



CLIMATE ENERGY FINANCE

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MEDIA RELEASE

NEW REPORT: AUSTRALIA'S OPPORTUNITY TO LEAD IN GREEN IRON & STEEL AT RISK AS SECTOR RECALIBRATES GLOBALLY

A new [report](#) by independent think tank Climate Energy Finance (CEF) tracking policy, investment and technology progress in the global green iron and steel industry warns that Australia's opportunity to leverage its comparative advantages to lead in low-emissions iron and steel production is narrowing rapidly, and increasingly time limited.

Australia's policy response remains inadequate to capitalise on its unrivalled global #1 iron ore endowment – its largest source of export revenue – its world-class renewable energy potential, world-leading superannuation pool of A\$4.5 trillion and established, trusted trade relationships with key Asian steelmaking markets.

The structural recalibration in global iron and steel value chains is taking shape and gathering pace. The report cautions that structural conditions that made the Pilbara in Western Australia the epicentre of iron ore globally and Queensland's Bowen Basin the global epicentre in coking coal globally will not persist into low-emissions iron value-adding without urgent and transformative policy change. Australia became #1 globally in LNG in 2019, but only with public-private, Australia-North Asia collaborations and patient public enabling investments decades before.

The MENA (Middle East and North Africa) region including Saudi Arabia, Oman and Libya is emerging as a strategically important direct reduced iron (DRI) production corridor, with competitive advantages including some of the world's best renewable resources, least-cost methane gas, lower costs of capital and labour, proximity to the EU and less stringent regulatory and approvals processes than Australia. As a result it is making increasingly competitive offers to attract the green iron investment flows that Australia is seeking.

Meanwhile China – the world's largest electric arc furnace (EAF) operator by installed capacity – moves at a speed and scale orders of magnitude higher than Australia in developing the enabling infrastructure of a low-carbon iron and steel economy, systematically building commercial-scale DRI demonstrations and positioning itself to scale green hydrogen and electrolyser manufacturing at costs a fraction of Western equivalents.

The report calls for:

- A step change in political will, coordination and speed of execution to position Australia in decarbonising steel value chains, along with sustained investment in technology innovation.

- A strategic approach to policy and investment settings that capitalise on supply chain security risks in the Middle East, so as to attract bilateral and multilateral support for first-of-a-kind deployments in direct reduced iron and green iron production onshore.

Report author Matt Pollard, CEF net zero transformation analyst said:

“Australia’s window of comparative advantage in supplying green iron to the Asian steel corridor is real, with our iron ore endowment, renewable energy potential, low geopolitical risk, established trade relationships, and a large capital base of strategic, long-term capital that could be deployed into enabling infrastructure. However, what this report makes clear is that this window is not permanent, and the shifting investment pipeline is a sobering story. While Australia is yet to see a final investment decision for a single commercial-scale lower-emission iron proposal, the Middle East and North Africa are advancing proposals at pace with lower fossil energy costs, high renewable energy resources, streamlined approvals and development timelines, and active state capital support.

“The Future Made in Australia policy architecture provides a meaningful foundation, but industry now requires a stepchange in speed of execution, coordination across all levels of government, and the political will to back Australia’s first movers before competing nations and regions can leverage learning curves and economies of scale in the low-carbon economy and lock down offtake relationships that Australia had the opportunity to secure.”

Report co-author Tim Buckley, CEF director and a former MD of global investment bank Citigroup, said:

“It is critical that Australia engage in Green Energy Statecraft to build bilateral, public plus private support with our key trading partners like POSCO, JFE Steel and China Baowu. Australia needs to get 1-3 First-of-a-kind (FOAK) demonstration plants at commercial scale beyond a final investment decision and into construction. Long term demand offtake at a price that recognises the embodied decarbonisation of DRI and green iron produced using clean energy is key. Green premiums are not going to emerge – we need formal recognition of the price of carbon pollution and the value of embedded decarbonisation for Australia to work constructively to enable our key trade partners’ decarbonisation and energy security goals.

“The US war on Iran has yet again highlighted Australia as a key, stable strategic partner of choice with low sovereign risk able to ensure international supply chain integrity. Australia in return needs to value the supply chains of our key trade partners, particularly China’s world-leading technology at scale and low cost in electrified mining equipment, solar, wind and batteries. These are sorely needed to decarbonise Australia’s world-leading mining sector, whose two largest firms – BHP and Rio Tinto – are currently both decarbonisation laggards, being shown up by Fortescue’s vision. Follow the money.”

NOTE TO EDITORS

See the [global media release](#) for further detail on global policy, investment and technology dynamics.

MEDIA ENQUIRIES

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