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## Fortescue Secures \$2B Green Loan

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Australian mining giant Fortescue Metals Group has secured a landmark 14.5 billion yuan (approximately \$2 billion) loan from Chinese banks to support its global green energy initiatives. The five-year facility, arranged by Bank of China and Industrial and Commercial Bank of China (ICBC), marks one of the largest yuan-denominated loans ever extended to a foreign corporation.

The funding will accelerate Fortescue's expansion into hydrogen production and renewable energy projects across three continents, strengthening its position in the global clean energy transition. This loan diversifies Fortescue's financing sources, moving beyond its traditional reliance on US dollar-denominated debt.

Fortescue Chairman Andrew Forrest highlighted the competitive terms of the deal, which reflect China's ongoing efforts to internationalize its currency, the yuan. The loan includes sustainability-linked provisions, tying interest rates to emissions reduction targets across Fortescue's operations, underscoring the company's commitment to meeting environmental goals.

This financing package follows Fortescue's recent agreements with Chinese manufacturers to supply electrolyzers and other renewable energy equipment. Analysts note the transaction illustrates how Australian resource companies can leverage China's clean energy capital even amid broader geopolitical tensions.

The yuan-denominated loan also offers a natural hedge against currency volatility as Fortescue expands its customer base in Asia, mitigating some financial risks associated with exchange rate fluctuations.

As decarbonisation reshapes industrial sectors worldwide, Fortescue's deal exemplifies how market-driven solutions can advance green industrialisation. By aligning Chinese financing with Australian innovation, the partnership could serve as a model for sustainable cross-border cooperation in the resources sector.

Experts say the success of Fortescue's green energy projects will be critical in determining whether similar financing structures become more common. These initiatives may accelerate Australia's transition towards a low-carbon economy while supporting economic growth and job creation in emerging energy industries.

Fortescue's move is part of a broader trend among Australian companies seeking to integrate sustainability into their business models and capital strategies. As global demand for clean energy solutions rises, access to dedicated green financing will be increasingly vital.



The loan agreement also highlights China's role as a major player in global green finance, leveraging its financial institutions to support environmentally focused projects beyond its borders. For Fortescue, this partnership enhances its strategic positioning and reflects growing international collaboration on climate-related investments.

While geopolitical tensions between Australia and China have at times complicated trade and investment relations, deals like this demonstrate the potential for mutually beneficial cooperation in areas of shared interest such as renewable energy development.

Fortescue's green energy projects include large-scale hydrogen production facilities designed to supply both domestic and international markets. Hydrogen is widely regarded as a key component of the global transition to cleaner energy, offering potential to reduce reliance on fossil fuels in sectors like transportation and heavy industry.

By securing this substantial yuan loan, Fortescue is positioning itself at the forefront of the green energy transition while managing financial risks

through currency diversification. The company's ability to execute its ambitious renewable energy plans will be closely watched by investors and industry observers alike.

