis upon which they price, invest, hire, borrow, and plan.

This structural preference for greater stability is further compounded by the way in which relatively modest deteriorations in conditions can produce effects far greater than their formal magnitude might suggest; larger changes to market access rules can significantly reduce revenue or profits industry-wide.

In relation to reforming ChAFTA, even a change that appears marginal at the level of treaty design – for example, a narrower preference margin, more burdensome origin administration, slower border processing, or more contestable conditions of market access – may be



commercially decisive for a smaller trader once administrative and other costs are taken into account. The issue is therefore not simply whether a revised ChAFTA would leave some degree of access in place; it is whether it would preserve the commercial calculus on which these SME exporters entered the market in the first place.

Vulnerability and Resilience of Australian Industries

This vulnerability is likely more pronounced in Australia's primary sector industries with lower economic complexity. These businesses have fewer tools to differentiate themselves, which leaves them more exposed to price and scale competition and with limited options to diversify markets quickly. In such circumstances, reliable access to major export markets is not merely advantageous; it is integral to investment confidence and the long-term viability of trade-exposed firms.

A related concern applies to trade-exposed manufacturing and processing sectors facing strong import competition. The issue is not whether Australia should remain open, but whether further trade liberalisation is matched by meaningful reciprocity or favourable concessions in other areas and workable competitive conditions for Australian firms. Where greater openness intensifies domestic pressure without improving practical access into China, it risks weakening productive capacity in strategically important sectors. The ChAFTA reform approach must therefore weigh reciprocity, implementation outcomes, and real operating conditions; formal trade liberalisation alone is unlikely to deliver balanced gains.

This concern is sharpest where industries face high fixed costs, long investment cycles, or limited scope to reposition quickly into higher-value segments. In these cases, liberalisation's benefits are most likely to be realised alongside practical reciprocity, stronger competitiveness settings, and credible adjustment pathways. Nonetheless, ACBC recognises that in value-added industries already deeply integrated into China's supply chains, Chinese market access into Australia can improve outcomes by strengthening competitiveness, improving scale, and lifting productivity. The commercial objective, therefore, is to ensure openness is structured to expand opportunity, preserve capability, and build the resilience of Australian industry.

Geopolitical Tensions and Impacts on Business

In consultation with members, ACBC encountered views arguing that ChAFTA should not be amended on grounds of uncertainty. While, indeed, reform itself can create uncertainty for business, ACBC also recognises that the uncertain geopolitical backdrop remains the greater source of uncertainty.



Across 2020-2022, Australian exports which had been impacted by the worsening relations have included barley, wine, red meat, coal, cotton, lobster, timber, among others; and while diversion of coal exports to other markets led to the maintenance of industry revenues, exports including wine, timber, lobster, barley, and beef were more greatly impacted.

While Australian exports to China in these sectors have substantially normalised since 2023, industry and business assessments nevertheless regard the current environment as one shaped by geopolitical strain, sector-specific headwinds, technical barriers, investment sensitivities, and the accompanying effects of China's domestic policy tightening. The recovery experienced has also remained uneven across sectors amidst a more complex operating environment.

Future Directions for ChAFTA Reforms

On the basis that many stakeholders are increasingly concerned with structural issues in addition to market access and tariff outcomes, not simply valuing one over the other, ACBC proposes that the future directions for ChAFTA should be considered through a broader strategic lens rather than a narrow, sector-by-sector approach.

The premise is that Australia's value to China, as understood by Australian industry, will depend, in the future, less on isolated product-level advantages and more on our ability to present a coherent proposition as a long-term economic partner that contributes to resilience, quality, capability, and trust across agribusiness, services, education, clean-energy inputs, technology-enabled exports, and selected value-added industries.

Additionally, this is contextualised by an evolving environment that is increasingly understood in Australia through the lens of risk-informed engagement, recognising that while the economic relationship remains highly significant, it must be approached with greater discipline, capability, and a greater awareness of uncertainties.

This strategic lens takes into consideration China's changing policy environment, where over the coming years, as governed by China's 15th Five Year Plan, Chinese industry is likely to be shaped by imperatives of national security, technological upgrading, resilience-building, supply diversification, and stronger state coordination. China's strategic shift means that, rather than seeking to maximise raw economic growth and output, it will instead prioritise improving efficiencies within its domestic industries through mechanisation, artificial intelligence, advanced monitoring systems, and more deliberate management of imports. For Australian businesses, this suggests a market environment in which commercial opportunity will continue to exist, but in which regulatory, strategic, and institutional considerations are likely to play a larger role.



