WWF Submission to the South East Asia Free Trade Agreements (FTAs) Modernisation Review

The World Wide Fund for Nature-Australia (WWF-Australia) welcomes the opportunity to make a submission to the Department of Foreign Affairs and Trade (DFAT) on issues relevant to the upgrading and modernisation of Australia's network of Free Trade Agreements (FTAs) in Southeast Asia.

WWF-Australia is part of the WWF International Network, the world's largest independent conservation organisation. WWF's global mission is to 'stop the degradation of the planet's natural environment and to build a future in which humans live in harmony with nature'.

We understand that the scope of the review DFAT is looking to identify opportunities for improved utilisation, upgrade and modernisation of Australia's network of FTAs to inform future upgrade negotiations. DFAT are seeking views on potential gaps or opportunities for trade in Southeast Asia and areas for improvement.

We understand that the review covers bilateral agreements including the Singapore-Australia Free Trade Agreement (SAFTA), the Malaysia-Australia Free Trade Agreement (MAFTA), the Thailand-Australia Free Trade Agreement (TAFTA), the Indonesia-Australia Comprehensive Economic Partnership Agreement (IA-CEPA), and the regional or plurilateral agreements including the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), the Regional Comprehensive Economic Partnership Agreement (RCEP) and the Agreement Establishing the ASEAN-Australia-New Zealand Free Trade Area (AANZFTA).

Our society, economy and financial systems are rooted in nature, and our long-term prosperity depends on a healthy, functioning natural world. By reshaping trade to reinforce nature-positive practices and sustainable production, we can help drive the holistic transition needed for a resilient, net-zero and nature-positive economy.

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1. A Regional Imperative: Trade Alignment with Climate and Nature

Modernising Australia's Southeast Asia FTAs is now critical to align trade with both climate and biodiversity goals. The Indo-Pacific is the centre of global growth and energy demand, yet the region remains off track for Paris-consistent pathways and faces accelerating nature loss that

threatens food systems, water security and livelihoods[1 2 3]. Climate change and biodiversity loss are widely recognised as key risks to global prosperity and trade flows[4]. Trade rules shape investment flows, market access and product standards, so to avoid being self-defeating they must support rapid decarbonisation and nature-positive outcomes at the same time. Australia's current Southeast Asia trade architecture does not yet match the scale and speed required to address both the climate and nature crises. Updating these agreements to prioritise verified low-carbon and nature-positive goods and services, interoperable standards, credible disclosure, and fair, investable transitions will reduce risk for business, safeguard market access, and strengthen regional resilience. This is a practical, mutually beneficial pathway that supports partners to shift from fossil fuels to clean energy, halts ecosystem conversion and degradation, and turns green trade into a shared security and growth agenda for the Indo-Pacific.

1.1 The case for climate policy alignment with trade

Decarbonising regional trade is essential for sustained prosperity because almost one quarter of global emissions is embedded in traded goods and services, and these emissions fall outside traditional domestic policy instruments[5]. In this context, trade policy has become a practical lever for shaping market access, standards and investment incentives that support the transition to low emissions supply chains. For Australia, integrating climate and nature considerations into FTAs is central to ensuring that exporters can compete in markets shaped increasingly by carbon and nature related disclosure, certification and product standards. It is also central to ensuring that Australia's trading system reinforces, rather than fragments, its long-term climate policy objectives.

Australia's recent international commitments highlight the need for FTAs to evolve. Australia supported two major climate related initiatives at COP30. The Belém Declaration on the Transition Away from Fossil Fuels, which underpins the Global Implementation Accelerator, and the Belém Mission to 1.5°C, both of which aim to translate national climate pledges into implementation and promote deeper cooperation on fossil fuel phase out[6]. Australia also endorsed the separate Belém Declaration on Global Green Industrialisation, which focuses on coordinated industrial decarbonisation, improved criteria for green products and more integrated clean energy supply chains. These initiatives connect climate ambition to trade and industrial policy and signal that Australia's economic engagement must increasingly focus on sectors and standards that facilitate the transition to a low emissions regional economy.

