IN BRIEF: INVESTING IN REGIONS TO UNLOCK THE TRANSITION

Developing green export industries

A snapshot of the current landscape, key barriers, where support is most needed and the actions worth backing

March 2026

Key takeaways

- Australia's emissions-intensive exports face declining demand and economic risks as our global trade partners implement decarbonisation strategies.
- Developing new green export industries is a powerful way to protect Australian jobs, secure trade relationships, and strengthen regional economies.
- Given our abundant energy resources and high environmental and ethical standards, Australia has the potential to become the world's preferred supplier of green exports.
- Clean technology solutions – from renewable energy systems to advanced processing technologies – are essential to unlock Australia's green export potential.
- Australia's agricultural sector – already one of our largest export industries – is rapidly shifting towards low-emissions production, creating new opportunities to retain market access and secure premium demand in climate-conscious markets.
- Early, coordinated investment that connects philanthropic, public and private capital is essential to scale emerging green industries and secure Australia's competitive advantage.

Inside Alpha HPA. Credit: William Debois

The Next Economy

The global shift to net zero emissions is the defining economic and industrial transition for Australia this century. While the value of Australia's emissions-intensive exports will decline with global demand for fossil fuel, the global energy transition also creates enormous potential for new industrial growth. Early and coordinated investment can position Australia as a leading global supplier of green commodities and advanced manufacturing components.

Global forecasts show that global demand for critical minerals, green fuels and low-carbon materials is set to rise significantly. The Global Critical Minerals Outlook 2024 estimates demand for critical minerals under an Announced Pledges Scenario (i.e. if countries do what they'll say they'll do) will more than double by 2030 and triple by 2050.

Australia is well placed to leverage its abundant minerals and low-cost renewable energy resources for producing energy-intensive, zero-carbon exports. The Superpower Institute notes that Australia's green export opportunity is built on a number of core advantages: the world's best solar and wind resources; vast uncommitted land areas; world-leading mineral resources, including critical minerals, to underpin domestic value-add processing; and established infrastructure and industrial culture. These strengths, paired with a focus on high environmental, social and governance standards, can make Australia the world's supplier of choice for green exports.

Investing in this shift enables participation in a major transition from high-risk, carbon-intensive commodities to resilient, high-value, zero and low carbon materials. A report by Beyond Zero Emissions proposed that by strategically focusing on renewable energy, critical minerals, and green manufacturing, Australia could generate $333 billion in annual export revenue by 2050. This growth in green exports is achievable, sitting well within the scale of Australia's historical performance for major resources like iron ore and LNG. Green iron and green aluminium exports alone are projected to be worth more than $127 billion per annum by 2050.

At the same time, sectors like agriculture are seeing growing international demand for low-emissions, deforestation-free and climate-friendly products. Markets such as the European Union, and the United Kingdom are tightening sustainability import standards, reinforcing the need for Australia to maintain investment in sustainable agriculture to preserve export competitiveness.

Moving early to establish new global supply chains and commercialise new green commodities will yield a powerful market advantage. Long-term climate policy settings and coordinated investment pipelines that connect philanthropic, public and private capital will be critical for seizing Australia's green export opportunities and for ensuring the benefits flow to the regional communities where these industries will be built.

What's happening

Several intersecting forces are reshaping Australia's export landscape. A growing number of countries are implementing policies and standards that will directly impact Australian trade. Australia's export earnings from resource and energy commodities export economy, dominated by iron ore, coal, and liquified natural gas (LNG), delivered $385 billion of the $646.6 billion in export earnings in the 2024-2025 financial year. In 2025, Australia was the second biggest exporter of coal, and in the top three exporters of LNG. In recent years, however, our top five export markets – China, Japan, South Korea, the United States, and the European Union – have all made net zero commitments, supported by ambitious policies. While the US has stepped back from this now, individual states and businesses remain committed. According to a 2021 Beyond Zero Emissions report, the climate targets of our key export markets could potentially wipe $128 billion from our global export value annually if there isn't greater investment in alternatives. Without a plan to replace emissions-intensive exports, Australian jobs, trade relationships, and regional economies are at risk.