Australia's Future Opportunities

Within the current and future environments, Australia's opportunity lies less in competing as a low-cost commodity supplier and more in positioning itself as a trusted source of premium, sustainable, and reputable products and services across our primary and secondary sector exports, and as a trusted and reliable partner for knowledge production and technological innovation from theory to market.

Within the agribusiness sectors, for example, given China's greater emphasis on higher-quality agriculture and premium food consumption, instead of volume alone, Australia will be better positioned if we compete on integrity, safety, reliability, and value-added capability. Australia would also benefit from improvements to integrated systems that underpin these perceptions, including national capabilities in biosecurity, traceability, food safety, sustainability assurance, and regulatory integrity. To achieve such a goal, Australia would require a more strategic and deliberate national positioning; this would mean focusing on ensuring agricultural integrity, backed by strong biosecurity, quality assurance, sustainable production, and transparent systems.

To broadly establish Australia's credibility as a trusted and reliable partner for knowledge production and technological innovation, Australia's competitiveness will be strengthened should there be greater opportunities for cross-border collaboration, cross-border investment, cross-border people flows, and synthesised and clear standards with conformity to international practice. To better meet these objectives, Australia would benefit from clearer dialogue so that its political and economic interests are seen as aligned rather than distinct, and so that clearer rules can be formulated on the basis of a shared understanding across government and industry.

In relation to the ChAFTA reform, the directions of change should always be understood within a broader regional context in which China remains deeply embedded in ASEAN supply chains, investment flows and digital ecosystems. For many Australian businesses, engagement with China and Southeast Asia is increasingly interconnected rather than distinct; therefore, changes to ChAFTA do not merely alter the Australia-China trade, but are instead part of greater structural changes.

On this basis, ChAFTA reform should not be treated simply as an exercise in improving tariff outcomes. The more important task is to strengthen the broader bilateral operating environment within which trade takes place: addressing the systems, rules, and institutional settings that shape long-term market access and commercial confidence. Priority areas include data flows and digital governance, green trade and sustainable supply chains, and the governance and safety of artificial intelligence and other emerging technologies, as these



issues are increasingly central to trade competitiveness and shape how trusted, efficient, and resilient bilateral commercial relationships can be. A further implication is that future market access outcomes are likely to depend not only on technical compliance, but also on trust, policy alignment, and institutional relationships.

From the ACBC perspective, influence in the Chinese system is also increasingly likely to come through sustained engagement, scientific cooperation, policy dialogue, consumer understanding, and stronger in-country relationships, rather than through transactional trade discussions alone. Therefore, Australia's trade strategy, while reflected through ChAFTA in our engagement with China, should be supported by a broader architecture of engagement alongside enhanced formal mechanisms so that familiarity, credibility, and confidence over time could be built together, as a matter of 'soft power' development.

In practice, aspects which could be considered for strategic deepening between Australia and China include talent and workforce development, scientific collaboration, sustainability partnerships, policy exchange, and consumer engagement. For the agribusiness sector, deeper cooperation can occur in areas such as agricultural science, fisheries governance, sustainability, and skills development; for the minerals and mining sector, further collaboration can occur in areas such as developing green metals and steel, low-emission fuels and vessels, and technologies contributing to decarbonisation, as well as standards development, such as those surrounding green finance. Together, the approaches would only strengthen Australia's broader trade position by embedding it deeper within China's evolving economic priorities.

Further, bilateral economy-wide investment and technology cooperation should be treated as part of the future reform agenda. Australia's competitive position in China needs to be understood relative to other countries' exports that are also seeking to capture China's premium market segments and strategic partnerships. This creates a strong case for greater bilateral collaboration across technology, knowledge transfer, and service-based exports.

ChAFTA's future relevance, therefore, may depend not only on supporting trade in physical goods, but also on enabling the export of know-how, intellectual property, production systems, technical processes, and specialised services which can elevate Australian value-add. To ensure that this occurs, the creation of a clearer and more predictable policy framework for investment across both Australia and China, including greater clarity and predictability in investment screening and approval processes in Australia, would greatly reduce uncertainty and enable longer-term collaboration.

Operationally, future ChAFTA upgrade work could immediately prioritise stronger SPS/TBT problem-solving mechanisms, more transparent and predictable approval processes, deeper



regulatory cooperation and alignment with international standards where appropriate, wider acceptance of electronic trade documentation, better inter-agency information sharing, and simpler cross-border customs and clearance processes. In the short- to medium-terms, these adjustments would materially enhance the ability of Australian exporters across industries and sectors to operate with confidence and continuity in the China market.

ChAFTA and Australian Industrial Policy: the Green and Digital Economy

In addition to the perspective of existing stakeholders, ACBC also sees a necessity to take into account future possibilities beyond Australia's current industry composition and practices: as Australia increasingly transitions towards a green and digital economy, encompassing broad, economy-wide changes that will invariably create new stakeholders, firms, and perhaps sectors working with Chinese firms.

