



Joint Standing Committee on Treaties
PO Box 6021
Parliament House
Canberra ACT 2600

Date: 09 January 2025

By email: jsct@aph.gov.au

Dear Committee Secretary,

Subject: Comprehensive Economic Partnership Agreement between Australia and the United Arab Emirates

I am reaching out on behalf of the [Business Council for Sustainable Development Australia \(BCSDA\)](#), in our role as a pivotal advocate for sustainable development within the business sector and as a global network partner of the [World Business Council for Sustainable Development \(WBCSD\)](#).

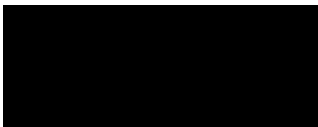
Our collective mission is to champion sustainable business practices that are not only globally recognized but also carefully adapted to meet the unique demands of the Australian landscape.

Outlined in the following pages is our feedback to the Consultation you have requested on the **Subject**. We thank you for the opportunity to make these submissions.

We confirm our submission can be made public.

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Yours faithfully,



Andrew Petersen | CEO | **Business Council for Sustainable Development Australia**



Executive Summary

The Business Council for Sustainable Development Australia (BCSDA) supports the proposed Comprehensive Economic Partnership Agreement (CEPA) between Australia and the United Arab Emirates (UAE) as a promising avenue for deeper bilateral trade and investment. This agreement has the potential to strengthen key sectors while advancing sustainable development and inclusive growth in both countries.

From BCSDA's perspective, the CEPA's highlights include:

- **Bilateral Trade and Investment:** Enhanced market access and investment protection should extend beyond traditional sectors to areas such as renewable energy, sustainable agriculture, and the circular economy.
- **Sustainability Commitments:** The emphasis on sustainable agriculture, environmental protection, and climate alignment presents an opportunity for Australia to share expertise, foster joint innovation, and reduce carbon footprints.
- **Digital Trade and IP:** Protecting intellectual property rights and ensuring secure cross-border data flows will attract technology-driven businesses and boost innovation.
- **Labour Rights:** Robust adherence to International Labour Organization (ILO) standards is crucial for ethical business practices and global investor confidence.
- **Inclusivity and Transparency:** By addressing gender equality, Indigenous peoples' interests, anti-corruption measures, and stakeholder consultation, the agreement can serve as a model for socially responsible trade.

To maximize these opportunities, BCSDA provides these recommendations:

1. **Establish Clear, Time-Bound Targets**
 - Include measurable indicators for sustainability, labour standards, and gender equality, with periodic **progress reviews** [10].
2. **Incorporate Joint Innovation and R&D Programs**
 - Harness Australia's robust research institutions (e.g., CSIRO) and the UAE's innovation hubs (e.g., Masdar City) to foster **joint technology development** in clean energy, water resource management, and digital solutions.
3. **Design Mechanisms for Ongoing Stakeholder Consultation**
 - Create **public-private task forces** in both countries to monitor the CEPA's implementation, ensuring concerns of businesses, civil society, and Indigenous communities are addressed.
4. **Promote Sustainable Finance**
 - Encourage **green bonds, impact investment, and low-interest loans** for climate-smart projects, benefiting sectors like renewable energy, sustainable agriculture, and eco-tourism.
5. **Strengthen Labour Rights Enforcement**
 - Support capacity-building for UAE's labour inspection agencies and facilitate **bilateral dialogue** to address specific worker welfare challenges.
6. **Enhance Digital Trade Infrastructure**
 - Develop **trusted data transfer frameworks** that respect privacy laws and enable secure e-commerce, fintech, and digital health solutions.
7. **Set Up a Transparent Dispute Resolution Mechanism**
 - Ensure the CEPA includes a **neutral arbitration framework** accessible to investors and businesses, minimizing political and financial risks.

By aligning economic objectives with environmental and social priorities, the CEPA can serve as a cornerstone of Australia's future trade policy—delivering tangible benefits for businesses, workers, and communities alike.

