



Export Powerhouse: Australia's \$333 billion opportunity



SUMMARY REPORT

Australia has the potential to grow a new green export mix worth \$333 billion per annum, almost triple the value of existing fossil fuel exports

These new green export industries will meet surging demand for zero-carbon products, such as green steel, renewable hydrogen and ammonia, green aluminium and critical minerals that will dominate global economic growth this century.

Beyond Zero Emissions analysis shows that by pursuing an ambitious Go for Gold scenario, Australia can secure a significant share of the global market for these growth commodities. However, we have to rapidly invest to avoid a 'valley of death' in our export profile. If left too late, not only will fossil fuel exports drop off as our major trade partners implement their net zero emissions pledges, other nations will capture early market share of new export industries leaving us with insufficient runway to replace the nation's lost export income.

To seize the opportunity before Australia we must take four priority actions:

RECOMMENDATION 1:

Set a national clean commodity export target of \$100 billion by 2035 to provide a strong investment signal

RECOMMENDATION 2:

Set green export investment as a priority for DFAT, Austrade and Export Finance Australia

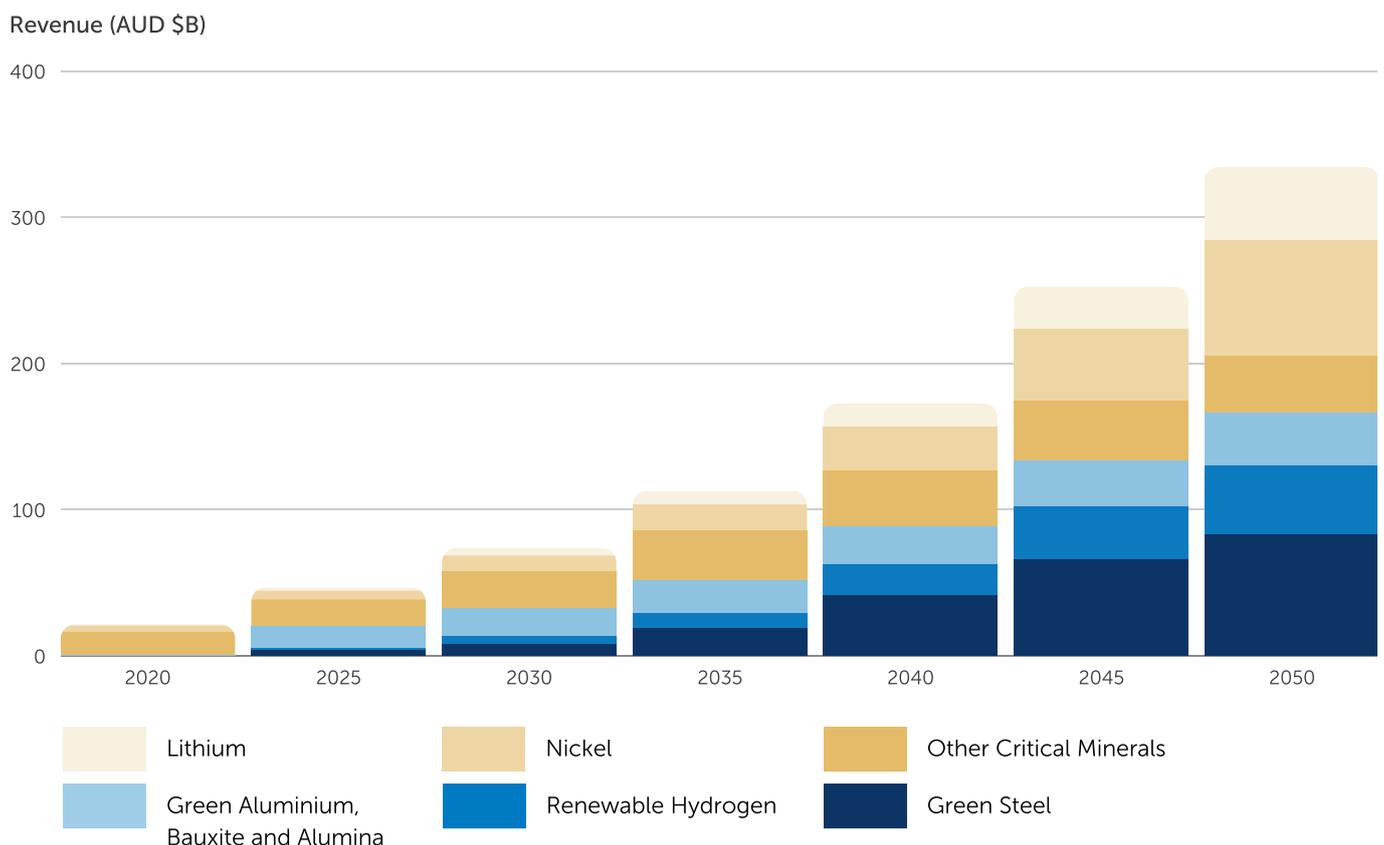
RECOMMENDATION 3:

Establish a Supergrid Deployment Authority with a \$20 billion lending facility to strengthen the grid and provide transmission capacity industry needs

RECOMMENDATION 4:

Launch a national Renewable Energy Industrial Precinct activation plan to establish 14 precincts in the next five years

Figure 1: Australia's green export opportunities in the coming decades

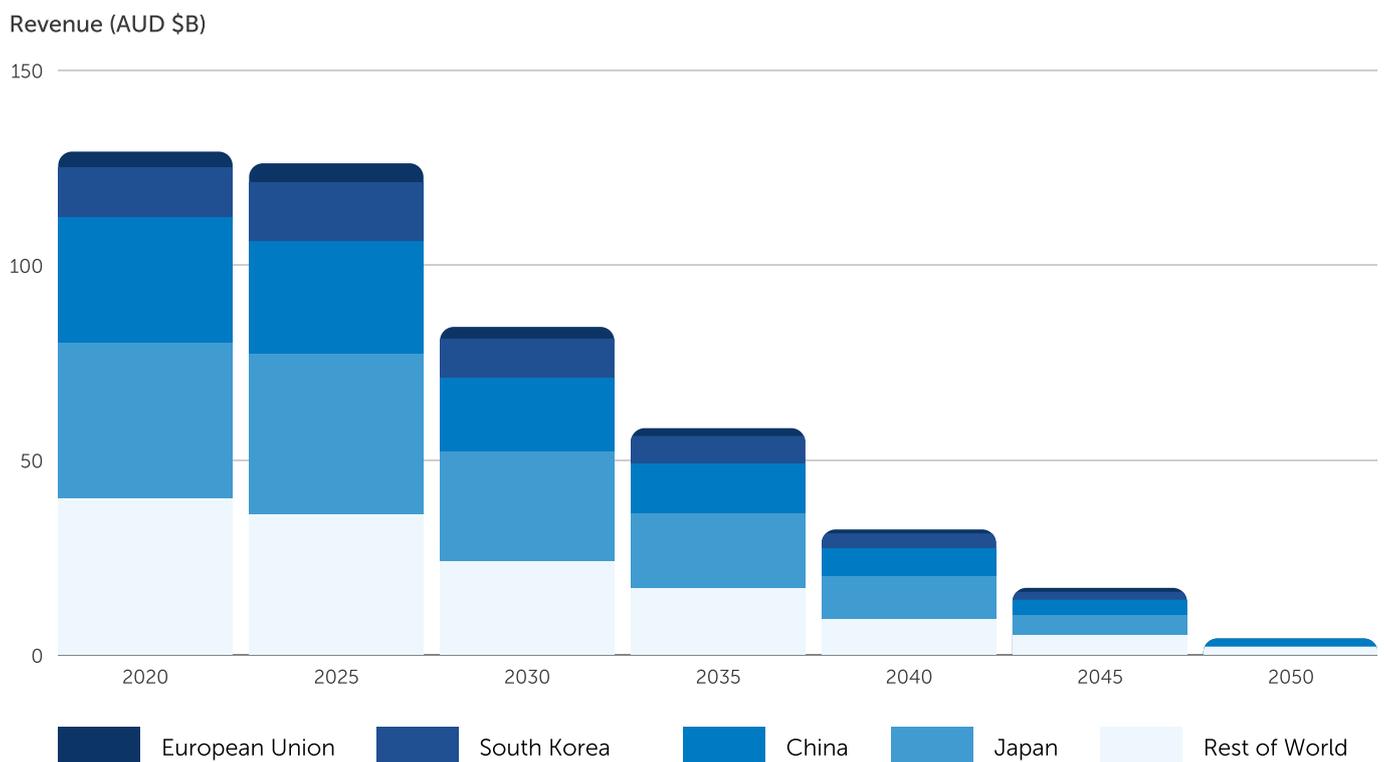


As the world goes net zero, our \$128 billion fossil fuel industry is at risk

Australia's export profile is highly exposed to demand collapse as the world rapidly pivots to a zero-emissions future. Current climate targets of Australia's key trading partners will wipe \$128 billion a year off Australia's exports unless we invest in alternatives. Currently 39% of Australia's total commodity exports are fossil fuels in the form of thermal coal, metallurgical coal, crude oil and LNG. However, Australia's top five export markets (China, Japan, South Korea, US and the EU) have all set net zero targets and are implementing ambitious policy settings that will drive down demand faster.

