

ASEAN FOR BUSINESS BULLETIN

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IN FOCUS

ASEAN-China Free Trade Area 3.0: A Strategic Opportunity for ASEAN Businesses



The signing of the ASEAN–China Free Trade Area 3.0 (ACFTA 3.0) Upgrade Protocol on 28 October 2025 in Kuala Lumpur marks not just another agreement but the next chapter in a partnership that has steadily grown in depth and ambition. It comes at a moment when the region is undergoing profound change as supply chains are being reshaped, digital technologies are transforming the way we trade, and sustainability has become a business imperative. In this context, ACFTA 3.0 offers more than updated rules, it provides a modern, forward-looking framework that equips ASEAN businesses to stay competitive, broaden their reach, and strengthen their role in regional value chains.

This milestone is rooted in a journey that began in 2002, when ASEAN and China embarked on what would become a landmark collaboration. ACFTA was not only ASEAN’s first free trade agreement with an external partner, but it was also China’s first. Over two decades, this partnership has helped propel two-way trade to over 772 billion US dollars in 2024, making ASEAN and China the other’s largest trading partners. With ACFTA 3.0, both ASEAN and China are preparing for a future with greater opportunities waiting to be unlocked.

About the Bulletin

ASEAN for Business is a bulletin published by the Enterprise and Stakeholders Engagement Division of the ASEAN Secretariat.

This monthly bulletin provides quick updates on specific topics related to the ASEAN Economic Community (AEC) for businesses operating in the region.

Those interested in receiving the bulletin and collaborating with the ASEAN Secretariat may contact:

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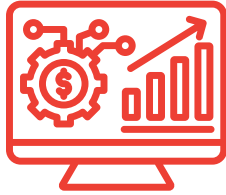
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From Tariff Cuts to Digital, Green, and Connected Growth

ACFTA 3.0 sees the agreement evolve from a tariff-focused arrangement into a comprehensive partnership architecture that supports digital transformation, green transition, supply chain resilience, MSME growth, and high-standard trade facilitation across ASEAN and China.



Digital Economy

ACFTA 3.0 introduces modern rules that support electronic commerce, digital payments, electronic invoicing, and paperless trade. It promotes secure cross-border data flows and stronger cooperation on cybersecurity and emerging technologies. These measures create a more predictable and interoperable digital environment that supports both established technology companies and MSMEs seeking to expand online.



Green Economy

The green economy chapter aligns trade and investment goals with environmental sustainability objectives. It encourages collaboration on environmental goods and services, clean energy technologies, sustainable finance, and climate-resilient infrastructure. This shared commitment supports the ASEAN-China transition to low-carbon growth and opens opportunities in renewable energy, smart manufacturing, and green industrial development.



Supply Chain Connectivity

To strengthen supply chain resilience and reduce disruptions, ACFTA 3.0 enhances connectivity across logistics, trade facilitation, technology adoption, and cooperation between the public and private sectors. It includes mechanisms for crisis response and humanitarian support, helping regional value chains become more reliable and competitive.



Trade Facilitation and Customs Modernisation

ACFTA 3.0 advances customs reform through streamlined procedures, wider use of electronic documentation, faster release of goods, and improved risk management. These enhancements reduce border friction, lower logistics costs, and support a more predictable trading environment.



MSMEs Empowerment

Recognising that micro, small, and medium enterprises (MSMEs) are the backbone of the economy, the ACFTA 3.0 is focused on supporting MSMEs' capacity to fully benefit from market access opportunities. The agreement expands their access to information, capacity-building programmes, and digital tools. These initiatives help smaller firms adopt technology, comply with standards, and integrate more easily into regional supply chains.

ACFTA 3.0 Strategic Benefits for Businesses

ACFTA 3.0 offers clear and targeted benefits for companies of all sizes by creating a more accessible, transparent, and efficient trading environment. ASEAN and China are committed to intensifying cooperation between governmental agencies with a view to building stronger supply chain connectivity through various measures, including more efficient customs procedures, greater transparency, enhanced licensing procedures to support smoother production flows, fewer delays, and lower operational costs. Technical standards and sanitary and phytosanitary requirements will be streamlined to promote transparency, reduce compliance costs and lower the barriers to movement of goods. Digital connectivity initiatives will be explored to expedite the process of customs clearance while enhancing supply chain security. Many sectors, such as electronics, machinery, automotive parts, and consumer goods, are expected to gain significant benefits from these cooperation measures.

The upgraded agreement is also expected to further unlock the vast potentials of ASEAN and China's digital economy. The Digital Economy Chapter under the agreement provides the foundation for a more secure and interoperable environment for key business areas such as financial technology, logistics technology, and data-driven services. At the same time, it deepens the cooperation in digital infrastructure and offers new opportunities for innovative collaborations across ASEAN and China in emerging areas such as artificial intelligence, big data, cloud computing, and digital payment.

For instance, the application of AI and Big Data in trade is envisaged to enhance value

chain efficiency and improve logistics across the regions, while greater collaboration in digital payment could help lower the cost of transactions for businesses and encourage more cross-border transactions.

ACFTA 3.0 will also strengthen cooperation in areas of mutual interest, such as green investment, circular economy, sustainable finance, green technology, sustainable energy, and green standards, to promote a green and climate-resilient economy towards sustainable development. The ACFTA 3.0 demonstrates commitments to develop a conducive ecosystem for the transition towards a green economy through capacity building, knowledge sharing, information exchange, and joint research, amongst others, to stimulate demand, address trade barriers, and enable access to sustainable finance.

Strategically, ACFTA 3.0 aligns ASEAN and China economic ties with global trends shaped by digitalisation, sustainability commitments, and evolving production networks. It is a platform that businesses should actively leverage to strengthen resilience, enhance competitiveness, and prepare for a more connected, low-carbon, and innovation-driven future.

How Businesses Can Learn More About ACFTA 3.0

Businesses that wish to understand ACFTA 3.0 in greater detail can refer to the full Upgrade Protocol available through the provided [link](#). At the same time, to help companies make full use of the agreement as well as other ASEAN free trade arrangements, the [ASEAN Tariff Finder](#) provides a practical and user-friendly starting point. This online platform allows traders to look up tariff preferences, rules of origin, customs requirements, and market access conditions in more than 160 countries.

**EXPLORE ASEAN'S KEY BUSINESS-SUPPORT INITIATIVES
DESIGNED TO FACILITATE TRADE, ENHANCE MARKET ACCESS,
AND STRENGTHEN SME COMPETITIVENESS ACROSS THE
REGION:**

ASEAN SME ACADEMY



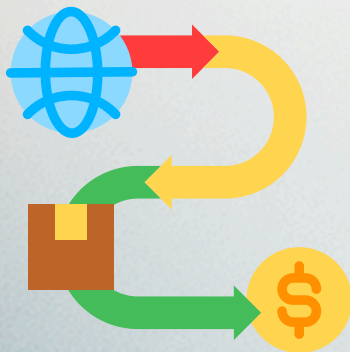
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**ASEAN CUSTOM TRANSIT
SYSTEM**



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