Relevance to the Sustainable Development Goals

The proposed Comprehensive Economic Partnership Agreement (CEPA) between Australia and the United Arab Emirates (UAE) intersects with multiple Sustainable Development Goals (SDGs) by emphasizing sustainable agriculture, ethical labour practices, inclusive economic growth, and environmental responsibility. Through its provisions on trade, technology transfer, and social inclusion, the CEPA aligns with core global development priorities, fostering progress that is both equitable and environmentally sound.

SDG 17: Partnerships for the Goals

Targets:

- **17.10:** Promote a universal, rules-based, open, non-discriminatory, and equitable multilateral trading system under the WTO.
- **17.17:** Encourage and promote effective public, public-private, and civil society partnerships.

Indicators:

- **17.10.1:** Worldwide weighted tariff-average.
- **17.17.1:** Amount in US\$ committed to public-private partnerships for infrastructure projects, and scale of multi-stakeholder partnerships.

Coverage in CEPA:

- By facilitating **bilateral cooperation** in trade, technology transfer, and sustainable development, the CEPA directly addresses SDG 17's emphasis on **global partnerships**. The treaty's focus on **public-private collaboration**, **joint innovation**, and **shared sustainability goals** enhances cross-border cooperation, ensuring that economic gains support broader social and environmental objectives.

SDG 2: Zero Hunger

Targets:

- **2.3:** Double the agricultural productivity and incomes of small-scale food producers.
- **2.4:** Ensure sustainable food production systems and implement resilient agricultural practices.

Indicators:

- **2.3.2:** Average income of small-scale food producers, by sex and indigenous status.
- **2.4.1:** Proportion of agricultural area under productive and sustainable agriculture.

Coverage in CEPA:

- The CEPA's dedicated chapter on **Sustainable Agriculture and Food Systems** underscores the commitment to enhancing food **security** through climate-resilient agriculture and efficient water use. By promoting sustainable farming methods and technology sharing, the agreement supports **higher agricultural productivity** and **environmental resilience**, in line with SDG 2.

SDG 8: Decent Work and Economic Growth

Targets:

- **8.2:** Achieve higher levels of economic productivity through diversification, technological upgrading, and innovation.
- **8.5:** Achieve full and productive employment and decent work for all, including equal pay for work of equal value.

Indicators:

- **8.2.1:** Annual growth rate of real GDP per employed person.
- **8.5.1:** Average hourly earnings of female and male employees, by occupation, age, and persons with disabilities.

Coverage in CEPA:

- The CEPA aims to **strengthen bilateral trade and investment** by reducing barriers in areas such as **digital trade**, **intellectual property protection**, and **key export sectors** (e.g., alumina and agriculture). Importantly, it also addresses **labour rights** by referencing ILO standards and setting up a Dialogue on Labour, reinforcing **ethical employment practices** and supporting SDG 8's goal of inclusive economic growth.

SDG 13: Climate Action

Targets:

- **13.2:** Integrate climate change measures into national policies, strategies, and planning.

Indicators:

- **13.2.2:** Total greenhouse gas emissions per year.
- **13.b:** Promote mechanisms for raising capacities for effective climate change-related planning and management in least developed countries and small island developing States.

Coverage in CEPA:

- The CEPA includes a chapter dedicated to **environmental protection**, explicitly recognizing the importance of international climate agreements such as the **Paris Agreement**. Through cooperative efforts on **renewable energy**, **carbon reduction**, and **sustainable agriculture**, the treaty encourages the integration of climate considerations into bilateral trade—advancing the objectives of SDG 13.

SDG 16: Peace, Justice, and Strong Institutions

Targets:

- **16.5:** Substantially reduce corruption and bribery in all their forms.
- **16.7:** Ensure responsive, inclusive, participatory, and representative decision-making at all levels.

Indicators:

- **16.5.1:** Proportion of persons who had at least one contact with a public official and who paid a bribe to a public official or were asked for a bribe by those public officials.
- **16.7.2:** Proportion of the population who believe decision-making is inclusive and responsive.

