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Canberra ACT 2600

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Submission into the Southeast Asia FTA Modernisation Review

Fortescue welcomes the opportunity to provide this submission to the Department of Foreign Affairs and Trade's review of Australia's network of Free Trade Agreements (FTAs) with Southeast Asia. We thank the Department for undertaking this timely review and for inviting submissions from businesses and other stakeholders.

Southeast Asia is central to Australia's long-term economic future and will play a critical role in the global energy transition. As economies across the region continue to grow and decarbonise, demand for reliable, affordable and lower-emissions industrial inputs will increase. Australia's trade and investment engagement with Southeast Asia must continue to evolve accordingly. Fortescue welcomes the focus of this review on ensuring Australia's FTA remains forward-looking and fit-for-purpose.

Fortescue is a proudly Australian company and the fourth-largest iron ore producer in the world. In FY25, Fortescue exported approximately 198 million tonnes of iron ore, supplying customers across the Asian continent. We employ over 16,000 people globally and paid a combined \$4.2 billion to State and Federal Governments last financial year making a material contribution to Australia's public finances and the Western Australian economy.

Building on this foundation, Fortescue is committed to 'real zero' for our Scope 1 and 2 emissions across our terrestrial mining operations by 2030. Fortescue is leading the way on industrial decarbonisation investing at scale in renewable energy, electrification, green hydrogen and new ironmaking technologies as we transition towards a green energy, metals and manufacturing company.

This commitment underpins Fortescue's long-term investment strategy and aligns closely with the objectives of the Australian Government's *Future Made in Australia* agenda, which seeks

to strengthen domestic manufacturing capability, build resilient supply chains and position Australia as a leader in low-emissions industrial production.

Green iron manufacturing and export from the Pilbara represents a future industry of strategic importance to Australia and a practical expression of the *Future Made in Australia* agenda. As global demand for low-emissions steel accelerates, green iron will become a critical industrial input for steelmaking economies across Southeast Asia. Producing green iron in Australia enables value-adding at scale, supports long-term demand for Australia's iron resources, creates skilled employment in regional Australia and contributes to global emissions reduction while maintaining industrial competitiveness in downstream markets.

The below submission focuses on how modernised FTAs can better support the development and export of green iron as a core component of Australia's future trade and industrial profile. Fortescue does not seek to propose specific treaty text or negotiating positions, rather this submission identifies priority outcomes and design principles that could inform future FTAs upgrades and negotiations, ensuring Australia's trade framework supports the emergence of globally competitive green industries.

Fortescue is broadly supportive of the Business Council of Australia's submission to this review, including its emphasis on FTA modernisation, investment facilitation, addressing non-tariff barriers and ensuring Australia's trade framework keeps pace with global economic and technological change. This submission complements those positions by highlighting green iron as a future-facing export industry that aligns with Australia's industrial capabilities and Southeast Asia's decarbonisation priorities.

With the right policy settings, regional cooperation and alignment between trade, investment and climate frameworks, Australia can play a leading role in supplying low-emissions industrial inputs to Southeast Asia while advancing Australia's own economic, employment and climate objectives. Fortescue welcomes continued engagement with the Australian Government as this review progresses and stands ready to support deeper collaboration across the region.

Should you have any questions regarding this submission, please do not hesitate to contact Mathew French at mathew.french@fortescue.com for more information.

Yours sincerely

FORTESCUE



Bronwyn Grieve
Director of Global Sustainability & External Affairs

Fortescue and Australia's Trade Relationship with Southeast Asia

Fortescue is one of Australia's largest exporters and a long-term investor in the Australian economy, with a sustained presence across regional and global markets. For more than two decades, Fortescue has engaged with markets and explored commercial opportunities across Southeast Asia including, but not limited to, Singapore, Indonesia, Malaysia and Thailand.

