

China FTA Coordinator
Free Trade Agreement and Stakeholder Engagement Division
Department of Foreign Affairs and Trade
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By email FTAModernisation@dfat.gov.au

31 March 2026

Dear ChAFTA General Review Team,

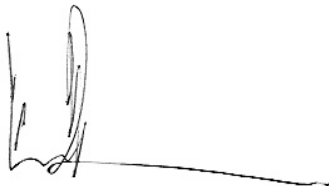
Subject: ChAFTA Submission – Business Council for Sustainable Development Australia

Business Council for Sustainable Development Australia (BCSDA) welcomes the opportunity to provide this submission to the General Review of the China–Australia Free Trade Agreement (ChAFTA).

BCSDA is happy for this submission to be treated as public and published on the Department of Foreign Affairs and Trade website. For transparency, AI tools were used in preliminary background research and issue mapping only. The analysis, policy positions and final text were reviewed and approved by BCSDA.

This submission focuses on practical, bounded opportunities to reduce non-tariff friction and improve the operation of ChAFTA for businesses participating in low-carbon, nature-sensitive and circular value chains.

Yours faithfully,



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Executive summary

BCSDA supports a pragmatic, bounded modernisation of ChAFTA focused on reducing non-tariff friction in areas that are increasingly material to trade competitiveness, investment confidence and supply chain resilience.

BCSDA does not propose a wholesale reopening of ChAFTA. Rather, the General Review should use existing governance arrangements to establish a practical 2026 work program focused on sustainability-related trade infrastructure, including standards, conformity assessment, traceability, trusted data, carbon information, circular economy settings and nature-related trade requirements.

For a growing subset of businesses, especially those participating in low-carbon, nature-sensitive and circular value chains, these issues now operate as real-world market access conditions. Addressing them through targeted bilateral cooperation would help reduce avoidable compliance costs, improve comparability and business usability, and strengthen confidence in bilateral trade.

BCSDA recommends that Australia and China:

- 1. Establish a bounded green economy work program under ChAFTA** using existing committee structures to identify and progressively reduce barriers affecting environmental goods, services, low-emissions industrial inputs, sustainable agriculture and food products, and circular economy goods and services.
- 2. Prioritise standards interoperability and conformity assessment pathways** in priority sectors where duplicated testing, certification and assurance processes are creating avoidable cost and delay.
- 3. Develop a technology-neutral traceability and trusted data framework** focused on minimum data requirements, governance principles and interoperability expectations, rather than mandating particular digital systems.
- 4. Add cooperation on carbon accounting, disclosure compatibility and transition-enabling trade** to reduce duplication, improve comparability across value chains and support commercially usable emissions-related information.
- 5. Include nature-positive and circular economy cooperation** covering credible nature-related claims, biodiversity and deforestation risk reduction, packaging and recycled-content requirements, and trade in secondary materials under appropriate safeguards.
- 6. Support sustainable finance and investment interoperability where it improves capital flows** particularly where fragmentation in definitions, taxonomies and supporting data is impeding lower-emissions infrastructure, industrial decarbonisation and credible transition activity.
- 7. Deliver the review through a bounded 2026 implementation plan** including priority pilot sectors, a roadmap for standards cooperation, initial traceability principles, carbon data dialogue, and one or two measurable pilots assessed against simple commercial KPIs such as clearance time, documentation burden and integrity outcomes.

BCSDA's view is that this is the most realistic way to secure commercially useful improvements within the current Review process while keeping the exercise practical, scoped and implementable.

Introduction

BCSDA welcomes the opportunity to provide input to the General Review of the China–Australia Free Trade Agreement (ChAFTA).

BCSDA is a CEO-led network of Australian businesses and non-government organisations working to accelerate the transition to a sustainable world. Our work spans climate and energy, food and nature, circular economy, people and society, and the broader task of redefining value in business decision-making. That perspective shapes this submission.

In our view, the General Review is an opportunity to ensure ChAFTA remains fit for purpose in a trading environment where competitiveness is increasingly influenced not only by tariffs and formal market access settings, but also by standards, conformity assessment, traceability, trusted data, disclosure expectations, and the credibility of sustainability claims.

