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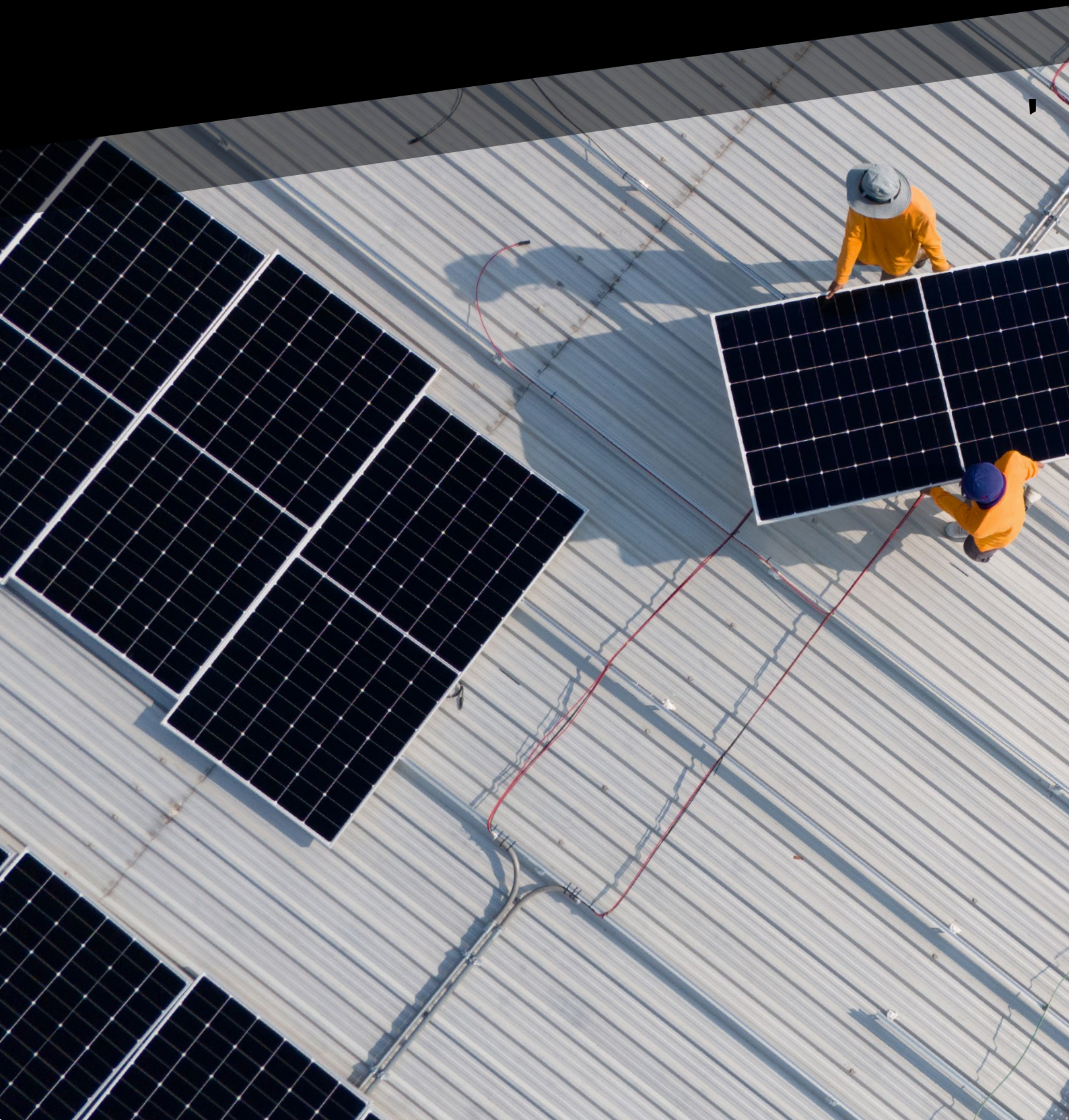
THE NEW ENERGY SECURITY:

Australia's Strategic Choice From Fossil Exports To Renewable Partnerships



Acknowledgements

WWF-Australia acknowledges the Traditional Owners of lands, waters and sky throughout Australia. We honour their strong connection to Country, and the protective relationship that connection inspires. We pay our respects to Traditional Owners' deep expertise in managing and protecting Country over thousands of generations, and to Elders, past, present and emerging.

