

General Review of the China-Australia Free Trade Agreement
Submission by the National Conservative Institute of Australia
31st March 2026

Executive Summary

- a) The National Conservative Institute of Australia (“NatCon Australia”) welcomes the opportunity to make a submission to the General Review of the China-Australia Free Trade Agreement (“ChAFTA”).
- b) While the review is framed as an opportunity to suggest ways of “*deepening liberalisation and further expansion of market access*”, many including those involved with NatCon Australia have long called for a more fundamental and serious restructuring of ChAFTA as well as a reconsideration of the core intellectual assumptions behind it¹.
- c) Australia’s relationship with The People’s Republic of China (“China”) is undoubtedly important and trade and investment between our two nations should continue in future. The debate simply concerns the terms under which such trade and investment should continue.
- d) Currently proponents of ChAFTA like to talk happily of the “complementary” nature of our economies - where Australia exports largely raw materials, and China sells us back largely manufactured goods. But there have also been costs to “free trade” with China. One of the most important of these has been the destruction of Australia’s industrial sector.
- e) We believe one of the main points to focus on in the review should be the extent to which ChAFTA is helping or hindering our efforts to reestablish and grow Australia’s sovereign manufacturing and technological capabilities.
- f) In our view the reintroduction of tariffs on China are necessary to assist the reindustrialisation of our nation. In some cases, appropriate tariffs and restrictions may even exceed the levels that were in place well before ChAFTA was signed and even as far back as the 1980s.
- g) While such proposals undoubtedly represent a significant change in policy direction, they are also unavoidable if Australia’s sovereign industrial capabilities are to exist in future. They are also in line with the type of restructuring of trade agreements that our peers and key allies have already taken or are considering.
- h) If one is to paint in broad terms what a new ChAFTA should look like it would be one which (a) seeks to ensure that Australia continues to sell primary produce and resources to China smoothly and with minimal disruptions² (b) at the same time directly assists the growth of manufacturing and other important sectors in Australia by protecting them from Chinese competitors who produce under vastly different political imperatives, and environmental, labour, and social standards to our own.
- i) Amendments to trade agreements can be done well or done poorly. It is important that the changes to ChAFTA are made in a sophisticated and thoughtful way. It is also important that the rationale for any changes is communicated in a diplomatic and mature manner to Beijing, as well as to Australian businesses, and to other stakeholders.

¹ “Abbott’s free trade deal with China needs a rethink”, Dan Ryan, *The Australian*, 25 January 2021 <https://www.theaustralian.com.au/commentary/abbotts-free-trade-deal-with-china-needs-a-rethink/news-story/4ac9ff43a612e8086ac20c506ed7461a>

² With prudent exceptions made for certain classes of resources like rare earth and “critical minerals” and ensuring our own primary resource needs are met.

The National Conservative Institute of Australia - Introduction

- a) NatCon Australia www.nationalconservatism.org.au is an Australian think tank focused on putting the nation-state and traditional political conservatism back at the heart of policy formation and decision making in Australia.
- b) NatCon Australia is philosophically aligned with other institutes (e.g. www.nationalconservatism.org) and thinkers globally who, while they might have individual differences, have broadly embraced the “national conservative” label. National conservatism really should be understood as an updated name for the humane and enlightened nationalism shared by leading political figures such as Alexander Hamilton, Benjamin Disraeli, Abraham Lincoln, Theodore Roosevelt, William McKinley, Joseph Chamberlain, Lord Shaftesbury, Alfred Deakin, and Robert Menzies³.
- c) Representatives of NatCon Australia have attended conferences globally and have formed close contacts and friendships with many of the key people who are part of this intellectual movement.
- d) In the United States national conservatism can in many ways be seen as the governing philosophy of the Trump administration. Many of the senior cabinet ministers and advisors in the White House have spoken at NatCon conferences including Jamieson Greer, the current United States Trade Representative, and Marco Rubio, the current Secretary of State. The US Vice President, JD Vance, has particularly close ties to the movement.
- e) National conservatism has also been very influential in governments in Europe. Many European leaders such as Giorgia Meloni and Viktor Orbán have spoken at national conservative conferences. Among his many roles, Dr James Orr is Chairman of the Edmund Burke Foundation and is responsible for these conferences in Europe. He was recently appointed Nigel Farage’s senior advisor in Reform UK.
- f) Dan Ryan, the executive director of NatCon Australia, is a lawyer and spent approximately 15+ years working as a lawyer in Greater China for international law firms and technology companies. He is a graduate of the ANU in both law and Asian studies, speaks Mandarin Chinese, formerly served as a board member of the Australia-China Council (appointed by then foreign minister Hon. Julie Bishop), and has contributed to a range of mainstream publications including The Asian Wall Street Journal, The Australian, The Australian Financial Review, and more.