Coverage in CEPA:

- By underscoring **transparency**, **anti-corruption measures**, and **accountable governance**, the CEPA establishes trust and reliability for traders, investors, and public institutions. Provisions that commit to **regular reporting**, **open regulatory processes**, and **fair dispute resolution** mechanisms support SDG 16 by fostering strong, equitable institutions and reducing corruption-related risks.

Overall, we believe the CEPA adequately captures the core social, economic, and environmental dimensions of the Sustainable Development Agenda, reflecting the agreement's commitment to **sustainable and inclusive development**.

BCSDA's Observations and Recommendations on CEPA between AUS-UAE

We observe that the proposed CEPA seeks to deepen bilateral trade, investment, and cooperation on a wide range of issues—including sustainable development, labour rights, digital trade, and the promotion of Indigenous peoples' interests. This submission offers an analytical critique of the information provided, identifies additional considerations from a business perspective, and provides pragmatic recommendations. We adopt a country-level diplomatic lens, examining both the opportunities and potential challenges linked to this landmark agreement.

1. Bilateral Trade and Investment

1.1. Overview of Bilateral Relations

Australia's total two-way goods and services trade with the UAE stood at around AUD 10.6 billion in 2020–21, making the UAE one of Australia's most significant trading partners in the Middle East [1]. Major Australian exports to the UAE include alumina, meat, and agricultural produce, while the UAE exports petroleum products, manufactured goods, and other commodities to Australia.

1.2. Investment Climate

- **Australian Perspective:** Australia's stable regulatory environment and established financial markets make it an attractive destination for foreign direct investment (FDI). However, Australian businesses investing abroad require robust investor protections, including efficient dispute-resolution mechanisms.
- **UAE Perspective:** The UAE has long sought to diversify its economy beyond oil, promoting sectors such as logistics, tourism, renewable energy, and technology. Free trade zones, simplified business registration, and strategic investments (e.g., sovereign wealth funds like Mubadala) support this ambition [2].

1.3. BCSDA's Observations

While the CEPA highlights key sectors such as alumina and agriculture, a more **holistic approach** could broaden trade opportunities into emerging sectors—e.g., **renewable energy, green hydrogen, and circular economy** initiatives. This would cater to both countries' transition to sustainable, knowledge-based economies [3].

2. Sustainable Development

2.1. Focus on Sustainable Agriculture

The agreement's dedicated chapter on Sustainable Agriculture and Food Systems seeks to address food security, promote efficient water usage, and reduce environmental impacts. Given Australia's expertise in climate-resilient agricultural technologies, there is strong potential for collaboration.

2.2. Alignment with National Sustainability Visions

- **Australia:** Australia's 2030 Agenda for Sustainable Development underscores agriculture's role in reducing greenhouse gas emissions and optimizing resource use [4].
- **UAE:** The UAE's National Food Security Strategy 2051 and its Net Zero by 2050 initiative emphasize water scarcity solutions and sustainable farming practices [5].

BCSDA's Observations

While the CEPA chapters reflect commendable commitments, **clear metrics and time-bound targets** are vital. Encouraging **joint research projects, technology transfers, and capacity-building programs** could strengthen the agreement's real-world impact on sustainable development.

3. Digital Trade and Intellectual Property (IP)

3.1. Digital Trade Provisions

Provisions designed to minimize barriers to cross-border data flows and ensure data protection are critical for modern commerce. This aligns with global trends toward digitalization and e-commerce.

3.2. IP Rights Protections

Stronger IP frameworks foster innovation. Australia and the UAE are signatories to key international agreements (e.g., the WTO TRIPS Agreement), but the new CEPA may incorporate additional protections or dispute-resolution mechanisms tailored to the digital economy [6].

BCSDA's Observations

- **Data Localization:** It remains unclear how the CEPA will handle potential data localization requirements in the UAE or unique Australian data privacy rules (e.g., the Privacy Act 1988).
- **Innovation Ecosystems:** Enhanced IP protections should be complemented by **innovation incentives** (grants, tax relief) and **research partnerships** that boost productivity and competitiveness in both countries.