While fossil fuel demand is falling, demand for zero and low-carbon products, including green hydrogen and low-carbon building materials, is rising. The European Union's Carbon Border Adjustment Mechanism (CBAM) is reshaping global emissions standards by aligning carbon costs across borders and incentivising cleaner production, sending powerful market signals to trading partners worldwide. These international standards have also driven Australia to develop more stringent domestic regulations. In 2023, the Australian Government reformed the Safeguard Mechanism to legally require the largest industrial facilities to reduce their emissions. Furthermore, Australia is phasing in mandatory climate-related financial disclosures for large businesses and financial institutions, ensuring investors have the necessary information to price climate risks and opportunities.

Australia's industrial regions, which host world-class industrial infrastructure, skilled workforces, and abundant renewable resources, are well placed to supply global markets with clean energy and other green exports. These regions span the country, from the Pilbara in Western Australia to the Illawarra in New South Wales, and from Bell Bay in Tasmania to Darwin in the Northern Territory. For this to be possible, industry and investor groups have called for enabling policy and funding support to de-risk early investment in emerging green industries. This has included advocacy for science-based emission reduction targets and sector decarbonisation pathways, funding for R&D and common-user infrastructure, and demand-side measures to help scale local production of green energy and commodities.

The Federal Government has responded to demands for green industry support with 'Future Made in Australia', a significant policy and public investment package with an objective to drive a resilient and competitive Australian economy. Measures include:

- A national target to reduce emissions by 62-70% by 2035, underpinned by six priority sector decarbonisation pathways
- Significant public funding and co-investment to support emerging green export industries, including $750 million for green metals such as iron, steel, alumina and aluminium and an initial $200 million to Renewable Energy Technology Manufacturing to support the development of technologies aimed at addressing critical supply chain challenges associated with the clean energy transition.

Beyond industrial commodities, new sustainability and traceability requirements – such as the EU's deforestation-free regulation and emerging methane disclosure frameworks – are also reshaping agricultural export markets. Australia's reputation for high-integrity production gives the sector a competitive advantage, but ongoing investment in emission reduction, soil carbon and climate-smart farming practices is critical to maintain access to premium markets.

Explainer: What are Australia's green exports?

As Australia shifts from carbon-intensive raw material exports to high-value, low-emissions products, several key areas are emerging to strengthen the economy, create new jobs, and position the nation as a leader in sustainable industry. These include:

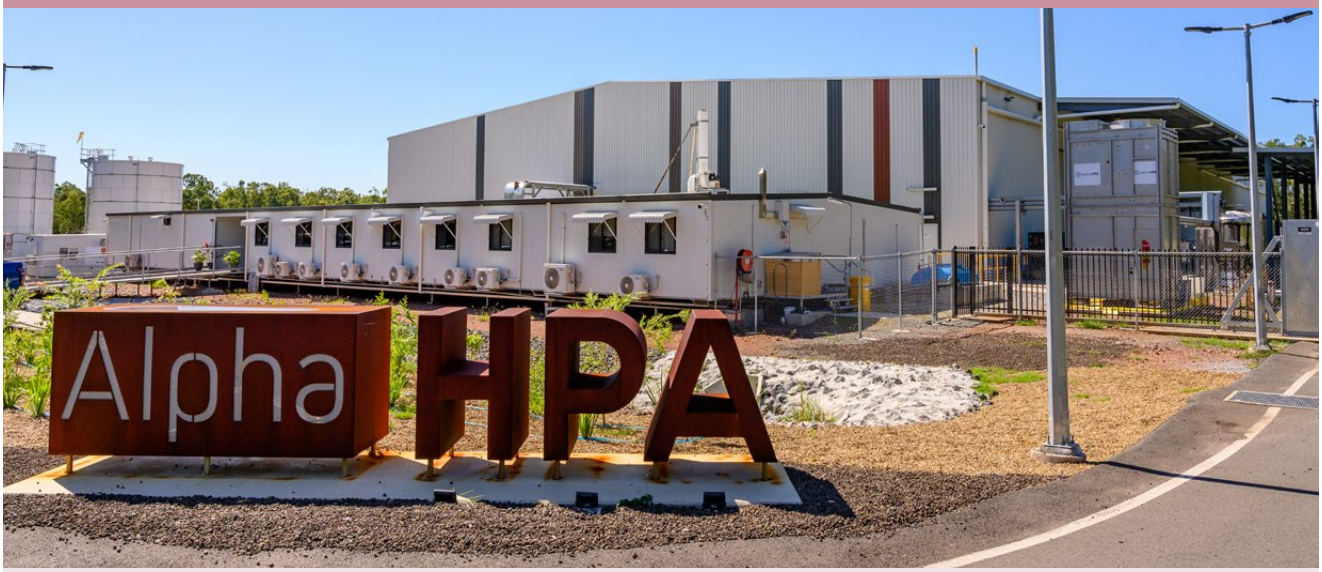
- **Green iron and steel:** Australian produced green iron and steel are widely regarded as massive, multi-billion dollar, high-employment opportunities. The Federal Government is supporting this potential with a $1 billion Green Iron Investment Fund to back early movers, including $500 million towards the transformation of the Whyalla Steelworks.
- **Green alumina and aluminium:** Building on Australia's position as the world's sixth largest aluminium producer, decarbonising the sector will help secure existing jobs and has the potential to build a green exports market valued at over $34 billion annually by 2050. The Federal Government is supporting this transition with a $2 billion investment through the Green Aluminium Production Credit to help smelters shift to renewable energy.
- **Critical minerals:** Australia is leveraging its reserves of materials like lithium, cobalt, and rare earth elements to create reliable supply chains for global battery and technology manufacturers. This is supported by agreements like the United States – Australia Framework for Securing Supply. The Framework commits at least $1 billion in financing from each country to accelerate critical minerals projects.
- **Green hydrogen and ammonia:** Australia's National Hydrogen Strategy seeks to make Australia a global leader in green hydrogen, targeting the production of at least 15 million tonnes of renewable hydrogen annually by 2050. Trading partners that have indicated hydrogen will become a big part of their future energy mix include Japan, South Korea and the EU (DCCEEW 2024a). Support includes the Hydrogen Production Tax Incentive and the $2 billion Hydrogen Headstart Program to bridge the cost gap for early-mover projects.
- **Climate tech:** Australia's rapidly growing sector of over 730 start-ups and scale-ups, which raised $680 million in 2025, is developing and exporting innovative hardware and software solutions that accelerate global decarbonisation, demonstrating significant international ambition.
- **Value-added components:** This includes projects like the proposed polysilicon manufacturing facility at the Lansdown Eco-Industrial Precinct near Townsville, the first of its kind for Australia. It would use silica quartz from north Queensland, and be powered by large-scale solar and battery storage. There is a global shortage of polysilicon, a key component in solar panels.
- **Sustainable agriculture:** Australia's agricultural sector is positioning itself strongly in international markets by emphasising sustainability and climate-resilient production systems, which respond to continued demand for low-emissions agricultural exports.

What's getting in the way

There are several factors threatening to derail the development of green export industries:

- Clean energy technology companies and producers struggle to reach commercial scale due to high upfront costs, long development times, and competition from fossil fuels and cheaper global producers. They need early-stage funding, patient (long-term) capital, and supportive demand-side measures (policies and initiatives designed to encourage adoption of behaviours and technologies).
- Global supply chains are vulnerable to geopolitical shifts, including tariff disputes and policy reversals, which disrupt emerging green industries
- The cost and complexity of new supply chains, like green hydrogen, require long-term coordination across multiple countries and industries
- Climate-smart upgrades on farms are being limited by the cost of adopting emission-reducing technologies, fragmented carbon measurement approaches and limited access to affordable financing.