³ <https://nationalconservatism.org.au/trade/on-trade-australia-needs-more-alexander-hamilton-and-less-hawke-keating-howard/> ; <https://nationalconservatism.org.au/trade/on-trade-trump-is-the-new-menzies/> ; <https://nationalconservatism.org.au/understanding-national-conservatism/why-menzies-was-national-conservative/> ; <https://nationalconservatism.org.au/australian-politics/the-times-keep-changing-but-the-australian-right-just-wont/> ; <https://nationalconservatism.org.au/australian-politics/why-australias-legacy-liberals-dont-get-the-new-right/>

Some Key Recommendations

1. The Underlying Ideology Behind ChAFTA Needs to be Fundamentally Reconsidered

- a) ChAFTA was signed in Canberra on 17th June 2015. At the ceremony to mark the occasion, Prime Minister Tony Abbott was enthusiastic and optimistic stating:

“I hope all of you will remember today. One day we will be able to say to our children and grandchildren, that yes, we were there the day this extraordinary agreement was signed between our two countries⁴.”

- b) Later that evening Canberra time, Donald Trump came down the escalators in New York and announced his candidacy for the US Presidency. The first topic he discussed was trade agreements with China. His attitude was very different:

“When was the last time anybody saw us beating, let's say China in a trade deal? They kill us... We will renegotiate our trade deals with the toughest negotiators our country has... the ones who have actually read “The Art of the Deal” and know how to make great deals for our country⁵”

- c) It is an amazing contrast and much has, of course, happened since that time. On trade a significant restructuring of US-China agreements has occurred and there is now a bipartisan commitment in Congress for the imposition of significant tariffs on China.
- d) It is worth recounting this history because it highlights how in retrospect ChAFTA should be seen as a product of a different ideological age. It was a time before a serious reassessment of existing trade agreements and “free trade” ideology had started globally. It was also signed before China’s use of trade coercion against Australia in 2020-2024 (which impacted on wine, barley, coal bans, beef restrictions, lobster, timber, cotton) and before Australia tightened up Chinese investment because of national security reasons which Beijing views as not in the original spirit of ChAFTA⁶.
- e) The concern of NatCon Australia is that ChAFTA will not be revised to reflect the new age we now live in. We note there is a tendency in Canberra to fetishize “stability” and celebrate as a worthwhile goal a return to the terms of the agreement signed over a decade ago⁷.
- f) More fundamentally, there has been a tendency to dismiss any reconsideration about the need for tariffs or a new trade realism out of hand as economic illiteracy. For example, John Howard recently described tariffs as “*stupidity*”⁸. But what might have made sense in the 80s or 90s does not make sense now. The much-celebrated Hawke-Keating-Howard

⁴ <https://china.embassy.gov.au/bjng/150617FTA.html>

⁵ <https://docs.house.gov/meetings/JU/JU00/20191211/110331/HMKP-116-JU00-20191211-SD1001.pdf>

⁶ The recently announced 2025–2026 beef safeguard and 55% quota tariff imposed by China is also highly relevant and topical.

