

REVIEW OF THE CHINA-AUSTRALIA FREE TRADE AGREEMENT

Export Council of Australia submission

Proposal to Incorporate a Green Products and Services Agreement (GPSA) as part of a ChAFTA upgrade

Introduction

The Export Council of Australia (ECA) welcomes the opportunity to contribute to the review of the China–Australia Free Trade Agreement (ChAFTA). As the peak body representing Australian exporters across all industries and sectors, including small and medium-sized enterprises (SMEs), we are committed to advancing practical solutions that strengthen Australia’s trade competitiveness, and support sustainable, long-term economic engagement with key partners.

Since its commencement in 2015, ChAFTA has, for the most part, done its job. It has delivered substantial benefits to Australian exporters, facilitated record levels of two-way trade, and provided an effective framework for commercial engagement. Many of the challenges Australian exporters have faced in recent years have been due to factors outside of the agreement’s architecture, including geopolitical tensions, domestic regulatory decisions, or sector-specific policy shifts. These issues should not be interpreted as shortcomings of ChAFTA itself.

“ChAFTA has done its job, but the world around it has changed.”

However ChAFTA, negotiated more than a decade ago, does not adequately reflect the realities of today’s green economy. It contains limited provisions on environmental goods and services, and it predates the emergence of digital traceability, lifecycle assessment methodologies, and modern sustainability standards.

In this context, the ECA proposes the establishment of a **Green Products and Services Agreement (GPSA)** as a modern, forward-looking addition to ChAFTA. A GPSA would fill this gap by creating a dedicated framework that facilitates trade in goods and services that meet jointly recognised sustainability, safety, and traceability requirements.

The GPSA would create a streamlined, standards-based framework that supports sustainable trade, enhances transparency, and positions both countries to benefit from the global transition to low-carbon economies.

Foundations for a Green Products and Services Agreement

Australia and China both recognise the importance of environmental sustainability and the need to support the development of green industries. Australian businesses, such as renewable energy suppliers, niche advanced manufacturing, and environmental services providers, have potential complementarities with Chinese firms, especially those in mass manufacturing and leading-edge technologies.

And with the right partnerships, both countries can achieve goals in relation to the environment, including reducing harmful emissions, boosting bilateral trade, and enhancing access to third markets. These are sound foundations for the proposed GPSA.

“The green economy has become an organising principle of global trade, and so this needs to be reflected in an upgraded trade agreement.”

The GPSA would not require renegotiation of tariffs or sensitive market-access commitments. Instead, it would operate as a horizontal, technology-neutral mechanism that applies across sectors. Under this approach, any product or service that meets the agreed standards would benefit from streamlined regulatory processes, reduced compliance costs, and faster border clearance. This model is flexible, scalable, and capable of evolving as new green industries emerge.

Why a GPSA Is Needed Now

The global transition to clean energy and sustainable production is accelerating. Countries are investing heavily in renewable energy, low-carbon manufacturing, and circular economy solutions. Australia has strong comparative advantages in these areas, including abundant natural resources, advanced research capabilities, and a growing ecosystem of innovative SMEs.

At the same time, the international trading environment has become more complex. Geopolitical tensions have increased, and trade measures are increasingly being used as tools of strategic influence. For Australia, this underscores the importance of building resilient, transparent, and trusted supply-chains, supported by clear rules and shared standards.

“A modern trade agreement must do more than reduce tariffs. It must build trust, transparency, and resilience.”

A GPSA would help achieve this by:

- strengthening predictability and reducing the risk of arbitrary disruptions;
- supporting exporters through clearer, more consistent regulatory pathways;
- encouraging collaboration on sustainability; and
- aligning with global trends in green standards, digital verification, and responsible supply-chains

The GPSA would modernise ChAFTA in a way that reflects contemporary economic and geopolitical realities, while reinforcing the long-term stability of the bilateral trade relationship.

Core Elements of the GPSA

1. Mutual Recognition of Green and Safety Standards

The GPSA would establish pathways for recognising each other's conformity assessments for goods certified under agreed sustainability and safety standards. This would reduce duplication, lower costs, and accelerate market entry for exporters. Priority sectors could

include green steel and aluminium, low-carbon cement, environmental product declarations, sustainable packaging, clean cosmetics, and certified building materials.

2. A Digital Traceability Framework

A central feature of the GPSA would be a shared framework for digital traceability. This would not mandate specific technologies. Instead, it would define the data required to verify sustainability, origin, and safety, and outline secure mechanisms for exchanging that information. Businesses could use any system — from QR-based documentation to advanced blockchain platforms — provided they can generate and share the agreed data in a verifiable format. This approach supports transparency, reduces risk, and enables trusted trade without imposing burdensome technological requirements.

“Trusted trade requires trusted data. And interoperability is not about sharing systems, rather it is about sharing information.”

