

22 December 2025

Department of Foreign Affairs and Trade  
R.G. Casey Building  
John McEwen Crescent  
Barton ACT 0221 Australia

### Southeast Asia Free Trade Agreements (FTAs) modernisation review

Dear Department of Foreign Affairs and Trade,

Springmount Advisory welcomes DFAT's review of Australia's Southeast Asia Free Trade Agreements (FTAs) and appreciates the opportunity to make a submission on opportunities to recalibrate the agreements to capitalise on growing demand for clean industrial products and commodities.

Springmount Advisory is a specialist practice focussed on establishing new Australian clean export industries. We work closely with local industry, unions and the research sector alongside regional partners in the industrial system throughout East and Southeast Asia with a focus on demand research and policy design to underpin clean industrial development. We have a particular focus on realising the significant economic and carbon reduction opportunity from developing a large scale Australian green iron export industry.

The modernisation of Southeast Asia Free Trade Agreements (FTAs) is a timely opportunity to better align Australia's trade policy with long-term regional decarbonisation trends and integrate Australia's emerging comparative advantage in clean energy and low-emissions industrial production coupled with the clean technology manufacturing capabilities of our trading partners in Southeast Asia.

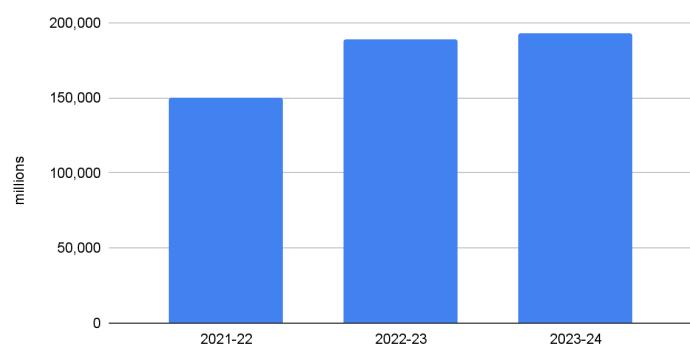
Trade flows between the Association and Southeast Asian Nations (ASEAN) and Australia have had the highest growth over a 5 year period compared to other country blocs - at 12%<sup>1</sup>

While historically fossil fuel exports and import flows have comprised a significant volume of two-way trade between ASEAN and Australia, this is expected to steadily decrease as countries adopt low cost clean technology solutions and implement policies to achieve emissions reduction targets.

Now is the critical time to rebalance our trade agreements to ensure Australia's export profile shifts with changing demand. It needs to incentivise two way trade in renewable energy, clean manufacturing

Australia/ASEAN two way trade flows

Source: DFAT Trade in Goods and services 2024



<sup>1</sup> <https://www.dfat.gov.au/sites/default/files/australias-goods-services-by-top-15-partners-2023-24.pdf>

inputs, critical minerals, and low-emissions commodities rather than unabated fossil fuels. Trade settings that anticipate this shift will improve Australia's economic resilience, reduce long-term emissions exposure, and strengthen regional partnerships.