Snapshot: AlphaHPA is developing green products for export



AlphaHPA's high-purity alumina (HPA) project is showing how targeted public co-investment can unlock the development of next generation manufacturing in industrial region. In November 2025, the company secured $30 million from Queensland's Critical Minerals and Battery Technology Fund to accelerate stage two construction, which will make the site the world's largest HPA facility. National Reconstruction Fund support of an additional $75 million was announced in January 2026. Stage one, which also received public investment support through the Northern Australia Infrastructure Fund, is already operational, producing value-added critical materials for semiconductors, batteries, and sapphire glass.

AlphaHPA's stage two project will create over 300 construction roles and 120 permanent positions, boosting annual output to 10,000 tonnes of HPA equivalent and strengthening Queensland's role in global clean tech supply chains.

Alpha HPA facility in Gladstone. Credit: William Debois

What's needed

Drawn from hundreds of conversations with people navigating the transition, the following potential actions stand out as worth backing and exploring. They're not exhaustive – the mix will vary by context – but offer a starting point for what could move the needle. It will require a collective effort from all levels of government, investors, communities and civil society organisations.

What
Federal and state governments, and institutional investors can scale up investment in research and development, feasibility studies, and commercial demonstration of clean energy technologies
Federal government, state governments and industry can expand support for climate-smart agriculture and low-emissions supply chains, including methane-reducing innovations and on-farm electrification
The finance sector can give investors improved access to capital for early-stage and concessional equity and debt investment in proven clean energy technologies
Federal and state governments can provide public funding or co-investment to develop common-user infrastructure and supply chain coordination support, especially in Renewable Energy Zones (REZs) and clean energy industrial precincts
Federal governments can deliver a green export national roadmap underpinned by enduring implementation policies as a priority, providing certainty of green industry ambition and defining the roles of different regions
Federal and state governments can set long-term and robust emissions pricing policies and sector-decarbonisation pathways to provide certainty for companies and investors taking on higher risks around green exports
The Federal Government can prioritise whole-of-system energy planning and coordinate timely investment in generation, storage, and transmission to meet projected demand for green industry exports
The Federal Government in partnership with state governments and industry can forward plan labour, resources, and equipment to deliver the transition efficiently across regions and markets

> Just as Australia has benefited from supplying coal and gas to the world, we can now leverage our position to supply low-cost green energy via processed products with embodied green energy, such as green iron, green fertilisers and green fuels"

Baethan Mullen and Rod Sims, The Superpower Institute

Want to dig deeper?

- Beyond Zero's 2021 Emissions Export Powerhouse report demonstrates how Australia can replace traditional fossil fuel exports with renewable-energy intensive products to drive economic growth and job creation.
- Powering Australia's Green Export Future report produced for the Clean Energy Investor Group by Baringa in 2025 uses global transition and electricity market modelling to look at the future potential for green exports, as well as the energy sector transformation required to make this happen.
- The Super Power Institute has several sector specific strategies for heavy industry including its 2025 Green Iron Plan and the 2024 New Energy Trade
- The Federal Government's 2025 guide to net zero investment shows how public and private sectors can align, including clarity on regulatory environments, grants and international partnerships.

Key sources of federal investment

This list reflects our best knowledge as at March 2026. It's a starting point rather than a definitive guide – funding landscapes shift, so we encourage you to explore further and verify what's current:

