

ASFI Submission on the Australian Government's General Review of the China-Australia FTA

9 February 2026

The Australian Sustainable Finance Institute (ASFI) welcomes this opportunity to make a submission on the General Review of the China-Australia Free Trade Agreement (FTA).

ASFI is the independent peak body for sustainable finance in Australia, and a not-for-profit organisation committed to mobilising capital for climate, nature and social impact. ASFI's members are large Australian financial institutions – including major banks, superannuation funds, insurers, asset managers, and financial services firms – that support ASFI's mission.

Our members collectively hold over AU\$16.5 trillion in assets under management and are committed to allocating capital in ways that create positive social and environmental outcomes. They are aligned with the objectives of the review to explore how emerging issues such as the green economy and sustainable agriculture can be supported through the trade system.

Specific priority for FTA expansion - Environmental Goods Lists

ASFI notes that the Singapore-Australia Green Economy Agreement has established an Environmental Goods List (EGL), including goods that can contribute to greenhouse gas mitigation, environmental protection and biodiversity outcomes. Both countries have made a commitment to promoting the facilitation of trade in such goods, including international platforms and regional trade agreements.

Australia could work with China to incorporate such a list into the bilateral FTA as a stepping stone to broader adoption in regional trade agreements. This approach would align with calls from Chinese policymakers that Australia could collaborate with other regional partners such as Indonesia, Japan and South Korea to develop a green trade initiative within the Regional Comprehensive Economic Partnership (RCEP).¹ The Lowy Institute has also recommended incorporation of a tiered tariff structure eliminating duties on low-carbon products as part of a new multilateral green trade pact.² This objective could be assisted by commencing discussions in the bilateral context with China.

¹ Jun, Ma (East Asia Forum, 2025) '[Regional green trade bloc to fight both climate change and protectionism](#)'.

² Mulholland, Ryan and Baker, Natalie (The Interpreter, 2025) '[A new multilateral green trade pact is the antidote to growing economic nationalism](#)'.

ASFI agrees that Environmental Goods Lists should be implemented so far as possible in regional rather than bilateral trade agreements such as RCEP, to maximise consistency of definitions and ease of use. However, the China FTA could be used as a good first step to commence momentum for broader inclusion. Shaping the list of environmental goods in the bilateral FTA will support Australia to influence lists that may emerge in broader trade agreements, ensuring that Australia's green exports are included alongside imports to support national green supply chains.

The Australian Government's six sectoral emissions reduction plans provide a good reference point for which goods should be prioritised, supported by the Australian Sustainable Finance Taxonomy as a complementary and more detailed reference point. The Taxonomy articulates economic activities and measures that can be defined as 'green' and 'transition', consistent with scientifically determined pathways to Paris-aligned national emissions reductions.

An environmental goods list incorporating Australian economic priorities could support Australia's broader industry, energy and environmental policies by lowering the costs of inputs and making exports more competitive in key markets.

Addressing systemic barriers to sustainable capital flow across borders

FTAs can reduce cost and regulatory barriers to sustainable investment. However, ASFI considers the Government should also consider a broader set of trade, foreign, and development policy levers to support two-way trade and investment with China for emerging and future green commodities.

Key opportunities could be outlined in an Australian green exports strategy, aligning Australia's trade and climate finance approaches with our climate targets and our Future Made in Australia agenda. Such a strategy would enable Australia to better support the decarbonisation goals of our regional partners such as China and foster the development of demand centres for key Australian green exports by supporting Australian private investment in the region.

Measures under such a strategy could include sustainable growth partnerships with key trade partners like Japan, China and South Korea consisting of credible joint transition plans, aligned green standards and R&D, advanced market commitments, and shared investment opportunities. This would stimulate demand for Australia's green products, underpinning domestic investment in these nascent industries and complementing existing measures under the Future Made in Australia agenda. The H2Global mechanism between Australia and Germany to foster a market for renewable hydrogen is a useful example that could be learned from and built on for demand-side mechanisms with countries such as China. ASFI has developed detailed recommendations for leveraging Australian trade policy to drive Australia's green exports agenda through our *Maximising Australia's Green Growth* report.³

³ ASFI (2025), '[Maximising Australia's green growth: Leveraging trade and aid policy to drive Australia's green exports agenda](#)'.

The thinking from these discussions and ASFI's report could be drawn upon through FTA and broader trade engagement with China.

Discussions that have taken place throughout the Australia-China sustainable finance dialogue with Chinese officials that ASFI has contributed to under a grant from the National Foundation for Australia-China Relations (NFACR) have highlighted the potential for deeper collaboration to support mutually beneficial green trade between Australia and China. The NFACR collaboration also demonstrated the appetite from both countries to explore greater alignment of transition finance standards for green iron and steel. Further information about the NFACR discussions can be found in our summaries of the Canberra Roundtable [here](#), the Beijing Roundtable [here](#) and the Hong Kong Roundtable [here](#).

Such alignment supports the reduction of barriers to investment in decarbonisation, addressing market information gaps and allowing capital to flow more freely across borders.