The Australian Government, through the 'Future Made in Australia' initiative and the National Reconstruction Fund, is already actively pursuing industrial policy supporting the development of new industries and businesses.

Relating to the green economy, through industry and government investment, it is plausible for Australia to soon become one of the world's lowest-cost producers of green metals because of our renewable energy potential, ore endowments, existing industrial base, research strengths, and our geographic location within the Indo-Pacific. Australia also has significant potential in relation to developing a domestic hydrogen industry. With active industry-government cooperation in the digital economy, Australia can also develop economy-wide capabilities, including the integration of artificial intelligence across government and industry, as set out in the National AI Plan.

A reformed ChAFTA and its terms, covering trade in goods and services as well as investment, should therefore be examined not only through the lens of current trade flows, but also through the lens of future capability-building. This includes considering how bilateral settings might support trade and investment linked to clean-energy inputs, green supply chains, services associated with decarbonisation, digitally enabled trade, and selected technology-intensive activities.

In exploring ChAFTA reforms, ACBC urges consideration of practical areas of alignment to ensure that a reformed ChAFTA is not only suitable for the present, but also responsive to Australia's green and digital economic future. Within the Export Council of Australia's (ECA) submission to the ChAFTA General Review, the ECA proposed the establishment of a Green



Products and Services Agreement (GPSA) in relation to ChAFTA; ACBC believes that this proposal should be considered alongside other possibilities to ensure ChAFTA's readiness for Australia's future industry needs.

ACBC Recommendations for ChAFTA Reforms

On the basis of the aforementioned observations, ACBC proposes that the future reform of ChAFTA should proceed from a clear recognition of the role which ChAFTA has already performed within the Australia–China commercial relationship: as a broader enabling framework governing standards and rules through which Australian businesses have been able to make longer-term decisions concerning market entry, investment, compliance, pricing, and commercial engagement.

It therefore follows that any amendment process should be approached not as an exercise in revisiting the foundational value of the agreement, but as an opportunity to preserve its benefits while modernising it in light of the evolving strategic, regulatory, geopolitical, and commercial environments.

On the basis of member consultations and the analysis, ACBC recommends that ChAFTA should be guided by the following principles and priorities:

Recommendation 1: ChAFTA reform should preserve and strengthen the Agreement's role as a stable enabling framework for commercial activity.

ACBC recommends that a reformed ChAFTA preserve and strengthen the Agreement's role as a stable and predictable enabling framework for Australian business. It should continue to provide a stable, predictable framework that allows Australian businesses to make longer-term commercial decisions with confidence. Reform should support not only market access, but also commercial resilience – strengthening the ability of Australian firms to operate with greater transparency and flexibility, and to recover more quickly when disruptions occur.

Industry experience shows that ChAFTA's value lies not just in the access it provides at any given moment, but in the certainty it gives businesses around market access, landed cost, margins, compliance, and the broader conditions of bilateral trade. Reform should therefore focus on preserving predictable access, reducing single points of failure, strengthening consultation pathways, and ensuring that ChAFTA's institutional and dispute-management mechanisms can better support continuity and the restoration of normal commercial conditions when shocks occur.



Recommendation 2: ChAFTA reform should prioritise commercially meaningful market access and reciprocity, particularly for SMEs and trade-exposed sectors.

ACBC recommends that future ChAFTA reform give particular weight to the practical needs of SME exporters, new market entrants, and trade-exposed sectors that are especially sensitive to uncertainty, delays, and administrative burden. For many of these businesses, stability is itself an economic asset: even modest changes to preference margins, origin administration, border processes, or regulatory conditions can be commercially decisive once compliance costs are factored in.

For import-competing and trade-exposed industries, further liberalisation should be pursued with attention to whether it is matched by meaningful reciprocity and improvements in the broader competitiveness settings within which Australian firms operate. Reform should also recognise that Australian participation in China often sits within wider bilateral and regional commerce, including participation in regional value chains and sectors through which Australian firms can engage more broadly with Asia. Where firms consider re-shoring or shifting away from China, such decisions should be treated as elements of commercial risk management, not as ends in themselves, and ChAFTA reform should help to support them.

Recommendation 3: ChAFTA reform should support Australian participation in areas of comparative advantage, value-add, and trusted capability.

ACBC recommends that future ChAFTA reform focus on areas where Australian firms are better positioned to compete based on quality, reliability, safety, reputation, and specialised capability, rather than on low-cost volume alone. This includes premium agriculture, higher-value services, knowledge-intensive exports, specialised technical capabilities, logistics, standards cooperation, energy-transition supply chains, selected advanced manufacturing inputs, and other sectors where Australian firms hold durable advantages.