Green exports				
Federal funding	**Announced (FY)**	**Committed budget**	**Finance type**	**Scope**
Critical Minerals Facility	2021-22 (expanded 2023-24)	$6bn	Concessional finance	The CMF has a mandate to grow the critical minerals sector, including downstream processing, by providing targeted and concessional finance for projects aligned with the Critical Minerals Strategy. Includes the $5bn CMF and a $1bn Critical Minerals Strategic Reserve.
Hydrogen Headstart Program	2023-24	$2bn	Production contracts	Funding to provide revenue support via competitive hydrogen production contracts for large-scale renewable (green) hydrogen projects. Aims to bridge the commercial gap for early projects
Guarantee of Origin Scheme	2023-24	$70.4m	Program funding	Funding to establish and administer a scheme to certify renewable energy and verify emissions from products including green hydrogen and green metals
Green Iron Investment Fund	2024-25	$1bn	Grant funding and direct investment	Investment in early mover green iron projects to boost green iron manufacturing and supply chains
Critical Minerals Production Tax Incentive	2024-25	$7bn	Tax offset	Funding between 2027 – 2040 to provide a 10% tax offset on eligible processing expenditure for critical minerals for up to 10 years per project. Aims to drive value-added processing and refining of Australian critical minerals

Green exports				
Federal funding	**Announced (FY)**	**Committed budget**	**Finance type**	**Scope**
Green Hydrogen Production Tax Incentive	2024-25	$6.7bn	Tax offset	Funding between 2027 – 2040 to provide a refundable tax offset of $2 per kilogram of eligible renewable (green) hydrogen produced for up to 10 years per project. Aims to bridge the commercial gap for early projects
Green Aluminium Production Credit	2024-25	$2bn	Production credit	Funding between 2028 – 2044 to provide payments per tonne of green aluminium produced for up to 10 years per project. Emissions-linked contracts can be negotiated by smelters that show significant new decarbonisation before 2036. Aims to support smelters to transition to renewable energy
Future Made in Australia Innovation Fund (delivered via ARENA)	2024-25	$1.5bn	Grant funding (R&D and deployment)	Grant funding to support pre-commercial renewable energy and low emissions technologies, including green metals, renewable technology supply chains, and low carbon liquid fuels
Net Zero Fund (delivered via the National Reconstruction Fund)	2025-26	$5bn	Concessional finance	The NZF has a mandate to drive decarbonisation in hard-to-abate sectors by providing concessional finance (lower target rate of return) to decarbonise energy-intensive operations and invest in early stage domestic manufacturing of low emissions technologies

About The Next Economy

Australia's regional communities are navigating profound economic change – energy systems, land use, industry structure, workforce and climate impacts among them – all shifting at once. The Next Economy (TNE) works at the frontline of this complexity, partnering with regions, governments, industry and civil society to reimagine and shape economies that are regenerative, climate-safe and socially just.

Unlike organisations that focus on individual sectors or single projects, TNE connects the dots across systems – embedding in communities for the long haul, translating insights across sectors, and lifting what's learned locally to shape national policy, investment and public debate.

TNE is a not-for-profit company and registered charity (ACNC), with Deductible Gift Recipient status through the Foundation for Rural and Regional Renewal. Support from donors and partners directly enables this work — in regions that need it most.

To learn more, get involved or support the transition, visit **nexteconomy.com.au**

About this series

In Brief: Investing in regions, unlocking the transition offers financial decision-makers across government, investment and philanthropy a high-level entry point into regional investment and its role in Australia's transition to a climate-safe, regenerative and socially just economy.

The series grew from an investor experience in Gladstone in 2024 and has since expanded – in geography and subject matter – drawing on work across regional Australia, desktop research and expert contributions.

Each brief provides a bird's-eye view of a focus area, including key barriers and where support is most needed. Current topics include:

- Decarbonising and increasing the capacity of the electricity grid
- Developing green export industries
- Regional investor insights from Gladstone

These briefs are a starting point – designed to spark conversation, build shared understanding and support deeper discovery. Because these topics are interconnected, effective progress requires a whole-of-system approach and close coordination across sectors.

As this space evolves rapidly, we welcome your feedback to keep the series current and useful.

You can find the series here: https://nexteconomy.com.au/work/investing-in-regions-to-unlock-the-transition/

Acknowledgement of Country

The Next Economy acknowledges the Traditional Custodians of the land and sea in the regions where we work. We pay our respects to their Elders, past and present, and offer our solidarity and support to First Nations groups across the country working towards economic sovereignty and justice.

