

## Iron ore, aluminium, ammonia ripe for public investments in green industry

- *\$60-100 billion public investment in key post-carbon industries over 20 years can convert latent advantages into global green industry leadership says [new report](#)*
- *Public investments should catalyse private capital, address market distortions and neutralise the “grey discount” applied to fossil fuel competitors according to independent non-partisan think tank*
- *Government spending should target strategic industries, discourage subsidy dependence, and capture long-term upside*

**Monday 25 September 2023** – Australia should target \$60-100 billion of public investment in green exports over the next two decades to three key sectors to lock in new industries, support living standards and mitigate global climate change.

The [Green gold](#) report from the Centre for Policy Development’s sustainable economy program identifies refined iron, green aluminium and ammonia as the industries most suited to public investment, saying that these industries – once established – will deliver Australia a long term comparative advantage.

The report identifies these industries as ripe for public investment because current market distortions apply a “grey discount” to fossil-fuel intensive competitors.

It says green exports are the most significant contribution Australia can make to global emissions reductions. It finds that onshore green refining of 12% of Australia’s annual iron ore exports would have the same impact on global emissions as Australia’s target to reduce domestic emissions by 43% by 2030.

The report says that industry support should take several forms, including subsidies, tax credits, concessional loans, contracts for difference, grant funding, and equity investments.

The report recommends guiding principles for the design of public industry investment packages. Public investment should ensure additionality, avoiding public support for actions that would have been taken anyway. It should reduce economic risk to catalyse private investment in green export industries, and address market distortions that provide a “grey discount” to fossil-fuel intensive competitors.

It should also catalyse technology deployment, discourage ongoing reliance on government support, provide clarity to market participants, and capture upside to socialise the benefits of emerging industries receiving support.



**Centre for Policy Development sustainable economy director Toby Phillips** said that careful design, firm ambition and swift action were necessary for Australia to convert the economic opportunities presented by global energy transition.

“Australia is famously well-positioned to become an industrial powerhouse in the post-carbon economy thanks to our abundant natural resources, our unmatched potential for renewable energy generation, our highly skilled workforce, our stable institutions and our world-class research and development,” Mr Phillips said.

“Transforming these advantages into a leadership position requires us to take strategic, decisive and well-designed action that will create new export industries, support living standards, mitigate climate change and make our economy resilient and prosperous in the post-carbon era.

“By carefully selecting the right industries for the right investment at this crucial time, we can lock in future industries and make an important dint in global emissions, putting Australia at the head of the pack for industrial and economic leadership over the coming decades.”

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**About the Centre for Policy Development**

The [Centre for Policy Development](https://www.cpd.org.au) (CPD) is an independent, non-partisan policy institute with offices in Melbourne, Sydney and Jakarta. We confront the toughest challenges facing Australia and the region with a unique collaborative method that creates enduring systemic change. We acknowledge the Traditional Owners of the lands on which we work.