WWF-Australia has been working to create a world where people live in harmony with nature since 1978. WWF's mission is to stop the degradation of the earth's natural environment and to build a future in which humans live in harmony with nature.

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AUSTRALIA FACES A STRATEGIC CHOICE.

Energy security is no longer a narrow question of fuel supply. Recent shocks have shown that volatile fossil fuel markets feed directly into cost-of-living pressures, fiscal stress and risks to political stability, while also deepening exposure to geopolitical conflict and supply disruption. At the same time, economically competitive renewable energy goods and services, accelerating electrification and tightening climate constraints are rapidly reshaping how partner countries define energy security, and who they trust to deliver it.

For governments across the Indo-Pacific, energy strategy now sits at the centre of economic management, social stability and national security. This paper argues that continuing to position Australian fossil fuel exports as the foundation of energy security is increasingly misaligned with these realities and carries growing strategic risk. It sets out why energy security and climate security are now achieved through the same actions, and why Australia must deliberately pivot its policy, diplomacy and public finance toward renewable energy security partnerships in the Indo-Pacific. The paper concludes with practical recommendations to align government strategy behind this pivot and translate ambition into credible delivery.

Brief 1

THE NEW ENERGY SECURITY:

Australia's Strategic Choice From Fossil Exports To Renewable Partnerships

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KEY MESSAGES

- **Australia faces a near-term strategic choice about how it defines and delivers energy security.** Decisions taken now will shape Australia's economic resilience, regional influence and exposure to future shocks.
- **An energy security model based on coal, oil and gas is broken.** Fossil fuels are now a vulnerability multiplier, triggering major economic shocks across the Indo-Pacific, during the Russia-Ukraine war and now the Middle East conflict. For many governments this is now a material economic and security problem, not just a climate concern.
- **A renewables-based model of energy security must be built in its place.** As renewables become core to the energy mix across the Indo-Pacific, securing clean commodities, supply chains, and capability becomes critical and is redefining energy security.
- **Renewable energy security is climate security.** Accelerating renewables, electrification, efficiency and system resilience strengthens energy security while simultaneously delivering emissions reduction.
- **Australia's traditional energy offer is becoming misaligned with partner needs.** Clean energy investment now outpaces fossil fuels across the Indo-Pacific, with more than $2 invested in clean energy for every $1 in fossil fuels. This means Australia risks being tied to an energy model partners increasingly see as a vulnerability, even where nearterm reliance continues.
- **Australia's renewable superpower vision can become a regional energy security offer.** A Future Made WITH Australia approach delivers this by partnering to build the systems, supply chains and capabilities needed for secure, lowemissions energy across the region.
- **Australia has the foundations. The task now is coherence.** Australia must accelerate and align existing finance, partnerships, standards and delivery mechanisms behind the single, clear objective of achieving renewable energy security.
- **Australia can't lead on a renewables-based security offer without a clear path away from fossil fuels.** Expanding coal, oil and gas alongside a renewable superpower vision sends mixed signals, undermining confidence and increasing transition risk.

KEY RECOMMENDATIONS

1. Adopt a whole-of-government Renewable Energy Security Strategy
2. Advance energy security through decarbonisation deals and renewable partnerships
3. Turn energy security cooperation into investment and delivery

FOSSIL FUEL DEPENDENCE IS A MACROECONOMIC VULNERABILITY.

