

Australia may miss billions in green Chinese investment

By Jennifer Dudley-Nicholson
October 2 2024 - 4:31pm



Chinese investment in Australia has fallen to a decades-long low.

Australia has the potential to tap into billions of dollars of renewable energy investments from China but only if it changes foreign investment policies and its approach to the superpower nation.

Think-tank Climate Energy Finance issued the predictions in its Green Capital Tsunami report released on Wednesday, which found Chinese investment in Australia had fallen to a decades-long low despite its record spending.

The warnings come months after Federal Treasurer Jim Chalmers announced an overhaul of foreign investment rules to take a "risk-based" approach to the sector, and more closely scrutinise investments in areas such as critical minerals.



Jim Chalmers says foreign investment is important but only if it's in the national interest.

The Climate Energy Finance report analysed green energy technology investments by Chinese companies and found they had spent more than \$US100 billion (\$A145 billion) on outbound foreign direct investment since the start of 2023.

The 130 major projects investigated targeted solar, wind and hydro electricity, batteries, green hydrogen and electric vehicles – all areas in which China leads the world.

But the investments were increasingly being made in Europe, Asia, Africa and South America, rather than in Australia or in the US due to restrictive foreign trade policies.

Chinese companies had invested \$US613m (\$A891m) in Australian projects in 2023, down from \$US1.42b (\$A2.06b) in 2022.



If Australia doesn't attract renewable energy tech and solutions, investors will go elsewhere.

Australian companies and governments needed to pay attention to the analysis, Australian China Business Council president David Olsson said, and respond quickly to avoid missing financial and environmental opportunities.

"This report makes it clear: we are at a pivotal moment where Australia's relationship with China can either unlock vast opportunities or see them slip away to other regions," he said.

"We have the resources and capability but if we don't create the right environment to attract these technologies and solutions, those investments will go elsewhere."

The report made four recommendations for changes, including clear and "welcoming" regulations for co-investments in renewable energy projects, a critical minerals reserve trading fund for price certainty, and greater assistance from state and federal governments for prospective Chinese investors.

The changes could boost Australia's renewable energy expertise, Climate Energy Finance report co-author Xuyang Dong said, and accelerate progress in areas such as green iron exports.

"Australia should work actively with China, transforming our historic dig-and-ship economy in order not to be left behind in the global race to (the) top on energy transition," Ms Dong said.

"The two great nations with abundant resources in this part of the world can help neighbouring countries catch up with other wealthy nations on decarbonisation of their energy systems and economies."



Australia risks being left behind in the global race to transition to renewable energy.

Previous changes to Australia's foreign investment policies, announced before the federal budget in May, included funding for greater scrutiny of projects involving critical infrastructure, minerals and technology and the identification of national security risks and tax avoidance by foreign investors.

Dr Chalmers said the changes had been designed to balance investments with security. "Foreign investment has a key role to play in our economy but only if it's in our national interest," he said.

The changes, including faster processing for low-risk projects and repeat investors, received support from the Minerals Council of Australia, which said the nation's mining sector needed reforms to remain internationally competitive.

Australian Associated Press

<https://www.canberratimes.com.au/story/8781276/australia-may-miss-billions-in-green-chinese-investment/>