⁷ <https://nationalconservatism.org.au/trade/after-jim-chambers-trip-to-beijing-our-china-trade-policy-remains-on-autopilot/>

⁸ <https://thenightly.com.au/australia/australian-news-and-politics-live-anthony-albanese-in-victoria-to-secure-battleground-seats-c-18235987>

governments may have correctly adjusted trade policy for their times, but they did not determine the best trade settings for all time.⁹

- g) Elsewhere the attitude has changed. The US Secretary of State, Marco Rubio, recently referred to the “*dogmatic vision of free and unfettered trade*” as a “*foolish idea that ignored human nature and the lessons of over 5,000 years of recorded human history*” which resulted “*in large parts of our societies being deindustrialized, shipping millions of working and middle-class jobs overseas, and handing control of our critical supply chains to both adversaries and rivals*” and “*left us dependent on others for our needs and dangerously vulnerable to crisis*”¹⁰
- h) United States Trade Representative, Jamieson Greer, at the recent National Conservative conference in Washington DC was equally as critical and his speech is worth reading in full¹¹. His predecessor Robert Lighthizer, one of the most experienced trade policy experts in the world, recently wrote that “*..it is no exaggeration to say that the future of this country hinges on a continued shift in our trade policy*”¹².
- i) JD Vance, at another National Conservative conference in 2024, said:

*“The dumbest of all possible foreign policy solutions and answers for our country is that we should let China make all of our stuff and we should fight a war with China...we should, in my view, not fight a war with China if we can avoid it, we should also not let the Chinese make all of our stuff”*¹³.

Yet in Australia the attitude among the political class seems to be the exact opposite – they are often very rhetorically aggressive about the need to prepare for an apparently inevitable war with China, but at the same time are equally adamant that trade must always be tariff free.

- j) It is not just the Americans that have changed their attitudes, the President of the European Commission said on her recent trip to Australia:

*“Getting China right is a strategic imperative. We cannot and will not absorb China’s export-led growth model and its industrial overcapacity. Last year, for the first time, every single EU member state ran a trade deficit with China. Both the threat to our supply chain security and the shock to our industrial base need urgent responses.”*¹⁴

- k) The bottom line is this: the revisions necessary to ChAFTA must be based on a new trade realism not utopian idealist free trade thinking of the late 90s. The goal must be a sensible and mature decoupling from China rather than proceeding with the assumption that an “ever closer union” in trade and investment between our two countries is the inevitable goal we are heading towards at the “end of history”.

⁹<https://www.afr.com/world/asia/hawke-and-keating-were-wrong-there-is-a-strong-case-for-tariffs-20250411-p5lr1t>

¹⁰<https://www.state.gov/releases/office-of-the-spokesperson/2026/02/secretary-of-state-marco-rubio-at-the-munich-security-conference>

¹¹<https://ustr.gov/about/policy-offices/press-office/speeches-and-remarks/2025/september/ambassador-jamieson-greers-remarks-2025-national-conservatism-conference>

¹² “No Trade is Free”, Robert Lighthizer, October 2023, Harper Collins

¹³https://www.youtube.com/watch?v=yXH1p8_jhc8

¹⁴https://ec.europa.eu/commission/presscorner/detail/bg/speech_26_694

- l) It must also better address the digital sectors of both economies (which was much smaller in China when ChAFTA was originally signed), recognize the competition between them, and make better use of new technologies and the use of data to assist in the regulation of trade.

2. Reimposition of Tariffs and Other Protective Measures Are Necessary and Unavoidable

- a) Changes to ChAFTA must inevitably include an increase in tariffs. Various excuses continue to be made in Australia as to why this should not be done.
- b) The traditional Australian political centre-right tends to argue that they are unnecessary, and we should instead focus on things like developing nuclear power, cutting regulations and taxes, and implementing a more flexible labour market.

No doubt that some of that would help, but places like Ohio already have all these things – including atomic energy and a more favourable business environment. Yet, without tariffs, over the last 30 years factories and jobs were shipped out to China at great economic and social cost. Ask the author of “*Hillbilly Elegy*” how that worked out.

