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Green Iron Takes Centre Stage in Albanese's China Talks with Xi Jinping

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While trade, tariffs, and Taiwan grabbed headlines during Prime Minister Anthony Albanese's China visit, green iron emerged as a critical focus in his discussions with President Xi Jinping. This push for decarbonised steel production signals Australia's bid to secure its \$120 billion iron ore export market amid China's shift to sustainable industry. This article explores the green iron dialogue, its economic stakes, and the challenges of aligning with China's ambitions.

Australia's iron ore fuels China's steel industry, with exports topping \$120 billion in 2024, per United Nations (UN) data. However, China's drive to cut emissions threatens this trade unless Australia adapts. At a Steel Decarbonisation Roundtable in Shanghai, Albanese joined industry giants like BHP's Geraldine Slattery and Fortescue's Andrew Forrest to pitch green iron—steel made using renewable energy and hydrogen instead of coal. "Significant work is underway in both nations to develop technologies," Albanese noted, stressing collaboration across industry and academia. Yet, the government's \$6.7 billion cost estimate for a green iron industry suggests a long-term project with hefty investment needs, raising questions about fiscal priorities.

The Superpower Institute's Ross Garnaut, a former advisor to Bob Hawke, influenced this focus with a May report urging a green iron strategy. China, producing 70% of global electric vehicles (EVs) and 80% of solar panels, leads the energy transition, as Caroline Wang from Climate Energy Finance told ABC News. Australia risks losing market share to other iron ore suppliers if it doesn't pivot to green production. However, the government's reluctance to ease foreign investment rules, despite Chinese pressure, complicates cooperation. Beijing's complaints about scrutiny of its investments, like the Port of Darwin lease, went unraised by Xi, suggesting a cautious approach to avoid derailing ties.

Skeptics question whether Australia can balance economic reliance on China with security concerns, especially as global tensions rise. The government's focus on green iron, while forward-thinking, faces hurdles: high costs, technological gaps, and a lack of clear policy commitment. As China diversifies its suppliers, Australia must act swiftly to protect its economic lifeline. Will this green iron push secure Australia's future, or is it a gamble on an unproven industry?