Our choice is clear: over the next two decades Australia will lose a third of total commodity export revenue and the jobs that go with them, unless significant policy shifts are made to unlock investments in new export industries. This includes policies that will help reindustrialise the nation and create jobs in the regions by incentivising more value-added onshore processing of mined resources before export.

Figure 2: Fossil fuel exports are projected to decline across key markets



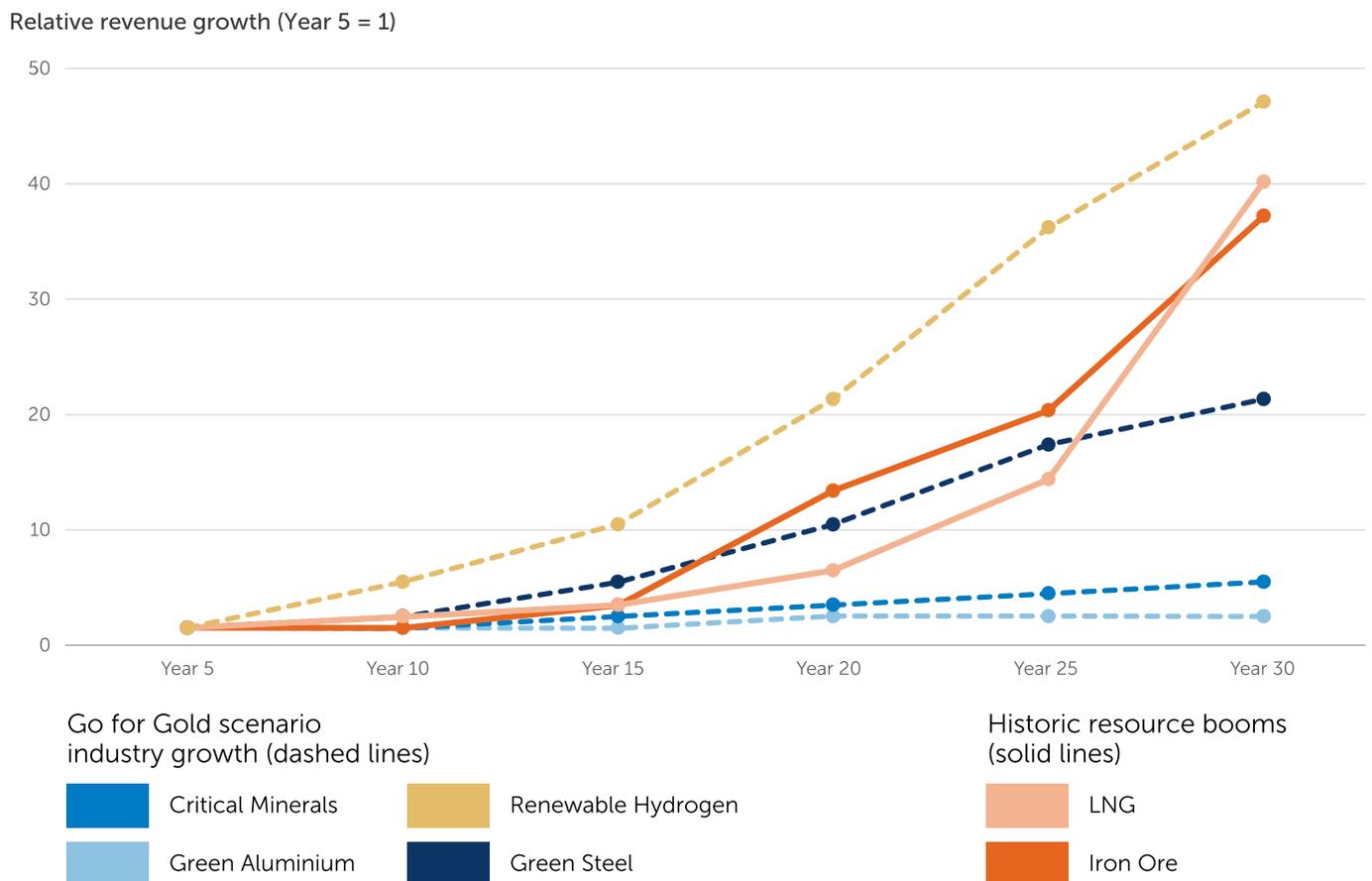
The good news: A billion-dollar green opportunity is here for the taking