Acknowledgement

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The Next Economy thanks the countless people – in organisations and in communities – whose conversations and insights help shape our understanding and inform everything we do. Any errors or omissions remain the responsibility of the authors.

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info@nexteconomy.com.au
www.nexteconomy.com.au
NextEconomyAustralia
thenexteconomyau
the-next-economy

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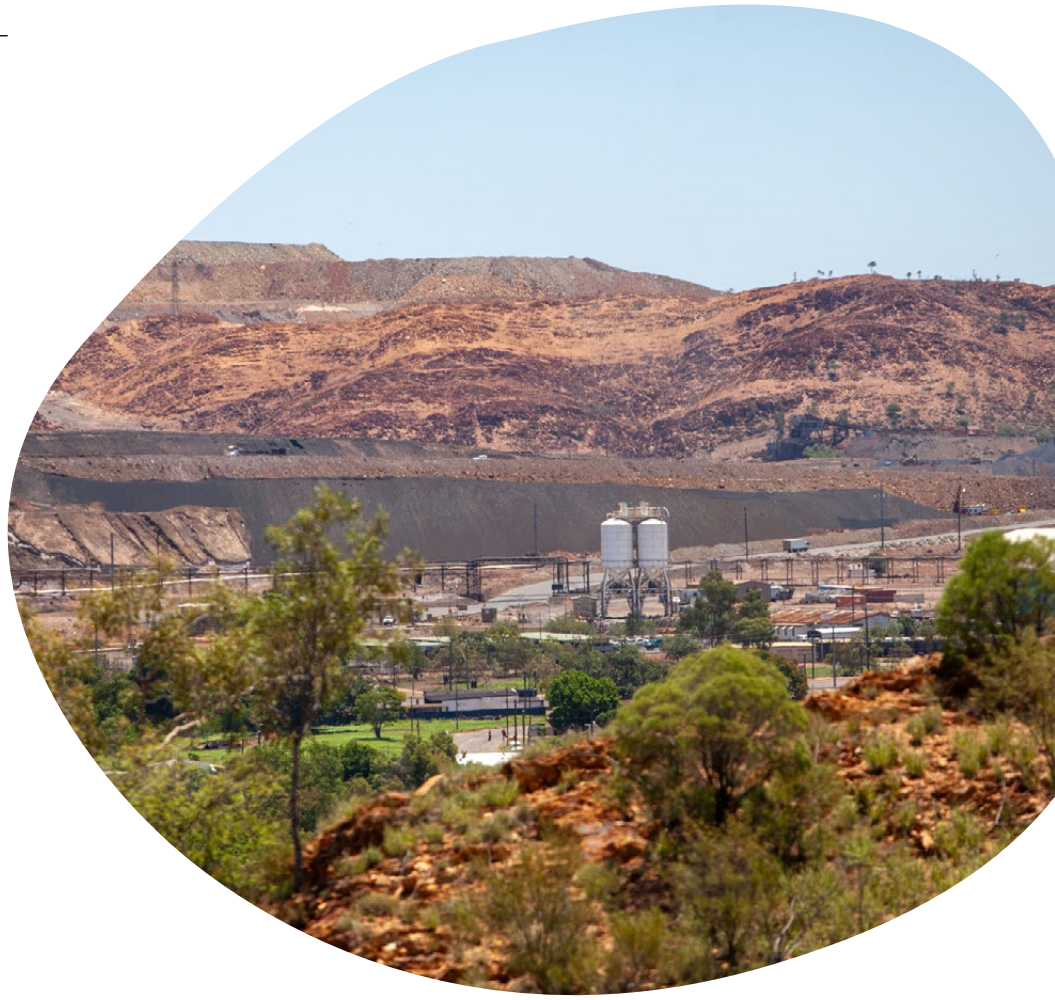

Credit: Chris Grose