In this context, ChAFTA's future relevance should be understood not only in relation to goods trade, but also in relation to the export of know-how, intellectual property, production systems, and specialised services. Understood this way, "de-risking", a term that has gained considerable importance, would not mean reduced engagement with China, nor withdrawal from commercially viable trade and investment, but instead better risk management within an ongoing economic relationship. In practice, this means improving information flows, increasing regulatory transparency, strengthening contractual certainty, supporting supplier and counterparty diversification where appropriate, and reducing exposure to unmanaged concentration and avoidable disruption.



Recommendation 4: ChAFTA reform should strengthen the broader bilateral operating environment through deeper institutional, regulatory, and investment cooperation.

ACBC recommends that ChAFTA reform place greater emphasis on the broader environment within which trade and investment occur – including regulatory transparency, institutional engagement, policy dialogue, and clearer investment settings. Long-term commercial confidence depends not only on market access outcomes, but increasingly on trust, policy alignment, institutional relationships, and the practical ease of doing business. Reform should therefore support stronger consultation pathways, deeper regulatory cooperation, more sustained problem-solving between authorities, and clearer frameworks for bilateral investment and commercial collaboration, including through industry bodies and intermediaries such as ACBC, which can support dialogue, practical problem-solving, and sustained engagement between business communities.

Consideration should also be given to strategic deepening in areas such as scientific cooperation, workforce development, sustainability partnerships, policy exchange, and stronger in-country relationships. Where appropriate, reform should also seek to ensure that ChAFTA remains interoperable with wider Indo-Pacific trade architecture and with the practices developing through other regional agreements – reducing friction, improving consistency of treatment, and better reflecting the practical reality that business resilience is often built through portfolio diversification and adaptable commercial positioning across multiple markets.

Recommendation 5: ChAFTA reform should support Australia’s transition to a green and digital economy.

ACBC recommends that future ChAFTA reform be guided not only by existing trade flows, but also by Australia’s longer-term capability-building in the green and digital economy. Priority areas which may be of focus include green trade and sustainable supply chains, data flows and digital governance, and selected technology-intensive and decarbonisation-related activities.

This may include frameworks supporting cooperation and trade in areas such as green metals, green steel, batteries, hydrogen, renewable energy inputs, climate-related services, and digitally enabled trade. ACBC also considers that proposals such as a Green Products and Services Agreement (GPSA) warrant serious consideration alongside other forms of treaty modernisation, while recognising that some aspects of green-economy cooperation will require further consultation to ensure that reform proposals remain commercially workable and aligned with Australia’s broader policy settings.



Recommendation 6: ChAFTA reform should improve predictability, transparency, and procedural efficiency in day-to-day operations

ACBC recommends that future ChAFTA reform place particular emphasis on procedural and institutional improvements that directly affect day-to-day commercial operability. Industry experience consistently shows that predictability, timeliness, and the reduction of avoidable administrative friction are often of greater commercial significance than additional headline commitments. This is especially the case for SMEs, perishable-goods exporters, firms dependent on time-sensitive logistics, and businesses making longer-horizon investment decisions.

Reform should therefore prioritise stronger SPS and TBT problem-solving mechanisms, more transparent and predictable approvals and licensing processes, deeper regulatory cooperation and alignment with international standards, clearer treatment of data flows and digital trade facilitation, simpler customs and clearance processes, clearer origin administration, and more effective consultation and dispute-management procedures. Together, these reforms would reduce uncertainty, improve day-to-day operability, and support a faster return to normal commercial conditions when disruptions arise.

Recommendation 7: ChAFTA reform should progress a forward work program towards a more comprehensive and predictable bilateral investment framework.

ACBC recommends that the review give renewed attention to the investment dimension of the bilateral relationship by establishing a forward work program for the negotiation of a more comprehensive investment chapter, as envisaged within the existing ChAFTA agreement.

This would provide an appropriate vehicle through which both parties may consider how greater clarity, transparency, and predictability could be achieved in relation to bilateral investment settings and longer-term commercial collaboration. From the perspective of Australian business and bilateral commercial confidence, a clearer and more predictable framework for investment would support capital deployment, technology cooperation, knowledge transfer, and service-based engagement, while also assisting in reducing uncertainty associated with existing policy and approval settings. Chinese investment could also be facilitated in under-invested areas of the Australian economy where greater investment could help resolve some of Australia's pressing concerns.



**AUSTRALIA CHINA
BUSINESS COUNCIL**
澳大利亚中国工商业委员会

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