



CLIMATE ENERGY FINANCE

NEW REPORT: CHINA'S \$120bn INVESTMENT BLITZ INTO GLOBAL CRITICAL MINERALS LEAVES AUSTRALIA EXPOSED – THE CLOCK IS TICKING

New CEF report warns Australia's dig-and-ship economy faces a clear and present threat as China systematically diversifies away from Australian supply across lithium, iron ore and critical minerals

A major new report released today by independent think tank Climate Energy Finance (CEF) – [Raw Power: China locks-in global dominance of critical minerals and metals with \\$120bn outbound investment surge](#) – finds that China's accelerating outbound resource investment program is reducing China's supply chain risks and locking-in its global dominance of key materials as it diversifies away from its dependence on Australian exports.

This presents a clear and present economic risk to Australia, particularly as we have yet to find a structure to allow our world leading mining sector to move meaningfully beyond “dig-and-ship”.

CEF's report finds that:

- **Australia holds world-significant reserves of the critical minerals and strategic metals that underpin the zero-emissions economy – bauxite, copper, nickel, rare earths – and is the world's #1 exporter of both lithium and iron ore, with China the overwhelmingly dominant destination for both.** Yet Australia fails to process onshore, as a result ranking 105th of 145 countries on Harvard's Atlas of Economic Complexity, behind Botswana and Côte d'Ivoire, with manufacturing accounting for just 6% of GDP.
- **CEF has tracked China investing more than US\$120bn around the globe into mining and upstream processing since 2023 – building lithium supply chains across Africa and South America, anchoring the US\$23 billion Simandou iron ore project in Guinea, and increasingly developing in-country processing capacity across partner nations.** This is starkly illustrated by Simandou, which delivered its first shipment to China in January. Once fully ramped up by 2029, it will make Guinea the world's third largest iron ore exporter, producing high grade ore suitable for green steel. **It is the centrepiece of China's explicit strategy to reduce its 80% reliance on Australian and Brazilian iron ore supply, directly threatening Australia's long dominance.**
- **In lithium mining, China's own domestic production now outstrips Australia's, where as recently as 2023 Australia had a 50% global market share. The absence of new Chinese investment into Australian lithium is a direct reflection of China's strategic diversification, and the February 2026 closure of Albemarle's lithium hydroxide plant in WA after just four years is a stark consequence of China's capacity expansions, both on- and offshore, and the critical need for a public interest response by Australia's governments to protect our base industrial capacities on national interest grounds. A string of threatened closures across alumina,**

aluminium, nickel, copper, lead, zinc and steel signals our mining value-add sector is under existential pressure.

- [KPMG](#) tracks that **Chinese outbound foreign direct investment (OFDI) into Australia has collapsed by 85% since 2018, in 2024 making up just 1.5% of total inbound OFDI, and at just US\$882m, a fraction of the peak of US\$16bn in 2008** – even as two-way Australia-China trade reached an all-time record of A\$300bn in 2025.
- CEF notes the [geopolitical move](#) by Japan's JOGMEC in March 2026 to collaborate with Australia's Lynas Rare Earths to secure rare earth supply long term at an agreed and mutually beneficial price. This is the sort of strategic investment required to enhance global supply chain resilience and underwrite surety of supply. Far more effective and lasting than blunt import tariffs on everyone and threats.
- Australia's green industrial program – the Future Made in Australia (FMIA) initiative, backed by more than A\$81bn in federal capital support since 2023, plus A\$6bn from state governments – is directionally correct and strategically important, particularly in the absence of a sufficient carbon pollution price signal to mobilise private capital. However, FMIA must accelerate in both ambition and execution, and be leveraged to attract value-adding first of a kind (FOAK) investment. **We should carefully and selectively engage in partnership opportunities with China, the world's cleantech leader, before its diversification away from Australian supply becomes more pronounced.**

CEF's report makes a number of recommendations including balancing policy support for foreign investment with targeted anti-dumping tariffs, local content mandates and onshore processing as a condition of new partnerships; accelerating public capital deployment to crowd-in private investment to value-adding industries; prioritising carbon pricing to value renewables-powered commodity value-adding; developing [Green Energy Statecraft](#) for national security, including an Australia-China Green Transition Cooperation Framework; and reforming Australia's foreign investment review regime to create a fast-track pathway for strategically aligned green projects.

Report lead author Tim Buckley, CEF Director and former MD of global investment bank Citigroup, said:

"Australia is sitting on some of the world's most strategically valuable resources at precisely the moment the global economy is reorganising itself around them. But sitting on them is all we are doing. China is investing at extraordinary scale and speed to build out the global mining and processing capacity, supply chain integration and partner nation relationships that will define who wins and who loses in the zero-emissions economy. Australia has a closing window to leverage its resource endowment, its emerging renewables advantage and its relationship with our key Asian trade partners, including China, to transform and capitalise on the massive investment, employment and export opportunities that would result from our nation embracing a genuine green industrial future.

The Albemarle closure, the Simandou ramp-up, the collapse of Chinese OFDI into Australia even as China's OFDI elsewhere is booming – these are not isolated data points. CEF follows the money. The money shows a clear pattern, and it is imperative that we act now to shift these dynamics in Australia's favour to become a renewables powered mining and value-adding superpower or risk remaining on the sidelines as the world's quarry in the new global economy.

With our abundance of resources and nascent clean energy capacity we have a generational opportunity to strategically reposition as a key player in global green industrial supply chains. It is within our reach to become a value-adding trade and investment power in a net zero world – if we play our cards right, and that means strategic partnership with the global decarbonisation leader.”

Report co-author Matt Pollard, CEF Net Zero Transformation Analyst, said:

“The same model China has used to build green industrial capacity across the Global South is available to Australia, but a significant strategic shift of how Australia views its national interest and economic security must occur for Australia to realise this immense opportunity. Two-way trade with China reached a record A\$300bn in 2025, and Australia’s economy remains deeply complementary to and broadly aligned to benefit from China’s green industrial strategy. However, this complementarity is an asset that Australia has long undervalued, underrecognised, and underleveraged.

Future Made in Australia points Australia in the right direction, but we require a massive stepchange in pace and ambition. Economies that will benefit the most from the global shift to net zero are ones that will transform resource wealth into industrial capability. For Australia to maximise its opportunity, we must leverage Chinese capital, technical expertise and integrate their supply chains into our renewable energy pipeline.”

Associate Professor Marina Yue Zhang of the Australia–China Relations Institute at the University of Technology Sydney said:

"The race to net zero is not only a race for technological innovation, but also for minerals, metals, processing capacity, and industrial control. As the report finds, China’s outbound investment strategy has moved well beyond simple resource extraction towards a more integrated model linking resource acquisition with processing, infrastructure, manufacturing, and long-term industrial partnerships.

For resource-rich countries such as Australia, the report’s policy implication is clear: the challenge is not blanket exclusion, but the development of clearer policy settings and national objectives so that foreign investment, including from China, can be assessed according to whether it supports domestic value-adding, industrial capability, and long-term national interests.”

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