Australia has also joined the Global Clean Power Alliance Supply Chains Mission, which seeks to strengthen data transparency, improve the availability of grid and storage equipment, encourage convergent standards and promote circularity across clean energy supply chains[7]. The mission

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[1] Renewable Energy Asia (2025)
[2] UNFCCC (2025)
[3] Council on strategic risks (2023)
[4] World Economic Forum (2026)
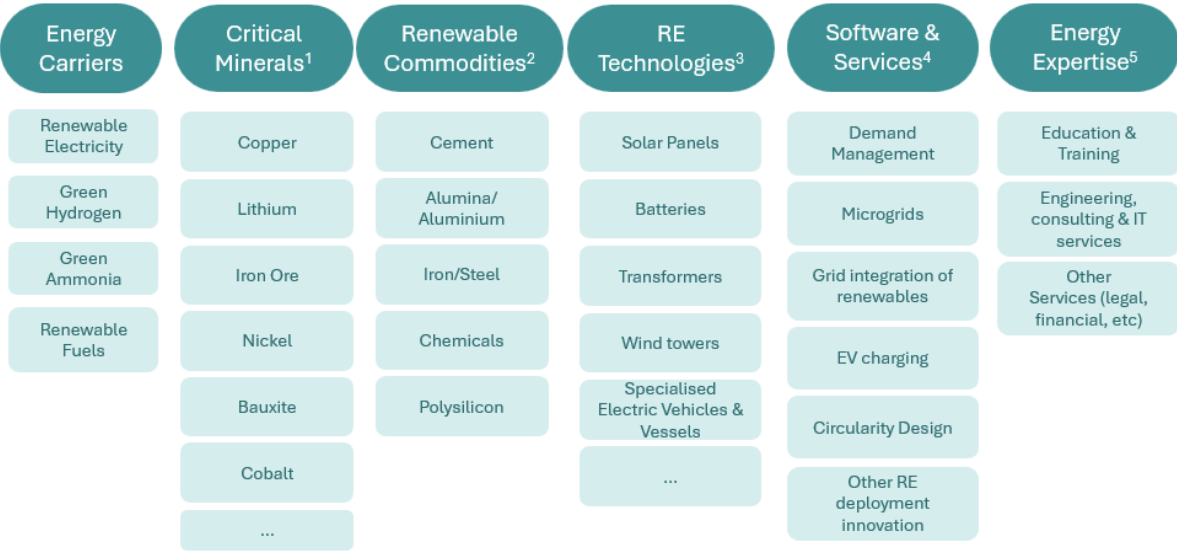[5] Global Efficiency Intelligence (2022)
[6] DCCEEWv (2025)
[7] Department for Energy Security and Net Zero (2025)

supports global goals to triple renewable energy capacity and double energy efficiency by 2030 and recognises that clean power supply chains are now core to energy security. Ensuring that Australia's FTAs reflect these commitments and support cooperation on standards, investment and supply chain readiness is an important step toward realising these objectives in practice.

Australia is a top tier fossil fuel exporter by emissions, exporting nearly three times our domestic emissions, primarily to Asia and the Pacific[8]. Our choices have outsized influence in partners' energy mixes and industrial decarbonisation timelines. At the same time, Australia has "once in a generation" potential in renewable powered exports (see figure1); critical minerals, green metals, renewable hydrogen derivatives, clean manufacturing expertise and services, if we move decisively from a "dig and ship" model to value-added supply chains with low levels of embodied carbon. Markets and policy signals are pointing in this direction: partners are adopting net zero targets, carbon border adjustments, and stringent market standards that will increasingly favour products with verifiably low embedded emissions.

Together these developments reinforce that Australia's regional trade architecture must be updated to support practical decarbonisation outcomes. Modernised FTAs can help by enabling more efficient trade in renewable energy goods and services, improving cooperation on technical standards for transmission and storage technologies, and strengthening transparency on policies that affect energy investment decisions. This would provide clearer signals to investors, reduce compliance barriers for exporters and support a more resilient and competitive regional energy system.

Figure 1: Renewable goods and services

Energy Carriers	Critical Minerals[1]	Renewable Commodities[2]	RE Technologies[3]	Software & Services[4]	Energy Expertise[5]
Renewable Electricity	Copper	Cement	Solar Panels	Demand Management	Education & Training
Green Hydrogen	Lithium	Alumina/ Aluminium	Batteries	Microgrids	Engineering, consulting & IT services
Green Ammonia	Iron Ore	Iron/Steel	Transformers	Grid integration of renewables	Other Services (legal, financial, etc)
Renewable Fuels	Nickel	Chemicals	Wind towers	EV charging	
	Bauxite	Polysilicon	Specialised Electric Vehicles & Vessels	Circularity Design	
	Cobalt		...	Other RE deployment innovation	
	...				

[1] Mining, processing and refining of critical minerals. [2] Embodied renewable energy in metals and final products [3] Manufacturing of renewable energy technologies and components in their supply chains. [4] Software and innovative systems supporting the operation and deployment of renewable energy, leveraging IP tailored to Australian conditions and first-mover advantages. [5] Talent services supporting the deployment and management of renewable energy systems.

