



Second Progress Report

Project Title: Options for FTA Modernisation to Strengthen Critical Mineral Supply Chains for the Indo-Pacific Green Economy Transition

Reporting Period: 7 October 2025 – 6 December 2025

Submitted by: UNSW Centre for Sustainable Development Reform (CSDR) and UNSW Energy Institute

Executive Summary

The project remains on track for completion by 28 February 2026. During this reporting period, we have desk research and iterative informal consultation on industry perspectives, prepared a Consultation Summary, and recalibrated the project approach following discussions with DFAT. Key activities and achievements are summarised below.

Scope Confirmation

All five deliverables from the Grant Agreement remain unchanged and will be delivered as contracted. The project team confirms that any analytical work beyond the originally-agreed scope is undertaken at UNSW’s cost and does not impact delivery of contracted deliverables.

Project Team Contributions

Team Member	Contributions This Period
Dr. Ben Milligan	Project leadership; DFAT liaison and project recalibration discussions; stakeholder consultation design and facilitation; consultation summary development
Professor Iain MacGill	Energy markets and policy analysis; review of renewable energy and hydrogen sector perspectives
Dr. Rahman Daiyan	Technical input on clean energy supply chains and green hydrogen dimensions
Dr. Michelle Vaqueiro Contreras	Analysis of solar and battery manufacturing value chains; regional processing opportunities
Edoardo Santagata	Desk research on industry perspectives; evidence synthesis and source documentation

Work Completed This Period

1. Evidence Review Enhancement

Building on the Interim Evidence Review delivered in October 2025, we have continued to refine and expand the analytical foundation:

- **Industry Perspectives Research:** Conducted desk research analysing published stakeholder positions, industry submissions, and peak body publications across ten priority sectors including mining, METS, battery/EV manufacturing, agriculture, renewable energy, and financial services.
- **Cross-Sectoral Pattern Identification:** Identified seven priority themes where industry perspectives converge, consistent with the pathfinder sector approach established in the

Inception Report.

- **Geographic Coverage:** Expanded analysis to include Southeast Asian industry perspectives from Indonesia, Malaysia, Thailand, Vietnam, and the Philippines, alongside Australian stakeholder views.

2. Stakeholder Consultation Activities

Consultation activities during this period have followed the implementation plan outlined in the Inception Report, with adjustments reflecting ongoing consultation with DFAT:

- **Individual Stakeholder Engagement:** Continuation of targeted informal consultations with industry representatives and experts to validate preliminary findings and identify practical implementation barriers. The consultations will continue through December and January (with exception of the Christmas holiday period), with findings progressively incorporated into the consultation summary.
- **Inter-Departmental Roundtable:** By mutual agreement with DFAT, the inter-departmental roundtable originally scheduled for December 2025 has been postponed. This reflects DFAT guidance that industry perspectives should be crystallised before government agency engagement.
- **Virtual Roundtable Planning:** The Track 2 Virtual Dialogue I is provisionally scheduled for 19 December 2025, which will bring together available industry and regional stakeholders to discuss emerging findings under Chatham House Rule. Relevant stakeholders (listed in the Consultation Summary Appendix A) are being contacted incrementally on an individual basis as preparation for the Virtual Dialogue.

3. Consultation Summary Preparation

The accompanying Consultation Summary synthesises stakeholder perspectives gathered through this period:

- **Multi-Source Methodology:** Evidence gathered through individual consultations, systematic desk research on published industry positions, and preparation for December virtual roundtable.
- **Thematic Analysis:** Documented seven priority themes for FTA modernisation: behind-the-border barriers, services restrictions, investment certainty, technology transfer/IP protection, resource nationalism, sustainability standards harmonisation, and FTA implementation gaps.
- **Cross-Sectoral Consensus:** Identified areas of strong convergence across Australian and Southeast Asian stakeholders regarding priority barriers and partnership opportunities.

4. Project Recalibration

Following discussions with DFAT on 28 November 2025, the project approach has been refined to strengthen alignment with the Southeast Asia FTA Modernisation Review objectives:

- **Industry-First Consultation Sequence:** Following discussions with DFAT on consultation sequencing, the project team decided to engage with industry stakeholders in the first instance. Government agency engagement will be undertaken if and when further input is required after industry consultation has been completed. This approach ensures recommendations are grounded in practical implementation considerations.
- **Behind-the-Border Barriers Focus:** Consistent with DFAT guidance, the project will prioritise non-tariff measures, regulatory barriers, and administrative complexity over tariff-related issues, which are already relatively low under existing FTAs.