4. Labour Rights and Ethical Standards

4.1. ILO Commitments

The CEPA's affirmation of International Labour Organization (ILO) standards aims to address labour rights issues in the UAE, including worker protection, labour mobility, and ethical recruitment practices [7].

4.2. Dialogue on Labour

Establishing a formal Dialogue on Labour could help both countries share best practices, monitor compliance, and resolve potential disputes.

BCSDA's Observations

To ensure **meaningful progress**, the agreement must feature transparent **reporting mechanisms** on labour standards and define **remedial measures** for non-compliance. Australian businesses operating in the UAE also need clarity on **worker welfare** expectations and **due diligence** responsibilities in supply chains.

5. Gender Equality and Women's Empowerment

5.1. Commitments to Gender Balance

Both Australia and the UAE recognize the importance of women's economic empowerment. Australia has domestic legislation and initiatives supporting workplace gender equality, while the UAE has introduced policies to increase female participation in the workforce [8].

BCSDA's Observations

Beyond recognizing gender equality as a principle, the CEPA could include **specific commitments** to:

- Facilitate **women-led SMEs** through preferential financing or capacity-building programs,
- Foster cross-border **mentorship and exchange** initiatives,
- Include **public procurement targets** that encourage female entrepreneurship.

6. Transparency and Anti-Corruption

6.1. Importance of Transparency

Effective anti-corruption measures and transparent public-sector decision-making attract foreign investment and build trust. Both countries have legal frameworks to combat corruption—Australia through legislation such as the **Criminal Code Act 1995** (Cth), and the UAE via federal laws on anti-bribery and corruption.

6.2. BCSDA's Observations

The CEPA should detail how anti-corruption commitments will be **implemented and monitored**. Joint **compliance training** and **information sharing** could further enhance regulatory alignment.

7. Environmental Protection

7.1. Alignment with the Paris Agreement

The CEPA references international environmental accords, including the Paris Agreement. This is critical given both countries' commitments to reducing carbon emissions [9].

BCSDA's Observations

- **Carbon Footprint Management:** The treaty should encourage **sector-specific** carbon reduction strategies, especially in energy-intensive industries (e.g., alumina refining).
- **Green Investments:** The inclusion of **green finance** mechanisms (e.g., green bonds, climate funds) in the CEPA could foster cross-border sustainable investments.

8. Indigenous Peoples' Trade and Investment

8.1. Inclusion of First Nations Interests

A dedicated chapter on Indigenous peoples' trade is a breakthrough, highlighting export opportunities for Indigenous businesses and cultural protections.

BCSDA's Observations

This inclusion must go beyond symbolic gestures. The CEPA could facilitate:

- **Access to overseas markets** for Indigenous products and services,
- **Knowledge exchange** on cultural heritage protection and community-led development,
- **Capacity-building** to ensure Indigenous entrepreneurs can leverage the agreement.

9. Additional Business Issues Not Adequately Covered

9.1. Supply Chain Resilience

In an era marked by global disruptions (e.g., pandemics, geopolitical tensions), greater **emphasis on supply chain resilience** is crucial. The agreement should:

- Encourage **diversification of suppliers**,
- Integrate **risk management** strategies,
- Promote **traceability** and **responsible sourcing**.

9.2. Standards Harmonization

Compliance with divergent **technical standards** can impose hidden costs on businesses. The CEPA could offer

frameworks to **harmonize or mutually recognize** standards in areas like sustainability certifications, digital security protocols, and product safety.

9.3. Services Sector Inclusion

While goods trade often dominates headlines, **services** (e.g., education, tourism, professional services) account for significant portions of both economies. Clear provisions on **regulatory cooperation** and **credential recognition** can unlock additional growth.

Summary of BCSDA Recommendations

1 Establish Clear, Time-Bound Targets

Rationale

- Agreements often include broad commitments—such as reducing emissions or improving labour standards—without specifying how to measure progress or define success.
- By incorporating measurable objectives, it becomes easier to track and evaluate the agreement’s performance over time and to introduce corrective measures if targets are not met.