The crisis in the Middle East is the third major energy and supply chain shock in a decade, after COVID-19 and the war in Ukraine. Its near-term effects – across oil, gas, fertiliser and derivatives – are already driving higher energy prices, inflationary pressures and cost-of-living impacts. Its medium and long-term implications are likely more consequential: a generational pivot in how the Indo-Pacific thinks about energy security is underway.

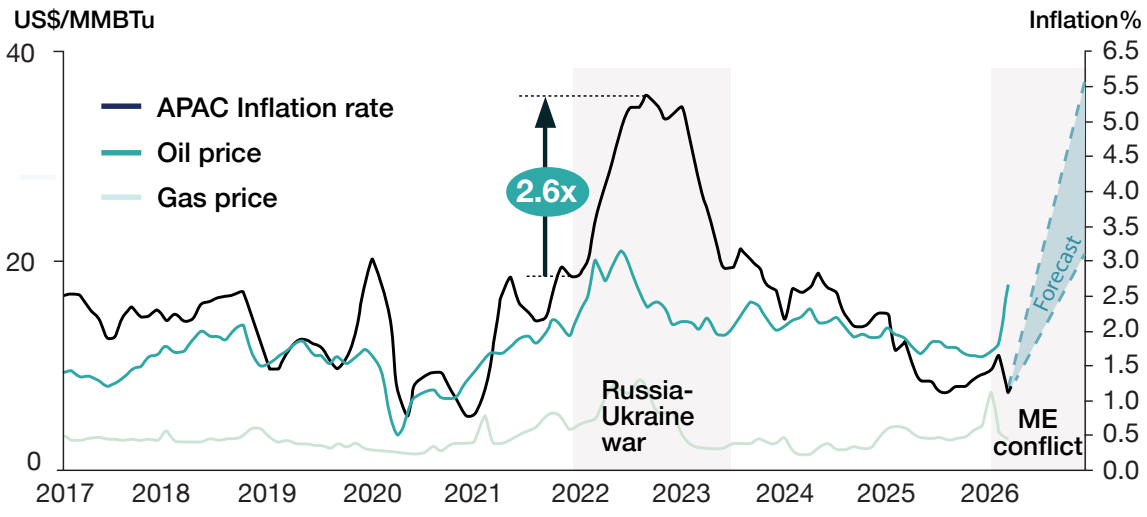
This moment echoes the 1973 oil shock, which forced countries like Japan, Korea, and Taiwan to restructure their energy systems and focus on energy efficiency and supplier diversification. However, compared to back then, structural alternatives to fossil dependency, such as renewables and electrification, are now faster and in most cases cheaper to deploy. In today's fragile world, Australia must grasp the opportunity to strategically and intentionally reposition itself from being a 'dig and ship' fossil fuel supplier to becoming a trusted renewable energy transition partner that provides system resilience and an improved offer of security in the broadest sense.

Australia's energy diplomacy has long rested on a simple proposition to partners: that Australia is a reliable, stable and long-term provider of energy and economic security through its fossil fuel exports[1]. For decades, fossil fuels have functioned as valuable security infrastructure for Asian partners during their industrialisation[2], and Australian officials have argued that partners' energy security concerns justify the continued expansion of fossil fuel exports[3].

However, this view of energy security is predicated on sustained fossil fuel consumption, which is incompatible with net zero emissions pathways and the objectives of the 2015 Paris Agreement[4]. Moreover, when climate damage, disaster costs, price volatility, fiscal exposure and transition risks are accounted for, it exposes Australia and the region to mounting net economic, strategic and diplomatic risks.