Australia is well positioned to pivot our export strategy and capitalise on these emerging green export market trends. Beyond Zero Emissions research shows that Australia can grow its revenue from new green exports to \$333 billion by 2050. But, we have to move quickly. The global race has started and our competitors are already moving fast to attract investment and secure market share.

Australia’s unique advantage is that we have recent experience of building global export industries from scratch. As recently as 2000, iron ore exports constituted only 9% (\$5 billion) of Australian exports but by 2019 they made up more than 35% of total exports and we have seen the value grow 20 fold to \$100 billion.

Australia has a strong track record of achieving exponential industrial growth when a clear political direction is set and policy settings are aligned to unlock growth. Figure 3 provides the historical growth of iron ore and LNG exports over the last 25 years compared to our Go for Gold scenario. The growth trajectory is well within historical performance and in fact is conservative for the majority of the export goods.

Figure 3: Go for Gold growth trajectory is comparable to historic resource booms



The opportunity before Australia now is even larger than the recent boom in demand from China for iron ore. In addition to the financial benefits, providing the goods to support our partners in their decarbonisation efforts will go a long way to restoring Australia's international reputation. As the world shifts to a zero-carbon economy, we are presented with a once in a lifetime opportunity to capitalise on Australia's abundance of competitive renewable resources, rich mineral wealth, and a highly skilled industrial base and workforce. We can use these ingredients to rapidly build a new export industry and leverage Australia's internal manufacturing capabilities.

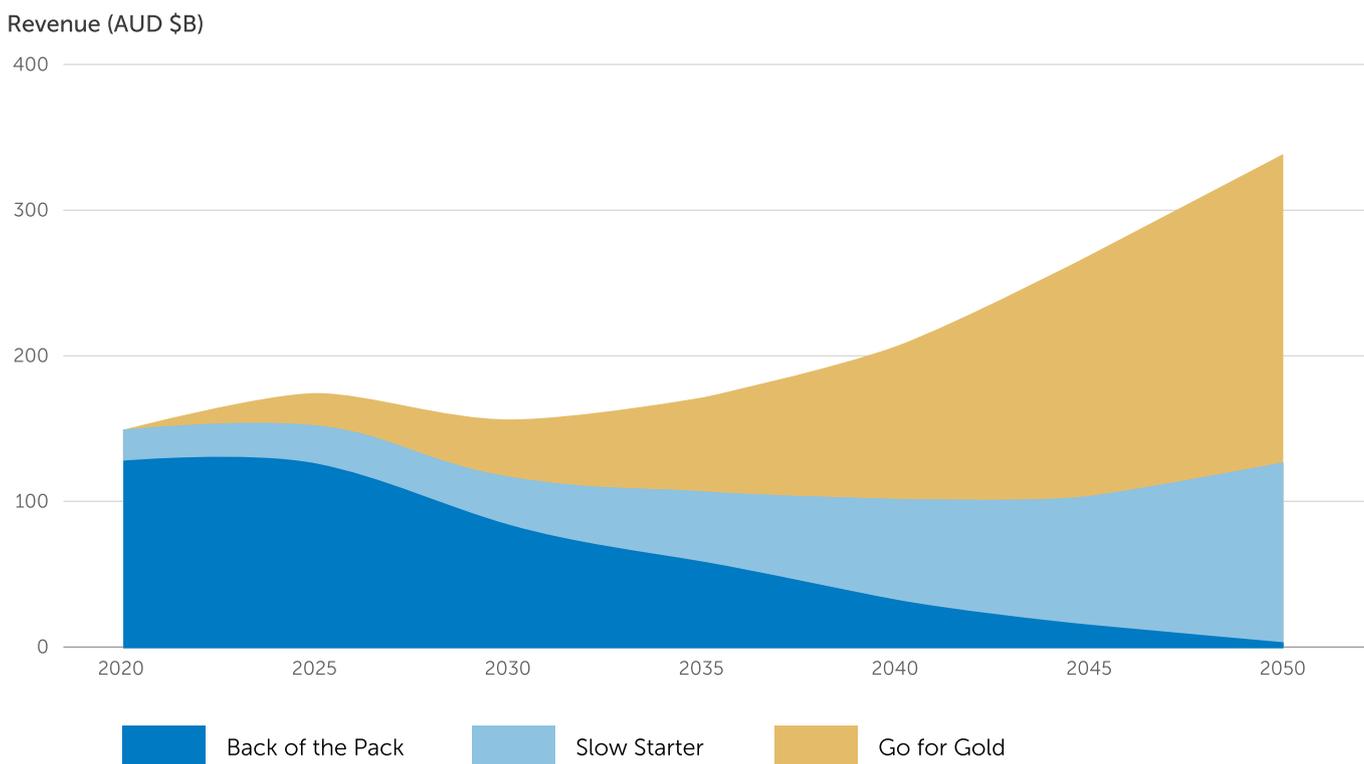
To capture this growing momentum towards zero-emissions markets, Australia needs a cohesive industry strategy and an ambitious climate target to keep up with our key trading partners, else risk being left behind. This was starkly evident in August 2021 when BHP announced its divestment of oil and gas exposures, write downs on coal, and an investment pivot to future facing new commodities such as copper and potash.

