
Submission to the General Review of the China–Australia Free Trade Agreement

East Asian Bureau of Economic Research

Australian National University

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We welcome the opportunity to contribute to the General Review of the China–Australia Free Trade Agreement (ChAFTA).

ChAFTA has supported a major expansion in bilateral economic exchange, with two-way goods and services trade totalling \$309 billion in 2024–25, an increase of \$164 billion, or more than double, compared to 10 years earlier. The General Review is an opportunity to modernise this highly successful agreement and capitalise on new opportunities.

The commercial environment around ChAFTA has changed dramatically over the last 10 years. Whether the successes of the bilateral trade relationship can continue will depend increasingly on reducing trade and investment frictions in low-emissions, energy-intensive sectors, and continuing to provide active, high-level channels for economic dialogue. More concretely, China’s application to join the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) signals a willingness to engage on updated provisions in certain areas, including electronic commerce.

Our submission stems from ongoing research, engagement and dialogue with Chinese and Australian trade, economic development and political stakeholders and partners over the years. This includes but is not limited to our dialogues held in collaboration with the China Center for International Economic Exchanges.

Our engagement with Chinese representatives strongly suggests that a productive ChAFTA agenda will be one that is centred on trade that helps decarbonise supply chains, reflects emerging comparative advantages, and advances cooperation on investment, standards and skills for the green economy.

The submission recommends the General Review use ChAFTA’s institutional structures to establish a cooperation program on green trade and investment in sectors where decarbonisation potential and commercial opportunity are clear. It proposes targeted modernisation in areas including standards, skills, investment facilitation and electronic commerce. It encourages the ongoing use of ChAFTA’s committees, dialogue on industrial support measures and linking bilateral work to regional forums to remain responsive to changing conditions.

A cooperation program for green trade and investment

The biggest opportunities for the future of Australian trade with China lie in the low-emissions, energy-intensive sectors where Australian renewable resource endowments and Chinese manufacturing scale are strongly complementary. Sourcing zero-emissions materials from renewables-rich countries like Australia would lower China’s cost of decarbonising its supply

chains and help maintain its access to key developed country markets. Modelling suggests strong potential for Australian exports to China in low or zero-emissions inputs such as green iron, aluminium, silicon and ammonia-based inputs for downstream manufacturing in China.¹

Announced in December 2025, the Memorandum of Understanding establishing an Australia–China policy dialogue on steel decarbonisation, though a separate process to ChAFTA, provides a further source of momentum.

The committees and review mechanisms built into ChAFTA could be directed towards a cooperation program on green goods, services and investment in a select number of sectors where commercial opportunity and decarbonisation potential are widely recognised. Both sides would benefit from leadership in identifying the next tranche of such cooperation opportunities.

The objectives of the program would be to identify and reduce the barriers that matter most in practice across goods, services, investment, standards and movement of people in these sectors. It could support the development of lists of approved and agreed environmental goods and services or alignment with existing lists and green taxonomies. It would have the potential to support regional processes, including in the context of the Regional Comprehensive Economic Partnership (RCEP),² encouraging future regional liberalisation towards priority areas for Australia and China.

Given the importance of emerging technologies to emissions reduction, technical barriers to trade (TBT) are likely to be an important part of any green trade cooperation program. Chapter 6 of ChAFTA provides a basis for this work by committing the parties to cooperate on conformity assessment and calling for the identification of initiatives on the convergence of standards and technical regulation. The Committee on Technical Barriers to Trade offers an ongoing mechanism to take this forward in priority sectors.

In areas such as green iron and critical minerals processing, specialised skills are scarce. Cooperation will be important to build and circulate that expertise. Producers in both countries would benefit from targeted expansion of ChAFTA commitments in this area, including on qualifications recognition, licensing and mobility for specialised personnel in priority sectors. ChAFTA's Trade in Services and Movement of Natural Persons chapters provide a suitable basis for that work.