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[8] Climate Analytics (2024)

1.2 The case for biodiversity policy alignment with trade

Global expectations for biodiversity protection have shifted significantly with the adoption of the Kunming Montreal Global Biodiversity Framework[9]. The Framework sets out 23 targets for 2030, including a major requirement for countries to encourage or require large companies and financial institutions to assess, disclose and manage biodiversity related risks and impacts across their supply chains. Because these risks and impacts are transmitted through cross border trade and investment, biodiversity has become a trade issue as much as an environmental one[10]. Alignment between Australia's FTAs and the biodiversity framework is now necessary to ensure exporters can meet emerging market expectations and to prevent inconsistencies between domestic reforms and international obligations.

International institutions are increasingly emphasising the role of trade in delivering biodiversity outcomes. The most recent UN Biodiversity Conference brought UN Conference on Trade And Development, the World Trade Organisation and the Convention on Biological Diversity together to highlight how trade policy can improve conservation and ecosystem outcomes by lifting standards, improving transparency and creating demand for nature positive goods and services[11]. At the same time, Australia's domestic reforms under the Nature Positive Plan, along with ongoing EPBC modernisation, signal that environmental standards and governance are tightening at home. If FTAs do not reflect this shift, Australian and Southeast Asian businesses will face duplicated or inconsistent compliance requirements across markets and investors will face uncertainty over long term expectations.

While trade can intensify pressures on biodiversity, it also holds significant potential to advance conservation, encourage sustainable resource use, and support ecological restoration—ultimately strengthening sustainable development[12].

Market developments reinforce this direction. The EU Deforestation Regulation, even with adjusted timelines, will require deforestation-free, legally produced and fully traceable commodities and products[13]. Similar due diligence regimes are emerging in other markets. Aligning FTAs with OECD due diligence guidance and encouraging voluntary frameworks such as the Taskforce on Nature related Financial Disclosures would provide exporters with a clear and consistent set of expectations across markets[14]. This reduces compliance costs, increases investor confidence and supports credible, nature positive supply chains across the region.

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[9] DCCEEW (2025)
[10] UNCTAD (2025)
[11] UNCTAD (2024)
[12] IISD (2025)
[13] DFAT (2025)
[14] TNFD (2025)

1.3 Boosting climate and environmental trade delivers broad-ranging regional security benefits

Aligning Australia's Southeast Asia FTAs with climate and nature objectives can deliver broader regional security benefits that extend beyond trade. A renewables-led trade architecture can enhance energy, economic and traditional security by reducing exposure to fossil fuel price volatility and supply disruption, while minimising future climate-linked conflictas partners shift from fossil fuels to long-term renewable-based energy security[15].

Climate change and environmental degradation are drivers of instability and conflict, and programs that strengthen inclusive resource governance and climate-resilient livelihoods reduce tensions and bolster social cohesion[16][17]. Embedding this logic into FTAs will help boost energy security, lower conflict risks, and convert diplomatic intent into durable economic ties.

Equally, integrating biodiversity and nature-positive outcomes in FTAs supports human and environmental security. ESCAP's Asia-Pacific Futures 2040 analysis highlights that accelerating biodiversity loss, ecosystem degradation and climate change undermine food and water security, public health and livelihoods, heightening social and political risks, unless economies pivot toward healthy ecosystems and cleaner development pathways[18].

International trade is recognised as "an engine for inclusive economic growth and poverty reduction, and an important means to achieve the Sustainable Development Goals."[19] Over the last 30 years, increases in global trade have coincided with a sharp reduction in the number of people living in extreme poverty.[20] However, environmental degradation undermines these development gains and exacerbates conflict, which in turn drive greater damage to ecosystems, creating feedback loops of risk known as poverty-environment traps[21]. Sustainable natural resource management and stronger environmental governance, on the other hand, reduce competition over land and water, build trust and create shared assets that foster cooperation[22].

Translating this into trade means prioritising verified low-carbon and nature-positive goods and services, interoperable traceability and disclosure systems, and fair, investable transitions that respect community rights. These measures increase livelihood and environmental security, support stable cross-border markets, and make FTAs credible instruments for peaceful, resilient development across Southeast Asia.