- c) The political centre-left also appears to think there should be no change to the new ‘stabilised’ trade arrangements with China. Instead, they imagine the solution to rebooting manufacturing lies in an expanded industrial policy such as the Australian Treasurer’s flagship *Future Made in Australia* programme.

The problem is that, without a tariff wall, any taxpayer funds used to subsidise politically favoured projects (e.g. solar panels, batteries, and the like) will almost inevitably be undercut by cheaper Chinese imports. Industrial policy has its place, but it is inadequate without change in trade policy.

- d) Non-partisan national security types often like to talk tough on China. However, they too tend to be against meaningful changes to trade policy. Instead, they believe we can address problems through restrictions on a small number of technologies or industries with significant military potential (semiconductors, electric vehicles, etc) while maintaining normal economic exchanges in other areas.

But this strategy which was sometimes referred to as the ‘high walls, small yard’ doctrine during the Biden Administration is also insufficient. This is because real defence capabilities require an industrial sector that is deep and broad-based.

It is impractical to think you can rely on limited whiz-bang tech like missiles, tanks and submarines, to protect your nation’s security and sovereignty if at the same time you remain dependent on China for essential things like lightbulbs, boots, pharmaceuticals, and all sorts of other nuts and bolts.

Attempting to select and ring-fence defence-related technologies of the future is not only difficult, and unlikely to be sustainable, but also fails to appreciate that genuine innovation almost always comes out of larger civilian industrial ecosystems.

3. The Restructuring of ChAFTA Needs to Happen in a Sophisticated, Predictable, and Well Communicated Way

- a) ChAFTA can technically be terminated by giving 180 days’ notice. No drawn-out legally complicated process like occurred in the UK post-Brexit should be required.

- b) However, we do not recommend that the restructuring of ChAFTA occur in an abrupt or chaotic manner like the way the Trump administration has implemented its changes to trade agreements. Amending ChAFTA should be done in a diplomatic, respectful, staged, and thoughtful way and include discussions with Beijing.
- c) Proposed changes should not be expressed as indicating any inherent hostility to China. Our communication should be that our intention is to continue to have good trading and investment relations albeit on different terms.
- d) The rationale to be communicated should include that Australia needs to reestablish its own sovereign manufacturing capacity and industrial base and that both our nations would benefit by not having unrealistic expectations about the level of future integration our economies and nations should seek to achieve.
- e) The attitude should not be to blame China for our deindustrialisation but rather to state that we made a mistake in policy and are now seeking to correct it¹⁵.
- f) The reintroduction of tariffs on Chinese goods and services, potentially new restrictions on investments, and other amendments will also need to occur in a staged way and likely rolled out over a 5 – 10-year timeframe. This should help planning for business and stakeholders in both China and Australia.
- g) Obviously, there are multiple areas of ChAFTA which require much more detailed and technical discussion (these include but are not limited to Chapter 9 on Investment, Chapter 8 on Trade in Services, Chapter 10 on Movement of Natural Persons, etc). This submission is limited to broadly indicating and explaining the new policy direction under which the revision of ChAFTA including such chapters should occur.
- h) Ideally the changes to ChAFTA should have bipartisan support to ensure their durability and predictability for business and other stakeholders.

Thank you again for the opportunity to make a submission on this important matter. We look forward to further engagement with government and other stakeholders in future.

Best regards,

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¹⁵ Interestingly, this is the way Donald Trump has tended to frame things issuing statements such as “I don’t blame China, I blame the incompetence of past Admins for allowing China to take advantage of the U.S. on trade... How can you blame China for taking advantage of people that had no clue? I would’ve done same” e.g. <https://x.com/realDonaldTrump/status/928769154345324544?s=20>; <https://trumpwhitehouse.archives.gov/briefings-statements/remarks-president-trump-cabinet-meeting-7/>; <https://www.bbc.com/news/business-47140128>