3. Streamlined Access for Green-Enabling Services

The GPSA would extend facilitation to services that support green trade, such as renewable energy engineering, environmental auditing, green finance, digital traceability services, and green skills training. These services are essential to building the ecosystem required for low-carbon supply-chains and represent areas where Australian capability is strong.

4. Fast-Track Customs and Regulatory Facilitation

To deliver practical benefits, the GPSA would create a “green lane” for eligible products and services. This could include priority customs clearance, reduced documentation, pre-clearance arrangements, and mutual recognition of testing and inspection results. These measures would reduce delays and provide exporters with greater predictability.

5. Joint Governance and Continuous Upgrading

A bilateral Green Trade Committee would oversee the GPSA, maintain the list of eligible standards, approve new product categories, and resolve issues through technical channels. This governance model ensures the agreement remains dynamic and responsive to technological change.

Facilitating Investment: A Critical Enabler

For Australia to benefit fully from the GPSA, trade facilitation must be complemented by **investment facilitation**, particularly in processing and manufacturing. Australia has significant natural advantages in critical minerals, renewable energy, and advanced research, but lacks sufficient downstream processing and manufacturing capacity.

“If Australia wants to move up the value chain, we must co-invest in the value chain.”

A GPSA aligned investment framework could:

- encourage joint ventures in battery materials, green hydrogen, solar components, and low-carbon metals;
- support co-investment in processing facilities, enabling Australia to move up the value chain;

- facilitate technology transfer and R&D collaboration in clean energy and advanced manufacturing;
- provide regulatory clarity and investment safeguards to reduce risk for investors; and
- promote sustainable infrastructure investment, including renewable energy zones and green industrial precincts.

Investment facilitation is essential to ensure that Australia captures more value domestically, rather than just exporting raw materials and importing finished products. It also strengthens the strategic partnership dimension of the bilateral relationship, reducing vulnerability to geopolitical shocks.

Suggested Initial Product and Service Categories

To ensure early success, the GPSA should begin with sectors where both countries have strong commercial interests and mature standards frameworks.

Initial Product Categories

- Green steel and aluminium
- Low-carbon cement
- Critical minerals and battery materials
- Solar, wind, and hydrogen components
- Sustainable agrifood products
- Certified building materials
- Low-impact cosmetics and personal care products.

Initial Service Categories

- Renewable energy engineering and design
- Environmental auditing and certification
- Green finance and sustainable investment services
- Digital traceability platforms
- Sustainable design and architecture
- Green skills training and education

Conclusion

The Green Products and Services Agreement offers a practical, future-focused pathway to modernise ChAFTA in a way that reflects contemporary economic, technological, and geopolitical realities. It builds on the strengths of the existing agreement, which has largely served Australian exporters well, while addressing gaps in sustainability, digital trade, and supply-chain transparency.

"The GPSA is a partnership model for a world where resilience matters as much as efficiency."

By adopting a standards-based, technology-neutral approach, the GPSA would reduce compliance costs, support the growth of green industries, and strengthen Australia's position as a trusted partner in the global transition to a low-carbon economy. It would also provide a

constructive platform for collaboration with China at a time when strategic engagement, transparency, and resilience are more important than ever.

The ECA would welcome the opportunity to elaborate further on this proposal and to support the government's efforts to shape a modern, forward-looking trade framework that benefits Australian exporters and the broader economy.

About the Export Council of Australia (ECA)

We are the national peak body representing every player in the ecosystem of international trade. ECA members are individuals, small, medium and large enterprises, coming from different industries and sectors. Our exporter members do business in markets across the globe. Our services include provision of advice, training, ecosystem building, and advocacy. We focus on advancing issues that have impact at scale, including on technology and trade, reliable and affordable shipping, simplified trade and traceability, Indigenous and environmental issues.

Yours sincerely



Arnold Jorge
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Implementation Pathways for the GPSA

A. Mutual Recognition of Standards – Implementation Steps

- Agreement on shared principles
- Identification of priority standards
- Designation of recognised conformity assessment bodies
- Development of a staged roadmap
- Establishment of a technical working group

B. Digital Traceability Framework – Implementation Steps

Principles

- Technology neutrality
- Interoperability through data standards
- Transparency and verifiability
- Security and privacy
- Proportionality
- Mutual recognition

Data Standards

- Product identity
- Origin and supply-chain pathway
- Sustainability attributes
- Safety certifications
- Chain-of-custody events
- Verification metadata

Exchange Mechanisms

- Accepted data formats
- Secure data-sharing protocols
- Traceability codes or digital product passports
- Auditability requirements

C. Green-Enabling Services – Implementation Steps

- Agreement on eligible service categories
- Streamlined licensing and recognition
- Joint training programs
- Pilot projects

D. Green Lane Facilitation – Implementation Steps

- Eligibility criteria
- Pre-clearance arrangements
- Mutual recognition of testing
- Advance rulings
- Training for customs officials

E. Governance – Implementation Steps

- Establishment of a Green Trade Committee
- Annual work program
- Mechanisms for dispute avoidance
- Processes for adding new sectors.