



## **If Australia's leaders are serious about resilience, they should connect the dots between the energy transition and China**

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As the election approaches, many voters lament the lack of long-term thinking about Australia's future. There is now a broad consensus in the debate about the lack of leadership. With the world order undergoing a seismic shift to fragmentation and multipolarity, there has never been a more pressing need for bold, national leadership with long-term vision.

Around the world, many leaders recognise that the shifting tectonic plates require a clear-eyed assessment of the changed world and a new approach, as articulated by Singaporean PM Lawrence Wong in a solemn [address](#) to Parliament. But the same impulse is sorely absent in political debate here, despite Australia's critical mining sector expected to be [worst hit](#) by the tariffs due to reduced demand from China and the slowdown in global trade.

A longer view would highlight the reality that the energy transition and China are the determining features of Australia's future. Yet neither major party has a coherent strategy. Australia now has a time-critical opportunity to reposition from a dig-and-ship economy to a zero-emissions trade and investment leader. But to do this, it needs to build strong, productive global partnerships at this crucial geopolitical juncture – including with China. Australia and China share strong complementarities in green energy driven by Australia's abundant natural resources and China's dominance in manufacturing, technology, and investment. There is huge potential for Australia-China collaboration in areas of mutual interest, such as solar R&D, [green iron](#), and battery recycling.

Others are not standing so idle. Last month, the UK and China signed a Clean Energy Partnership [memorandum of understanding](#) (MOU) in Beijing to enhance cooperation on renewables, grid modernisation and clean technologies, while protecting national security. Last Friday, as Spain's Prime Minister Pedro Sánchez met with Chinese President Xi Jinping to "[give new impetus](#)" to the China-Spain relationship, he also met with representatives of a dozen

major Chinese companies present in the Spanish market or considering investing there in the automotive, battery, and renewable energy sectors. These recent efforts are seeing Spain emerge as a European hub for EV battery manufacturing, enabled by technology transfer partnerships, such as the [Stellantis and CATL joint venture](#) to build a \$US4 billion lithium iron phosphate battery plant in Zaragoza.

When it comes to Chinese investment in the EV sector, European countries are [motivated](#) to revitalize manufacturing at the national level and take advantage of Chinese battery superiority, backed by the [EU's Green Deal Clean Industrial Plan](#). Since last year, Member State governments have facilitated partnerships with three Chinese EV manufacturers to build EV battery plants in [Slovakia](#), [Spain](#) and [Hungary](#), and further projects are in discussion. They understand that global cooperation offers the strongest path to commercial success, and that partnering with China is key to accessing world-leading tech, scale, and supply chain efficiency.

China's overseas foreign direct investment (OFDI), particularly in green energy projects, has [ramped up significantly](#) over the last 3 years, as various manufacturers invest in local manufacturing to reduce export dependencies, including batteries (e.g., EU), solar PV (e.g., Vietnam, Malaysia) and new energy vehicles (e.g. Thailand, Brazil). Climate Energy Finance [found](#) that since 2023, there have been over 180 Chinese OFDI clean energy projects worldwide worth over US\$140 billion, mostly in the Global South, like the recently announced partnership between Shanghai Electric Group and Masdar to build a [2GW solar PV project in Saudi Arabia](#).

These important trends seem lost on Australian political leaders who seem too busy bickering. A lack of bipartisan policy stability on both climate and China has continued to undermine progress. A recent [report](#) by KPMG and University of Sydney found that 2024 saw the third-lowest level of Chinese investment in Australia in 18 years. China does not even feature in the top 10 countries as sources of investment, according to the September 2024 Foreign Investment Review Board [quarterly report](#). This contrasts with the reality that China is the global leader in green energy industries, and the top producer of green energy, generating 40% of the world's solar power in 2024 according to [Ember's Global Electricity Review 2025](#).

To ensure our inbound foreign investment framework is aligned with the Future Made in Australia agenda, Australia could learn from policy approaches being developed abroad, such as the [European Commission](#) which is currently exploring conditions for inbound foreign investments in the automotive sector. These could include, for example, "joint venture

requirements, senior management requirements, facilitating agreements that support the needs of EU industry (such as off-take or license services and royalty agreements with foreign partners), licensing of technology or intellectual property, commitments to supply critical inputs, and commitments to increase added value for the EU economy”.

If [Future Made in Australia](#) is to have any chance of success, the Australian Government needs to create an [enabling environment](#) to attract investment and technology from world-leading Chinese companies and offer realistic value propositions. Establishing an Australia-China green energy MOU to build upon the [climate change cooperation MOU](#) would be a good start. Otherwise, they will - already are - going elsewhere where they find a more welcoming environment. Australia seriously risks falling further behind as the world accelerates towards renewable energy and advanced technologies.