BCSDA's core submission is that the next phase of ChAFTA should treat sustainability-related trade infrastructure as a practical market access issue. A modernised agreement can reduce friction for business, strengthen confidence in bilateral trade, and support more resilient, lower-emissions and more circular value chains.

BCSDA is not proposing a wholesale reopening of ChAFTA. We recommend a bounded, committee-led work program delivered through existing governance arrangements and focused on a small number of 2026 outcomes. In our view, that is the most realistic way to secure commercially useful improvements within the current Review process.

Summary of BCSDA's position

BCSDA considers that ChAFTA has delivered substantial benefits for bilateral trade and investment and remains an important part of Australia's economic relationship with China.

BCSDA does not suggest that sustainability-related issues are the only barriers affecting bilateral trade, nor that they are equally material across all sectors. Businesses also face broader commercial, regulatory and geopolitical risks.

However, for a growing subset of trade- and investment-exposed firms, especially those operating in low-carbon, nature-sensitive and circular value chains, market access is increasingly shaped by non-tariff frictions. These include duplicated testing and certification, inconsistent acceptance of sustainability-related documentation, repeated requests for origin, provenance and emissions data in non-interoperable formats, fragmented carbon-related data expectations, and emerging packaging, recycled-content and nature-related requirements affecting supply chains.

BCSDA therefore recommends a targeted modernisation pathway focused on practical enabling infrastructure that can reduce avoidable friction without creating new compliance burdens. In our view, the most realistic approach is a bounded, committee-led work program delivered through existing ChAFTA governance arrangements and focused on a small number of practical outcomes in 2026.

Evidence and practical focus

To keep the submission within the scope of the General Review, BCSDA has focused on practical, cross-sector issues where bilateral cooperation could reduce non-tariff friction and improve business usability without requiring a wholesale renegotiation of ChAFTA.

In practice, this means focusing first on priority categories where duplicated assurance, traceability and certification costs are already affecting business decisions. Relevant examples for initial pilot consideration include green metals, critical minerals processing inputs, low-carbon construction materials and sustainable packaging.

Recommendations

1. Establish a bounded green economy work program under ChAFTA

BCSDA recommends that Australia pursue a committee-led green economy work program under existing ChAFTA governance arrangements, rather than seeking a broad reopening of the agreement.

This work program could take the form of an annex, side instrument, or formally mandated committee agenda. Its purpose should be to identify and progressively reduce barriers affecting trade in environmental goods,

environmental services, low-emissions industrial inputs, sustainable agriculture and food products, and circular economy goods and services.

BCSDA recommends that this work program be expressly bounded to a small set of 2026 deliverables:

- an agreed outline for a green economy instrument,
- identification of priority pilot sectors,
- a committee mandate for implementation, and
- a review cadence for later expansion.

A practical work program would be more likely to deliver outcomes within the current review timetable and would provide business with a clearer implementation pathway.

2. Prioritise standards interoperability and conformity assessment pathways

A major source of cost and delay for business is duplication in testing, certification and conformity assessment. BCSDA recommends that the Review prioritise staged pathways for standards interoperability and, where feasible, mutual recognition or equivalent recognition processes in priority sectors.

This recommendation is intended to address concrete business frictions, including repeated conformity assessment for low-carbon materials, inconsistent acceptance of product declarations and certifications, and duplicated assurance processes for goods making sustainability-related claims. Priority areas could include green metals, critical minerals processing inputs, low-carbon construction materials, sustainable packaging, selected clean technology components, and other sectors identified through government and industry consultation.

The aim should be practical reduction of compliance burden without lowering legitimate safety, quality or environmental expectations.

3. Develop a technology-neutral traceability and trusted data framework

Businesses increasingly need to substantiate origin, sustainability attributes and production practices across borders. This is becoming central to trade facilitation, market access and investor confidence.

BCSDA recommends that Australia explore with China a technology-neutral framework for trusted trade data and traceability. The focus should be on agreeing minimum data requirements, governance principles and interoperability expectations rather than prescribing particular digital systems.

The immediate commercial problem this seeks to address is the growing volume of origin, provenance and emissions information being requested in non-interoperable formats across supply chains. Any such framework should therefore be proportionate, commercially practical, and designed with privacy, confidentiality and data security in mind, including a data-minimisation approach that separates product provenance from unnecessary personal information wherever possible.