## ASEAN is becoming a leader in EV adoption

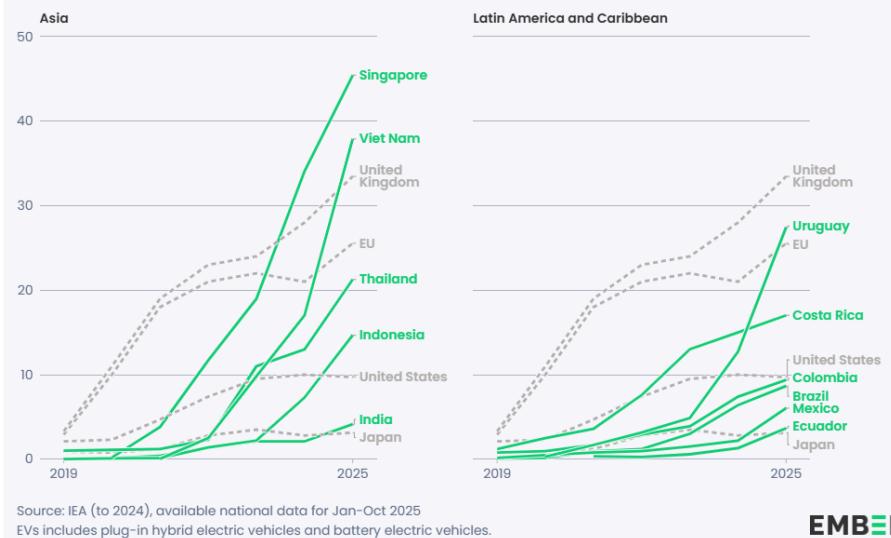
Many ASEAN countries have now some of the highest EV sale rates in the world<sup>2</sup>.

Whilst many western countries have remained the same over the last couple of years, Vietnam has doubled its adoption rate in 2 years.

Electric vehicles require huge quantities of critical minerals

### Legacy auto markets are being overtaken as new EV markets begin to take off

EV share of new passenger car sales (%)  
Grey lines show EV sales shares in select advanced economies for comparison

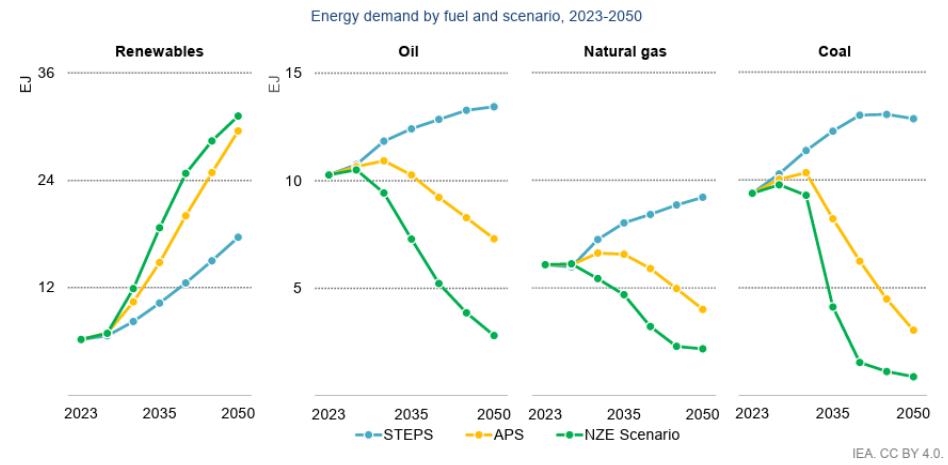


## IEA projects faster build-out of clean energy in the APS and NZE Scenario pushes fossil fuel use into decline

In the IEA's climate-aligned Announced Pledges Scenarios (APS) and Net Zero Emission (NZE) Scenario, fossil fuel use declines in ASEAN countries.<sup>3</sup>

Australia cannot rely on fossil fuel exports to these countries given their climate commitments.

Demand for all major energy sources continues to grow in the STEPS, while faster build-out of clean energy in the APS and NZE Scenario pushes fossil fuel use into decline



<sup>2</sup> <https://ember-energy.org/latest-insights/the-ev-leapfrog-how-emerging-markets-are-driving-a-global-ev-boom/>

<sup>3</sup> <https://www.iea.org/reports/southeast-asia-energy-outlook-2024>

## Australia's green trade opportunity in Southeast Asia

Southeast Asia is expected to drive a large share of global growth in energy demand, metals consumption and infrastructure investment over coming decades. At the same time, governments in Southeast Asia are adopting net-zero emission targets. Out of Australia's top 15 trading partners, five are ASEAN countries - **all of these countries have net zero targets.**