Climate and nature are one of the few areas where global cooperation is holding up under strain, and Australia should use FTA modernisation to amplify it. The World Economic Forum's Global

[15] Bowen (2025)
[16] WWF (2026)
[17] Ruttinger *et al.* (2022)
[18] UNESCAP (2021)
[19] UNCTAD (2025)
[20] WTO (2024)
[21] Barbier *et al*. (2019)
[22] Hillert (2023)

Cooperation Barometer 2026 finds that while traditional multilateralism is under pressure, overall cooperation is holding steady and increasingly reconfiguring into smaller, purpose-driven coalitions, with "climate and natural capital" showing relative gains compared with other pillars such as peace and security or trade and capital[23]. In 2025, clean-technology deployment reached record levels and regional groupings advanced decarbonisation alongside energy security, indicating that practical, interest-based climate-nature collaboration remains resilient even as broader institutions struggle[24]. This pattern mirrors the Indo-Pacific context, where renewable energy diplomacy and nature-positive cooperation can deliver stability, shared growth and risk reduction when embedded in credible economic rules.

Trade provisions that open markets for clean technologies, converge technical standards, and de-risk investment can operationalise Australia's renewable energy diplomacy, which links decarbonisation with security, prosperity and COP31-era partnerships, using foreign policy to grow green markets, align standards, mobilise finance and secure supply chains.

That is why Australia must now modernise its FTAs with Southeast Asia, so that our trade agreements play a central and credible role in aligning Australia's economic architecture with its wider climate, environmental, energy and security policy commitments.

2. What is missing in existing South East Asian FTAs?

2.1 Where the current FTA architecture falls short

The Australian Government has positioned green manufacturing as a cornerstone of its economic strategy through the Future Made in Australia agenda. Backed by A$22.7 billion over ten years, the plan prioritises renewable hydrogen, critical minerals, green metals, low-carbon fuels, and clean energy manufacturing, supported by incentives like production tax credits and grants[25]. Building on the FMiA momentum, Australia has strengthened its global position through a range of bilateral green trade agreements. For example, the Australia–Singapore Green Economy Agreement and Korea partnership lay the groundwok for cooperation on hydrogen and supply chain resilience.

While standalone green-energy cooperation agreements can signal goodwill, they lack the binding commitments, enforceability, market access disciplines and investment certainty that only embedding green objectives directly into FTAs can deliver—meaning they cannot reshape trade flows or drive regional decarbonisation at the scale and speed required. The following table summarises the FTA's under review by DFAT and where they fall short:

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[23] World Economic Forum (2026)
[24] Griffith University (2023)
[25] DCCEEW (2025)

Title	Gap analysis
AANZFTA (Second Protocol)	The new Trade and Sustainable Development chapter references "climate and environment" and "energy" cooperation, but the upgrade did not add binding Paris-aligned obligations, a green-goods/services annex, or fossil-fuel subsidy disciplines—leaving limited market signals for green investment.
Singapore-Australia FTA (SAFTA)	Contains *no environmental or climate chapter*; sustainability action instead sits in the separate Green Economy Agreement (GEA), which is cooperative and non-binding.
Malaysia–Australia Free Trade Agreement (MAFTA)	No environment or climate chapter; only a non-binding side letter referencing labour/environment; no provisions on clean-energy trade or fossil-fuel subsidy reform.
Thailand–Australia Free Trade Agreement (TAFTA)	No environmental or climate provisions; predates modern sustainability norms and does not address clean-energy markets, standards, or fossil-fuel impacts.
Indonesia–Australia Comprehensive Economic Partnership Agreement (IA-CEPA)	Contains no dedicated environment or climate chapter; no commitments on Paris alignment, green-goods market access, or fossil-fuel subsidy reform.
Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP)	Has an enforceable environment chapter that includes provisions for environment and biodiversity, but no Paris-aligned climate commitments, no renewable-energy/clean-tech annex, and no fossil-fuel subsidy disciplines.
Regional Comprehensive Economic Partnership (RCEP)	No environment chapter at all; no mention of climate change, clean-energy trade, or sustainability safeguards.
ASEAN–Australia–New Zealand Free Trade Area (AANZFTA) (2023–24 upgrade)	New TSD chapter references climate/energy cooperation but is non-binding and includes no enforceable climate obligations, no clean-energy tariff schedule, and no FFSR provisions.

2.2 Aligning with better practice trade agreements

By contrast, the European Union–New Zealand Free Trade Agreement (EU-NZ FTA) is broadly considered global best practice when it comes to aligning climate and environment with trade[26] [27]. By comparison to the above agreements, the EU–NZ FTA includes:

- Legally binding and enforceable Paris Agreement obligations

- Possibility of suspending trade preferences for serious breaches of climate or environment commitments

- A published annex of green goods/services, all tariff-free

- A fossil-fuel subsidy reform (FFSR) provision

- Strong obligations on biodiversity, circular economy, labour, etc.