In this report, we have explored three possible futures for Australian exports (Figure 4).

- **Go for Gold:** Strong commitment to a zero-emissions export vision, fast tracking public and private investment into infrastructure, facilities/plants, technologies and upskilling
- **Slow Starter:** No unifying goal, some growth potential but Australia misses out on key market share, resulting in \$200 billion less annual revenue than the Go for Gold scenario
- **Back of the Pack:** A continued reliance and focus on fossil fuel exports

Australia is an energy rich nation with extensive fossil fuel and renewable energy resources. The global shift to a zero-carbon future and the introduction of carbon reduction policies and carbon border tariffs means that demand for fossil fuel exports are forecast to collapse in coming years while creating boom conditions for zero-carbon commodities. Australia has the unique opportunity to capitalise on our engineering know-how to deliver global scale new resource projects and out compete carbon-heavy exporters.

Figure 4: The three export scenarios explored in this report



Recommendations



\$100bn
national
export target

1

Setting a national export target of \$100 billion for renewable hydrogen, green steel, green aluminium, and critical minerals by 2035 is an important first step. A target will send a clear signal to investors and project developers that Australia is open for clean commodity business and build Australia's reputation as an attractive investment destination for developing zero-emissions goods.



prioritise
green export
investment

2

Set green export investment as a priority for DFAT, Austrade and Export Finance Australia. This is a vital step in aligning our export targets to the ambition of our key trading partners (Japan, South Korea, US, EU, and China) and cement Australia's place in their decarbonised supply chain.



\$30bn
Supergrid
lending facility

3

Establish a Supergrid Deployment Authority with a \$20 billion lending facility and a remit to undertake large scale investments in grid infrastructure. A strong grid is the key to supercharging growth in the zero-emissions commodity exports.



5yr
REIP national
rollout

4

Launch a five-year national rollout of Renewable Energy Industrial Precincts in 14 priority regional locations. The rollout needs to designate precincts, incorporate fast track planning, coordinate infrastructure investment and upgrades, and industry transition support. These precincts will become the industrial engines which power Australia's clean zero-emissions export market.



**To view the full report please visit bze.org.au
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Recognition of traditional custodians

We recognise that the sovereignty of Aboriginal and Torres Strait Islander peoples over their land was never ceded and the impact of this ongoing dispossession continues to this day. Beyond Zero Emissions stands in solidarity with First Nations people in calling for the establishment of a First Nations Voice in the Constitution, as described in the Uluru Statement from the Heart. We further support calls for the establishment of a Makarrata Commission on agreement-making and truth-telling between Aboriginal and Torres Strait Islander peoples and governments.

Beyond Zero Emissions maintains an office in Melbourne on the traditional lands of the Wurundjeri-willam people of the Kulin Nation, and in Newcastle on the lands of the Awabakal and Worimi peoples. We pay our respects to all First Nations Elders past, present and future.



Beyond Zero Emissions Inc. is a registered charity, based in Victoria with a national outlook.

Beyond Zero Emissions is listed on the Commonwealth's Register of Environmental Organisations ('Beyond Zero Emissions Fund'), which allows organisations to be endorsed as Deductible Gift Recipients by the Australian Taxation Office.

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