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Australia risks missing net zero without China's aid

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Australia is missing out on China's growing global investments in zero-emissions technology.
Photo: Mick Tsikas/AAP PHOTOS

Australia risks missing its environmental targets if it fails to win greater investment from China and should change its policies to avoid being left behind other nations. Reforms should include

more transparency about foreign investment decisions, clean energy advocates have recommended, and a "green lane fast track" for strategic renewable energy investments.

Think tank Climate Energy Finance issued the warnings on Monday in a report analysing China's growing global investments in zero-emissions technology such as solar panels, batteries, hydro-electricity and green hydrogen.



Chinese renewable energy spending in Australia has collapsed, a Climate Energy Finance report says. (Mick Tsikas/AAP PHOTOS)

It comes days after the Australian Energy Market Commission revealed electricity prices were expected to fall in the next five years but could rise in 2035 if renewable energy investments did not meet expectations.

Climate Energy Finance's report, called Rising Tide, analysed China's clean technology investments during the past three years.

It found Chinese companies have committed more than \$US180 billion (\$A271 billion) to energy projects such as wind and solar developments since 2023, adding \$US100 billion of investment in just one year.

Notable investments include an industrial park producing green hydrogen and sustainable aviation fuel in Brazil, a hydro-electricity project in Peru, and battery gigafactories in Spain and France.

But Chinese spending in Australia has collapsed, the report found, with outbound direct investment accounting for 1.5 per cent of the nation's total, down by 85 per cent since 2018.

The low investment rate was particularly troubling, China analyst and report author Caroline Wang said, given 70 per cent of Australia's clean energy investments come from overseas.

"Australia stands at a critical juncture," she said.

"Not engaging with China's capital and expertise will delay Australia's net-zero transition, putting at risk its decarbonisation goals and future prosperity in a net-zero global economy."



Caroline Wang says 70 per cent of Australia's clean energy investments come from overseas.
(Lukas Coch/AAP PHOTOS)

The group issued five recommendations to boost Chinese investment in Australian projects, including a framework and working group to establish co-operation, an advisory group to issue recommendations, and foreign investment policy reforms, including a fast-track for renewable energy projects.

Without changes, Australia could struggle to meet its [2035 climate target](#) to reduce emissions between 62 and 70 per cent, Ms Wang said.

"A multipolar world, no longer centred on the US ... necessitates an urgent overhaul of its economic, foreign investment and foreign policy settings," she said.

"This means strategically working with China or being left behind in the new world order."

Taking a sensible, managed approach to allowing Chinese investment in energy projects would be the key to the industry's success, Ember senior energy analyst Muyi Yang said.

"Almost everyone agrees you can't hit climate goals without working with China but once co-operation moves to actually making clean products together, worries about over-reliance and de-risking suddenly grow louder," he said.

"The real challenge isn't to cut China out, it's to build more diversified, resilient supply chains that still tap into China's know-how while helping other countries grow their own clean industries."

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