4. Add cooperation on carbon accounting, disclosure compatibility and transition-enabling trade

Carbon information is becoming part of the infrastructure of trade. Businesses increasingly face requests for product-level emissions information, supply chain emissions data and broader disclosure-ready information.

BCSDA recommends a bilateral workstream on carbon accounting compatibility and verification practice, with the objective of reducing unnecessary duplication and improving comparability across value chains.

This could include technical dialogue on product carbon methodologies, verification approaches, disclosure-relevant data, and trade-related frictions arising from misaligned carbon information requirements. The objective should not be to force identical domestic systems, but to improve interoperability and business usability.

5. Include nature-positive and circular economy cooperation

Trade policy is increasingly affected by nature, land-use and circular economy considerations. Businesses are preparing for a world in which nature-related risk, packaging rules, recycled content expectations, plastics obligations and materials traceability have greater commercial significance.

BCSDA recommends that the Review include dedicated cooperation on:

- nature-positive supply chains and credible nature-related claims
- risk reduction in areas linked to deforestation and biodiversity loss
- packaging, recycled content and circular product requirements
- trade in secondary materials under appropriate environmental safeguards.

This would help position ChAFTA for emerging business realities while supporting more resilient supply chains and reducing future compliance fragmentation.

6. Support sustainable finance and investment interoperability where it improves capital flows

BCSDA also sees merit in exploring areas of sustainable finance and transition finance interoperability that can support investment and trade outcomes. Fragmentation in definitions, taxonomies and supporting data can create avoidable barriers to capital deployment.

The Review should consider a cooperative workstream aimed at improving transparency, comparability and practical usability for businesses and investors, particularly where this supports the scale-up of lower-emissions infrastructure, industrial decarbonisation and credible transition activity.

7. Deliver the review through a bounded 2026 implementation plan

BCSDA recommends that DFAT focus the Review on a defined set of 2026 deliverables.

A realistic package could include:

- an agreed outline for a green economy or green supply chains instrument
- identification of a small number of priority sectors for pilot activity
- a roadmap for standards and conformity assessment cooperation
- initial principles for trusted traceability data exchange
- technical dialogue on carbon accounting interoperability
- one or two measurable pilot initiatives, including consideration of streamlined processing for qualifying goods or transactions.

Where pilots are pursued, BCSDA recommends that they be assessed against simple commercial KPIs such as clearance time, documentation burden, and integrity outcomes. A staged approach would support timely delivery, allow lessons from pilots to inform later expansion, and provide business with greater predictability.

Additional observations relevant to DFAT's consultation questions

Benefits of ChAFTA to date

BCSDA recognises that ChAFTA has supported trade, investment and business engagement between Australia and China. It remains an important platform for commercial cooperation and for identifying practical improvements through established bilateral mechanisms.

Key gaps and challenges

The principal gaps identified in this submission arise less from headline tariff settings and more from the operational conditions that shape whether businesses can efficiently participate in trade. These include documentation burdens, duplicative assurance processes, fragmented sustainability requirements, and uncertainty around how to substantiate product and supply chain claims.

BCSDA recognises that these issues will not be equally material for every exporter, importer or investor. The case for action is strongest where these frictions are already commercially significant and where a committee-led pilot can test whether practical gains are available.

Opportunities to deepen market access and trade facilitation

Deepening market access in the current environment should include reducing non-tariff frictions that affect credible sustainable trade. There is a strong case for practical cooperation on standards, data, certification pathways and trusted claims infrastructure.

Overlaps with other agreements and policy developments

The Review should also consider lessons from more recent trade and green economy practice, including approaches that combine goods and services liberalisation with standards cooperation, implementation work programs and mechanisms for regular updating.

Conclusion

BCSDA supports a pragmatic modernisation of ChAFTA that reflects how trade now operates in practice.

In our view, the strongest opportunity is to treat sustainability-related standards, traceability, verification and disclosure compatibility as core trade facilitation issues. Addressed well, these reforms can reduce friction for business, strengthen integrity, improve resilience across value chains, and support more durable bilateral economic cooperation.

BCSDA would welcome the opportunity to discuss these ideas further and, if helpful, to provide additional sector-specific examples or de-identified member case studies, including through a separate confidential annex or technical briefing where appropriate.