These engagements sit alongside Fortescue's longstanding relationships with major North Asian trading partners, including China, Japan, South Korea and Taiwan, which provides additional experience operating under complex bilateral and regional trade architectures. Together, these markets reflect the central role Asia plays in global steel production, and industrial growth. They have been supported by Australia's network of bilateral and regional Free Trade Agreements, which have underpinned market access, commercial certainty and long-term investment. These include:

Bilateral agreements

- Singapore-Australia Free Trade Agreement (SAFTA);
- Malaysia-Australia Free Trade Agreement (MAFTA);
- Thailand-Australia Free Trade Agreement (TAFTA);
- Indonesia-Australia Comprehensive Economic Partnership Agreement (IA-CEPA),

Regional and plurilateral agreements

- Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP);
- Regional Comprehensive Economic Partnership Agreement (RCEP); and
- ASEAN-Australia-New Zealand Free Trade Area (AANZFTA).

Fortescue is now transitioning our business through our Real Zero commitment, investing at scale in renewable energy, electrification, green hydrogen and new ironmaking technologies. These investments reflect a disciplined, commercially focused approach to decarbonising operations while maintaining global competitiveness and long-term export capability.

Green iron production represents the next stage in Australia's iron ore trade with the region. It will enable Australia to move further up the value chain while continuing to support steelmaking and industrial activity in regional economies.

Green Iron as a Strategic Opportunity for Australia and Southeast Asia

Steel underpins economic growth and development across Southeast Asia, supporting infrastructure, transport and energy systems. At the same time, steelmaking is one of the most emissions-intensive industrial activities globally, with the majority of emissions occurring during the ironmaking stage.

As governments and industries across Asia pursue decarbonisation and net zero commitments, demand for lower-emissions industrial inputs is increasing.

The transition to lower-emissions iron and steel is already beginning to shape trade and policy discussions across the region. In July 2025, the Prime Minister's announced the *Australia-China Policy Dialogue on Steel Decarbonisation* during his visit to China. A Memorandum of Understanding was established in December 2025 resulting in Australia hosting the inaugural dialogue in 2026.

Western Australia, and particularly the Pilbara, has a unique combination of advantages that position it as a globally competitive producer of green iron — defined as iron produced using near zero-emissions energy and processes. These advantages include world-class iron ore resources, established mining and export infrastructure, proximity to Asian markets, and exceptional renewable energy potential.

The 2024 report '*Realising WA's Green Iron Potential*'¹, reported that with supportive policy and investment settings, Western Australia could produce at least 4.5 million tonnes of green iron by 2030 and supply more than 14 per cent of global green iron by 2050. Over the longer term, this opportunity could generate approximately \$74 billion in additional economic value, support around 19,600 ongoing direct jobs and deliver emissions reductions of global significance.

For quickly developing Asian economies, access to reliable supplies of green iron provides a practical pathway to decarbonise steel production without requiring immediate, wholesale transformation of downstream facilities.

Green iron will be able to be integrated into existing steelmaking pathways, enabling progressive reductions in emissions while preserving industrial capability, competitiveness and employment.

The Role of FTAs in Supporting Emerging Green Industries

Australia's existing FTAs with Southeast Asia have successfully supported traditional trade in goods and services. As trade patterns evolve, there is an opportunity for future FTA modernisation to better reflect emerging industries such as green manufacturing, renewable energy and low-emissions industrial materials.

Green iron manufacturing is capital-intensive and characterised by a need for international capital, complex supply chains and significant infrastructure requirements. These features place a premium on policy coherence, investment certainty and predictable market access.

FTA modernisation can play an important enabling role by reinforcing these conditions. In particular, modernised agreements can support long-term investment decisions, reduce

¹ *Realising WA's Green iron potential*; Mandala. Commissioned by the Chamber of Minerals and Energy WA. Accessible at: <https://cmewa.com.au/wp-content/uploads/2025/07/CME-Green-Iron-Report-Final-%E2%80%93-Realising-WAs-Green-Iron-Potential-1.pdf>

friction across cross-border supply chains, and promote cooperation on standards, definitions and trade facilitation relevant to new industrial products.

Fortescue notes that domestic policy settings — including cross-border investment facilitation mechanisms, emissions certification frameworks, national emission targets and targeted government financing — operate alongside trade agreements. Ensuring coherence between domestic reforms and international trade settings will be important to converting trade policy ambition into real-world investment and export outcomes.