In addition, it includes text such as "facilitate the removal of obstacles to trade and investment in goods and services of particular relevance for climate change mitigation and adaptation,' including by removing tariffs and other barriers on renewable energy.

3. Improving environmental and climate outcomes in south east Asian FTAs

Overarching Principle: Make Australia's FTAs instruments for *accelerating* the region's decarbonisation and meeting nature positive goals. This means positively discriminating markets towards verified low-carbon and nature positive goods/services, creating trusted certification and standards, and supporting fair, investable transitions away from fossil fuels towards green economies.

1. Embed high-integrity climate and environment commitments in all modernised FTAs.

Strengthen Trade and Sustainable Development (TSD) chapters by incorporating Paris-aligned climate obligations and Kunming–Montreal Global Biodiversity Framework (GBF)-aligned environment commitments, both linked to effective implementation and supported through standard state-to-state dispute settlement. Environment chapters should include measurable biodiversity indicators, credible enforcement mechanisms and cooperation to support partners' transition pathways.

2. Liberalise trade in clean energy and nature-positive goods and services.

Ensure consistent Green Goods and Services schedules across FTAs that rapidly removes tariffs on renewables, storage, grid technologies, energy-efficiency goods, environmental and ecological restoration services, and sustainability-related digital tools. Ensure lists remain "living" and interoperable with APEC's environmental goods list and international classifications.

3. Scale trusted standards, certification and mutual recognition for climate and nature outcomes.

Accelerate regional alignment on embedded emissions accounting, deforestation-free and conversion-free verification, and science-based thresholds for genuinely low-carbon and nature-positive goods. Expand mutual recognition of conformity assessment for clean-tech equipment, sustainability standards, traceability systems and TNFD/OECD-aligned due-diligence reporting.

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[26] International Bar Association (2022)
[27] Lydgate (2024)

4. Address harmful subsidies, including fossil-fuel and environmentally damaging subsidies.

Establish transparency and cooperation mechanisms on fossil-fuel subsidy reform, drawing from the EU–NZ model, and broaden this to include harmful land-use, agricultural and fisheries subsidies that undermine climate and biodiversity objectives.

5. Embed just transition, and community safeguards in all FTAs.

Ensure all green-trade provisions incorporate *and embed the importance of local rights,* Free Prior and Informed Consent, *Indigenous and community tenure,* fair benefit-sharing, no-conversion safeguards, and measurable biodiversity outcomes to protect communities and ecosystems. This improves project bankability, reduces social and environmental tensions that can undermine local and regional stability and security**,** and strengthens Australia's reputation as a trusted economic partner.

6. Use AANZFTA as the regional platform while progressing ambition through key bilaterals.

Add a Green Trade and Nature-Positive Work Program to AANZFTA covering Paris/GBF alignment, green product lists, sustainability Mutual Recognition Agreements, subsidy transparency and an annual implementation scorecard. Progress early wins with partners:

- With Singapore, embed Green Economy Agreement standards and cooperation into SAFTA schedules.
- With Indonesia and Malaysia, initiate dedicated Climate and Environment chapters to set baseline expectations for decarbonisation, biodiversity protection and just transition support.

AANZFTA already provides the strongest institutional machinery for cooperation with ASEAN, enabling faster uptake of region-wide green-trade disciplines. Embedding climate and nature-positive provisions here would create consistent rules across multiple markets, reduce business uncertainty, and drive decarbonisation at scale.

Conclusion

Australia's FTAs can and should become engines of rapid decarbonisation *and* nature-positive growth. Modernising through aligning with climate and biodiversity commitments is not to add complexity, but to clarify direction, open markets for verified low-carbon and nature-positive goods and services, align trusted standards and disclosure so buyers can rely on what they purchase, and build fairness into transition pathways that protect communities and ecosystems.

While rapid reform carries risks of policy deadlocks or fragmented standards, the greater risk is inaction as intensifying climate impacts and biodiversity loss undermine food, water and livelihood security. Australia should press ahead to embed credible climate and biodiversity provisions in FTAs now, aligning trade with our core national and regional interests: resilient, clean and nature-positive supply chains that strengthen stability and prosperity across the Indo-Pacific.

DFAT's modernisation review is the moment to operationalise this; a stable, sustainable and prosperous future made *with* Australia, where our trade architecture brings partners, communities and nature along together.

Thank you for the opportunity to provide a submission to this important review.

For more information

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