Potential Mechanisms for Execution

1. **Performance Indicators:** Integrate Key Performance Indicators (KPIs) relevant to each chapter of the CEPA (e.g., percentage reduction in carbon emissions, number of women-led SMEs receiving support, number of patent filings in cross-border R&D projects).
2. **Regular Reporting:** Require annual or biennial reporting from both Australia and the UAE to a bilateral CEPA monitoring body.
3. **Independent Review:** Engage third-party independent reviewers (e.g., research institutions or policy think tanks) to verify progress and propose adjustments where needed.

Expected Outcomes

- **Transparency** on the actual progress of the treaty.
- **Accountability** for both governments and the private sector, reinforcing the credibility of the agreement.
- **Data-Driven Policy Adjustments** to refine the CEPA’s provisions based on real-time outcomes.

2 Incorporate Joint Innovation and R&D Programs

Rationale

- Innovation is a primary driver of economic growth and can help address global challenges like climate change, food security, and digital transformation.
- Both Australia (with its renowned research universities and institutions like CSIRO) and the UAE (through innovation hubs like Masdar City) have strong potential to collaborate on cutting-edge solutions.

Potential Mechanisms for Execution

1. **Dedicated Innovation Funds:** Establish a joint Australia-UAE innovation fund to co-finance research and development in areas such as clean energy, water conservation, agritech, and AI-driven healthcare.
2. **Research Fellowships and Exchanges:** Develop programs that allow scientists, engineers, and scholars to work collaboratively in each other’s institutions.
3. **Public-Private Partnerships:** Encourage leading corporates and startups to partner with government agencies to pilot and scale new technologies.

Expected Outcomes

- **Accelerated Technology Transfer** leading to new patents, commercial products, and services.
- **Enhanced Global Competitiveness** for both nations in high-growth industries.
- **Sustainable Solutions** addressing climate resilience, food security, and resource management.

3 Design Mechanisms for Ongoing Stakeholder Consultation

Rationale

- Trade agreements affect a wide range of stakeholders—from Indigenous communities to large multinationals—and ensuring their voices are heard fosters more inclusive and effective policymaking.
- Regular, structured dialogue can pre-empt disputes and maintain alignment with evolving social and economic priorities.

Potential Mechanisms for Execution

1. **Multilateral Forums:** Set up periodic forums (e.g., biannual or annual) bringing together government officials, business leaders, civil society, and Indigenous representatives to review the CEPA’s impact.
2. **Public-Private Task Forces:** Form sector-specific task forces (e.g., agriculture, digital trade, labour rights) that meet regularly and provide policy recommendations.

3. **Digital Platforms for Feedback:** Develop user-friendly online platforms that enable stakeholders, including SMEs, to submit feedback or grievances, ensuring transparency in how these are addressed.

Expected Outcomes

- **Enhanced Inclusivity:** Ensures that decisions are well-informed and reflect a broad spectrum of interests.
- **Conflict Prevention:** Early detection of potential friction points and proactive resolution.
- **Adaptive Policy:** The agreement remains responsive to emerging technologies, shifting market conditions, and social expectations.

4 Promote Sustainable Finance

Rationale

- Transitioning to a green and sustainable economy requires large-scale investment in clean energy, sustainable agriculture, and other eco-friendly ventures.
- Sustainable finance instruments like green bonds, climate funds, and impact investing can channel resources into these critical areas effectively.

Potential Mechanisms for Execution

1. **Green Bond Issuance:** Joint or individual issuance of green bonds to fund infrastructure, renewable energy, and sustainable transport projects.
2. **Climate Finance Incentives:** Offer tax incentives or credit guarantees for banks and financial institutions providing loans to climate-smart projects.
3. **Carbon Trading Framework:** Explore the potential for a bilateral or regional carbon trading system, leveraging Australia's experience in carbon offset schemes and the UAE's drive towards net-zero emissions.

Expected Outcomes

- **Mobilization of Capital** towards sectors that directly support CEPA's sustainability goals.
- **Risk Mitigation:** Diversified funding channels and robust investor confidence through transparent reporting and monitoring of green projects.
- **Global Leadership:** Position both countries at the forefront of sustainable finance innovation, influencing broader regional efforts.