Large-scale flows of direct investment are critical to building Australian capacity in the industries of a net-zero world. Either through the Committee on Investment or a new high-level workstream, the General Review could support government-to-government engagement on better coordination and predictability for major investment proposals in priority sectors. For investments that meet specific criteria, this could include the provision of information on regulatory approvals, support for coordination regarding regulatory and foreign investment approval pathways, and facilitating early engagement with relevant regulators.

¹ Reuben Finighan (18 November 2024), *The New Energy Trade: Harnessing Australian renewables for global development*, The Superpower Institute.

² Ma Jun (16 March 2025), 'Regional green trade bloc to fight both climate change and protectionism', *East Asia Forum*.

Addressing practical barriers to modern trade

Electronic commerce, paperless trade and related customs administration are natural areas for modernisation under the General Review. Digital trade infrastructure is far more important than when ChAFTA was negotiated—Shanghai’s trade single window was launched in 2014, for example, and now reportedly supports more than a quarter of China’s total trade volume.³

Australia’s more recent trade agreement practice includes advanced commitments on electronic trade administration, interoperable electronic authentication, facilitating the use of electronic transferable records and expedited treatment of express shipments. These are precedents on which the General Review can draw, noting that China’s application to join the CPTPP suggests scope to bring ChAFTA’s commitments closer to these benchmarks.

Increasing global attention to the UNCITRAL Model Law on Electronic Transferable Records (MLETR) lends momentum to paperless trade relevant to ChAFTA. Paper bills of lading and other documents remain widely used because electronic alternatives require coordinated uptake. MLETR provides a framework for giving electronic equivalents legal effect across borders. In late 2025, China introduced provisions for electronic bills of lading consistent with MLETR principles, and Australia’s Standing Council of Attorneys-General agreed to progress amendments towards MLETR implementation.⁴

ChAFTA could therefore support cooperation on compatible approaches to electronic transferable records and the identification of specific cases for supporting the expanding reach and use of such records. Dialogue and experience sharing in wider forums where both countries participate would complement this work.

Managing the Australia–China trade relationship

Beyond any single provision, this review is an opportunity to strengthen a vital economic relationship and make it more resilient amid more uncertain external conditions. ChAFTA provides an institutional structure well suited to do that. The Joint Commission and eight committees give both governments an established basis for regular cooperation.

That institutional structure will be of lasting value as it offers both sides a place to deal with technical issues early, assign work to relevant bodies and keep implementation dialogue active. Bilateral work can also connect with wider forums where both countries participate, such as RCEP and APEC. Australia–China trade cannot be considered in isolation from the regional supply chains in which both economies are integrated. In areas like paperless trade, standards and green trade liberalisation, the two countries can make progress bilaterally that helps pave the way for broader regional action.

One area of growing relevance to regional economic cooperation is industrial support measures. Since ChAFTA entered into force, and especially since the COVID-19 pandemic, the use of industrial policy has expanded sharply across the global economy.⁵ In that context, the General Review could encourage more regular transparency, notification and policy

³ China Services Info (21 June 2024), ‘Shanghai Intl Trade Window celebrates 10th anniversary as world’s leading trade data platform’, *China Daily*.

⁴ Standing Council of Attorneys-General (14 November 2025), Communiqué; DCW Newsroom (19 January 2026), ‘China Adopts MLETR Principles for Bills of Lading’, *Documentary Credit World*.

⁵ Simon Evenett, Adam Jakubik, Fernando Martín and Michele Ruta (4 January 2024), ‘The Return of Industrial Policy in Data’, IMF Working Paper No. 2024/001.

dialogue on industrial support measures, governance arrangements and policy implementation practices. That would be a bilateral complement to broader regional and multilateral work towards improving subsidy cooperation and transparency.

This submission proposes a cooperation program on green trade and investment, recommends targeted steps on electronic commerce and paperless trade, and encourages closer dialogue on industrial support measures. It commends the ongoing use of ChAFTA institutional mechanisms to build resilience in the trade relationship and keep dialogue focused on implementation. In its second decade, ChAFTA should build on its strong foundations and support a flourishing bilateral economic relationship through the energy transition and in a less predictable world.

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