Trade partner	Rank	2023-24 (\$bn)	23-2024 (%) share	2030 targets	Net Zero
Singapore	6	47.3	3.7	Peak emissions by 2030 at ~60 MtCO <sub>2</sub> e	2050
Thailand	9	33.7	2.7	30% reduction from BAU by 2030	2065
Malaysia	10	33.0	2.6	45% reduction in emissions intensity by 2030	2050
Indonesia	11	32.2	2.5	29%-43.2% reduction by 2030	2060
Vietnam	14	28.2	2.2	15.8% reduction from BAU by 2030	2050

Australia is well placed to respond to this green trade opportunity due to the nation's:

- exceptional and abundant low-cost renewable energy resources
- world leading industrial production and export capabilities
- large endowments of iron ore, bauxite and critical minerals required for the energy transition.

Trade policy will be decisive in determining whether Australia captures value through clean, processed exports (such as green iron, green steel and low-emissions aluminium), or remains exposed to declining demand for high-emissions exports such as LNG and coal.

[Springmount's Green Metals submission \(2024\)](#) demonstrates that Australia has a significant comparative advantage for a green metals production future based on our abundant mineral resources, industrial capacity, and enormous renewable energy potential.<sup>4</sup>

## Principles for FTA modernisation

Springmount recommends DFAT apply the following principles across Southeast Asia FTA modernisation:

- **Prioritise green value-added exports:** FTAs should actively facilitate trade in clean commodities, renewable-enabled manufacturing inputs and clean-energy services.
- **Establish Green Rules of Origin:** set clear and consistent definitions of clean exports across all revised FTA's, setting definitions for green iron and green steel should be prioritised in particular and be used to determine preference eligibility.
- **Avoid fossil fuel lock-in:** energy security provisions should not entrench long-lived fossil infrastructure where lower-emissions alternatives are viable, and agreements should ensure that fossil fuel trade does not crowd out / delay renewable alternatives.

<sup>4</sup> <https://consult.industry.gov.au/unlocking-green-metals/submission/view/sbm2f4521ce478a52c5fdfd3>

- **Support regional transition pathways:** such as an Asia-Pacific Carbon Border Adjustment Mechanism (CBAM).
- **Expand trade:** in clean commodities, renewable-enabled industrial products and decarbonisation services with reciprocal expansion of imports incorporating certified low emissions inputs.

## Asia-Pacific CBAM

The establishment of an Asia-Pacific CBAM would benefit emissions reduction and clean industry growth in Australia and its Southeast Asian neighbours.

It is imperative that the Australian government collaborates with key trade partners to provide the right financial incentives for green trade and actively contributes to measures that create a level playing field for ESG premiums. First-of-a-kind capital deployments have a significant risk attached, and it is critical for Australia to learn-by-doing in the domestic context. The absence of a clear carbon emissions price signal in international trade (particularly in the greater Asian sphere) is a major barrier undermining Australian corporate leadership in investing in onshore mineral refining, notwithstanding the global competitive advantage stemming from our world leading renewable energy resource potential.<sup>5</sup>

## Conclusion

Modernising Australia's Southeast Asia FTAs is an opportunity to reposition trade policy for a decarbonised regional economy. By prioritising green value-added exports, enabling clean commodity markets, and managing a deliberate transition away from fossil fuel dependence - DFAT can strengthen Australia's long-term competitiveness while supporting regional energy transition objectives.

Designing and implementing ambitious projects to drive down emissions and address climate change through scaled deployment of clean technology solutions in Australia and our neighbours and trading partners in Southeast Asia, will position our economy for future prosperity and improve national security via a safer climate.

Yours sincerely,

Tom Quinn

**Managing Director**

Springmount Advisory

[www.springmountadvisory.com.au](http://www.springmountadvisory.com.au)

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<sup>5</sup> <https://www.springmountadvisory.com.au/s/FMIA-Production-Tax-Credits-Springmount-Advisory-submission.pdf>