Emerging international approaches to carbon pricing and carbon border adjustment mechanisms have the potential to shape future trade patterns in the region. Where designed transparently and implemented in a way that supports open markets, such approaches can help recognise the value of lower-emissions production, support investment in new technologies, and encourage the trade of green commodities across borders.

For Southeast Asian and wider Asian economies, greater convergence over time on carbon pricing or equivalent market-based signals could support access to lower-emissions industrial inputs while also facilitating the import of the technologies, equipment and services needed to decarbonise domestic industry. Aligning trade frameworks with these evolving approaches would help ensure that the transition to greener production strengthens, rather than disrupts, long-term regional trade and industrial partnerships.

In parallel, the decarbonisation of international shipping has the potential to create new demand for low-emissions maritime fuels across the region. As a major trading nation with extensive maritime links to Asia, Australia is well positioned to supply alternative fuels such as green ammonia and other low-emissions energy carriers.

Reform and mandates from the International Maritime Organisation to reduce emissions from global shipping would provide an important international signal to help unlock investment, support the development of new fuel supply chains and create greater certainty for producers and users of low-emissions maritime fuels. Australia's support for effective multilateral outcomes in this forum would reinforce the role of international frameworks in enabling trade in emerging green commodities and ensuring maritime decarbonisation strengthens, rather than fragments, long-term regional trade and economic partnerships.

Opportunities for FTA Modernisation to Support Green Economies

Fortescue sees several forward-looking opportunities for FTA modernisation to better support green iron and the broader green economy.

Investment and economic cooperation

Future FTA upgrades could place greater emphasis on facilitating long-term investment in capital-intensive green industrial projects. This includes reinforcing transparent and predictable investment environments that operate in parallel with domestic investment

facilitation initiatives, providing confidence to international partners considering investment in Australia.

Regional coherence and standards

As low-emissions products such as green iron emerge, there is value in promoting regional consistency in definitions, standards and certification approaches. FTAs can provide a platform for cooperation that reduces duplication and uncertainty for businesses operating across multiple markets.

Trade facilitation for enabling supply chains

Green iron manufacturing depends on access to renewable energy technologies, battery technology, specialist equipment, componentry and services. Modernised FTAs could better support the movement of these inputs, helping to lower costs, reduce delays and improve project viability.

Long-term partnership frameworks

FTA modernisation offers an opportunity to reinforce the long-term partnership model articulated in Australia's Southeast Asia Economic Strategy to 2040. Green iron aligns well with this approach, supporting shared economic growth, industrial development and emissions reduction over decades rather than short-term trade gains.

Priority Outcomes for FTA Modernisation

Drawing on the above, Fortescue recommends the following priority outcomes to inform FTA modernisation:

1. Embed the green economy as a core consideration in FTA upgrades, ensuring agreements remain relevant to emerging low-emissions industries.
2. Support investment certainty for capital-intensive green manufacturing, operating in parallel with domestic investment facilitation reforms.
3. Promote regional cooperation on standards and certification for low-emissions materials, reducing non-tariff barriers over time.
4. Facilitate trade in enabling technologies and services critical to green iron and renewable energy supply chains.
5. Reinforce long-term economic partnerships with Southeast Asia, consistent with Australia's broader regional engagement strategy.
6. Ensure coherence between trade policy and whole-of-government climate and industry frameworks, enabling rather than constraining new green export industries.

These outcomes are intended to guide future consideration of FTA modernisation rather than prescribe specific negotiating positions.

Conclusion

Green iron manufacturing and export from the Pilbara represents a future industry of strategic importance to Australia and a significant opportunity to deepen economic engagement with Southeast Asia. It builds naturally on Australia's existing trade relationships and aligns with long-term regional economic and decarbonisation strategies.

Fortescue supports the modernisation of Australia's FTAs to ensure they remain forward-looking, flexible and capable of supporting emerging green industries. By integrating green economy considerations, supporting investment certainty and promoting regional cooperation, future FTA upgrades can help position Australia as a trusted, long-term partner in Southeast Asia's industrial transition.

Fortescue welcomes continued engagement with DFAT as the review progresses. For further information, please contact Fortescue Head of External Affairs APAC Astrid Serventy on astrid.serventy@fortescue.com