5 Strengthen Labour Rights Enforcement

Rationale

- Labour rights protection is central to ethical and sustainable economic growth. Ensuring that workers are fairly treated, compensated, and safe contributes to social stability and enhances a country's reputation as a trading partner.
- Australia and the UAE can set a new standard for how trade agreements incorporate and uphold International Labour Organization (ILO) standards.

Potential Mechanisms for Execution

1. **Capacity-Building for Labour Regulators:** Initiate joint training programs to equip UAE's labour inspection agencies and relevant Australian authorities with robust monitoring and enforcement skills.
2. **Reporting Mandates:** Require corporations operating under CEPA frameworks to regularly publish labour compliance reports, possibly aligned with Environmental, Social, and Governance (ESG) disclosure protocols.
3. **Hotline or Grievance Mechanisms:** Implement secure and confidential reporting platforms enabling workers to report abuses without fear of retribution.

Expected Outcomes

- **Enhanced Worker Welfare:** Reduced exploitation and improved conditions, strengthening the supply chain's integrity.
- **Reputational Benefits:** Signals to global investors and consumers that both countries uphold high ethical standards.
- **Trade-Related Stability:** Minimizes labour-related disruptions that could hinder the bilateral trade relationship.

6 Enhance Digital Trade Infrastructure

Rationale

- The global economy is increasingly digitized, and businesses rely heavily on secure, efficient data flows.
- Harmonizing regulations and ensuring robust protections for intellectual property and data privacy can significantly boost e-commerce, fintech, and digital services between the two nations.

Potential Mechanisms for Execution

1. **Trusted Data Transfer Frameworks:** Develop bilateral guidelines harmonizing data privacy standards (e.g., Australia's Privacy Act 1988 with UAE's relevant data protection laws) to facilitate secure cross-border data flows.
2. **Regulatory Sandboxes:** Create environments where fintech and other tech startups can test innovative solutions with streamlined bureaucratic processes and oversight.

3. **Digital Skills Training:** Implement joint capacity-building initiatives, focusing on cybersecurity, software development, and AI, benefiting both workforces.

Expected Outcomes

- **Boost in Tech-Driven Trade:** Lower barriers for businesses entering new markets via digital platforms.
- **Shared Digital Ecosystem:** Greater alignment in technical standards and regulatory norms.
- **Innovation-driven Economic Growth:** A thriving environment for startups and established enterprises alike.

7 Set Up a Transparent Dispute Resolution Mechanism

Rationale

- Disputes—whether over tariffs, intellectual property, or labour standards—are inevitable in any trade relationship. A neutral, efficient, and transparent mechanism builds confidence among investors and businesses.

Potential Mechanisms for Execution

1. **Neutral Arbitration Bodies:** Clearly designate internationally recognized arbitral institutions (e.g., ICC International Court of Arbitration, Singapore International Arbitration Centre) for dispute resolution.
2. **Tiered Resolution Process:** Start with consultation and mediation. If unresolved, escalate to arbitration or dispute panels with binding outcomes.
3. **Clear Timelines:** Specify maximum timeframes for each step in the dispute resolution process to prevent prolonged uncertainty.

Expected Outcomes

- **Investor Security:** Businesses have confidence in the fair and predictable resolution of disputes.
- **Reduced Political Risk:** Minimizes government-to-government friction and clarifies remedies.
- **Strengthened Rule of Law:** Reinforces the commitment of both nations to uphold internationally recognized legal standards.

The Australia-UAE CEPA presents a forward-looking opportunity to strengthen bilateral ties and serve as a model for sustainable, inclusive, and technologically advanced trade agreements. By addressing the critiques outlined above—expanding sectoral coverage, solidifying enforcement mechanisms, and embedding sustainability and inclusivity at the core—the treaty can maximize benefits for businesses and communities in both countries. As a CEO-led organization committed to sustainable development, the Business Council for Sustainable Development Australia (BCSDA) welcomes this initiative and looks forward to partnering with stakeholders to ensure the agreement’s success.

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