- **Improved FTA Implementation:** Better utilisation of existing FTA provisions identified as a "low-hanging fruit" priority, with recommendations to address awareness gaps and practical implementation challenges.
- **Scope Refinements:** Investor-State Dispute Settlement (ISDS) provisions confirmed as out of scope, consistent with Australian Government policy to remove these provisions from trade agreements.
- **Sustainability Standards Harmonisation:** Identified as a key opportunity area where Australia can offer distinctive value, particularly for green economy integration and critical minerals supply chains.

Key Findings Preview

Early findings emerging from consultation activities include:

1. **Behind-the-Border Barriers Priority:** Stakeholders consistently identify non-tariff measures, regulatory fragmentation, and administrative complexity as more significant impediments than tariff barriers, which are already relatively low under existing FTAs.
2. **Services and Investment Focus:** Professional services restrictions, visa and work permit complexity, and investment certainty concerns emerge as cross-cutting priorities affecting multiple sectors.
3. **Standards Harmonisation Opportunity:** Strong industry appetite for mutual recognition arrangements covering sustainability standards, professional qualifications, and technical certifications.
4. **Implementation Gap:** Existing FTA provisions are often under-utilised due to complexity, awareness gaps, and practical implementation challenges—suggesting that improved utilisation mechanisms may deliver significant value.
5. **Resource Nationalism Management:** Industry perspectives on navigating local content requirements and export restrictions while maintaining constructive partnership approaches.

Progress Against Contracted Deliverables

Deliverable	Status	Progress This Period
Inception Report	Complete	Delivered October 2025. Established implementation framework and analytical approach.
Evidence Review	Published	First version delivered October 2025. Continues as a living document with ongoing refinements based on consultation findings.
Consultation Summary	Complete	First version delivered December 2025. Continues as living document synthesising industry perspectives from consultations and desk research on published stakeholder positions.
Technical Paper	In Progress	Development to commence January 2026, informed by consultation findings and DFAT guidance on priority areas.
Final Report	Planned	On track for delivery by 28 February 2026. Will consolidate all project materials with comprehensive FTA modernisation recommendations.

Next Steps

The following activities are planned for the remainder of the project, reflecting the recalibrated approach:

Activity	Timeline	Notes
Track 2 Virtual Dialogue I	19 December 2025	Industry and regional stakeholder focus
Technical Paper Development	January 2026	Incorporating DFAT guidance on priorities
Government Agency Engagement	January–February 2026	After industry input crystallised
Track 2 Virtual Dialogue II	February 2026	Final recommendations validation
Final Report Delivery	28 February 2026	Comprehensive FTA modernisation recommendations

Risks and Mitigations

Risk	Likelihood	Impact	Mitigation
Stakeholder availability during holiday period	High	Medium	The December–January period presents inherent challenges for industry consultation, with reduced stakeholder availability during the Australian summer holiday season and competing year-end business priorities. Consultation activities continue through this period where possible, with the consultation program designed to accommodate variable response rates. Should engagement prove lower than anticipated during December and January, the project retains flexibility to expand the scope of consultation activities and roundtables in February 2026, prior to final report delivery.
Scope alignment with DFAT priorities	Low	High	The 28 November 2025 discussions with DFAT have clarified priority areas and consultation sequencing. Ongoing communication with DFAT will ensure continued alignment as recommendations develop.

The project team is actively monitoring stakeholder engagement levels and will adapt the consultation program as needed to ensure robust industry input informs the final recommendations.

Budget Status

Expenditure during this period has been in line with budget projections. The project team has utilised UNSW in-kind contributions for research personnel and facilities as outlined in the grant agreement. No budget variations are anticipated.

Conclusion

The project is progressing on schedule with stakeholder engagement and emerging consensus on priority themes for FTA modernisation. Following discussions with DFAT, the project approach has been recalibrated to prioritise industry consultation and focus on behind-the-border barriers—reflecting the most significant implementation challenges identified by stakeholders. The Consultation Summary accompanying this report documents stakeholder perspectives that will inform the Technical Paper and Final Recommendations.

Authorised by:

[Signature]

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Date: 6 December 2025