Fossil fuel dependence has triggered major price shocks across the Indo-Pacific (see Figure 1). High gas

FOSSIL FUEL DEPENDENCE HAS TRIGGERED MAJOR ECONOMIC IMPACTS ACROSS THE INDO-PACIFIC



Middle East Conflict

While not yet in official inflation data, the **Asian Development Bank** forecasts APAC inflation to rise by 0.6 to 3.2 percentage points above the baseline, bringing inflation rate to between 3.0% and 5.5% for 2026

Note: Oil price is measured by Europe Brent Spot Price FOB (US$/MMBTu). Natural gas price is measured by Henry Hub Natural Gas Spot Price (US$/MMBTu). The inflation rate is measured as the average year-on-year inflation rate of APAC top 10 economies excluding Australia (China, Japan, Korea, Vietnam, Philippines, Malaysia, Thailand, India, Indonesia, and Singapore), inflation forecasts are based on the Asian Development Bank's estimate of the impact of the Middle East conflict on inflation and the IMF's forecasts for the top 10 APAC economies.

Sources: IMF Consumer Price Index, EIA Petroleum & Other liquids, EIA Natural Gas, IMF World Economic Outlook (2026), Asian Development Bank (2026)

***Figure 1** – Economic impacts of fossil fuel dependence across Indo-Pacific (Cyan Ventures/WWF-Australia 2026)*

COUNTRY	FOSSIL FUEL USE[1]	IMPORT DEPENDENCY[2]	RESERVE DEPTH[3]	COMPOSITE VULNERABILITY ASSESSMENT
Australia	190 GJ	Exporter in gas and coal, but importer of oil	~33 days	High High consumption of fossil fuel per capita, thin liquid fuel reserves; over 80% of oil is imported
China	99 GJ	21%	78 days	Low Large stockpile of reserves. Net exporter domestic coal production, but weaker on gas and oil (over 70% of oil consumption from import)
Japan	115 GJ	90%	195 days	High Large oil reserves to buffer import dependency (e.g., 99% of oil consumption from imports)
India	25 GJ	37%	60 days	Medium Low per capita use, but limited reserves and Net exporter import dependency in certain areas (e.g., 87% of oil consumption from imports)
Korea	207 GJ	85%	206 days	High Large oil reserves to buffer import dependency (e.g., 98% of oil consumption from imports)
Indonesia	34 GJ	Net exporter	22 days	Medium Net exporter of coal and gas, but ~60% of oil consumption from imports (net importer since 2004, domestic production declining), and thin reserves.
Singapore	647 GJ	258% for consumption & re-exports	Data not available	High High consumption of fossil fuel per capita, dependent on fossil fuel not just for domestic consumption but also for refining and trading purposes
Thailand	66 GJ	57%	109 days	Medium Balanced across all dimensions. ~60% of oil consumption from imports (significant domestic production but net importer)/
Vietnam	41 GJ	34%	21 days	Medium Rapid growth in demand and 35% of oil consumption from imports (with 87% from Gulf)
Philippines	18 GJ	54%	45 days	Medium Low consumption, but high import dependency for oil (95% of oil from the Gulf)

Legend: Low vulnerability Medium vulnerability High vulnerability

Source: 1. Measured by fossil fuel consumption per capita (GJ / capita). Information from IEA Energy Statistics via Our World in Data (2023), 2. Measured by energy imports as percentage of energy demand (%). Information from World Bank (2022), 3. Measured by measured by oil day reserves (days). Information from: Japan, South Korea, New Zealand (link), China (link), India (link), Indonesia (link), Thailand (link), Vietnam (link), Philippines (link).

***Table 1** – Vulnerability of fossil fuel based energy security (Analysis provided by Cyan Ventures to WWF, report forthcoming)*

prices following the Russia-Ukraine war were largely responsible for adding up to 2.6 percentage points to inflation. The current Middle East conflict is also having significant macroeconomic impacts in the region with the Asian Development Bank forecasting APAC inflation could rise to over 5% in 2026, up from 3.0% last year[5].

It is also a model that is increasingly failing to deliver the basics of energy security. Recent conflict in the Middle East has laid bare its vulnerabilities, with price volatility and import dependence forcing energy-importing countries to reassess their exposure to fossil fuels. Australia's neighbouring countries and key trading partners, such as Japan, India, the Republic of Korea, Thailand, Viet Nam, the Philippines and Singapore are, as net energy importers, very exposed[6].

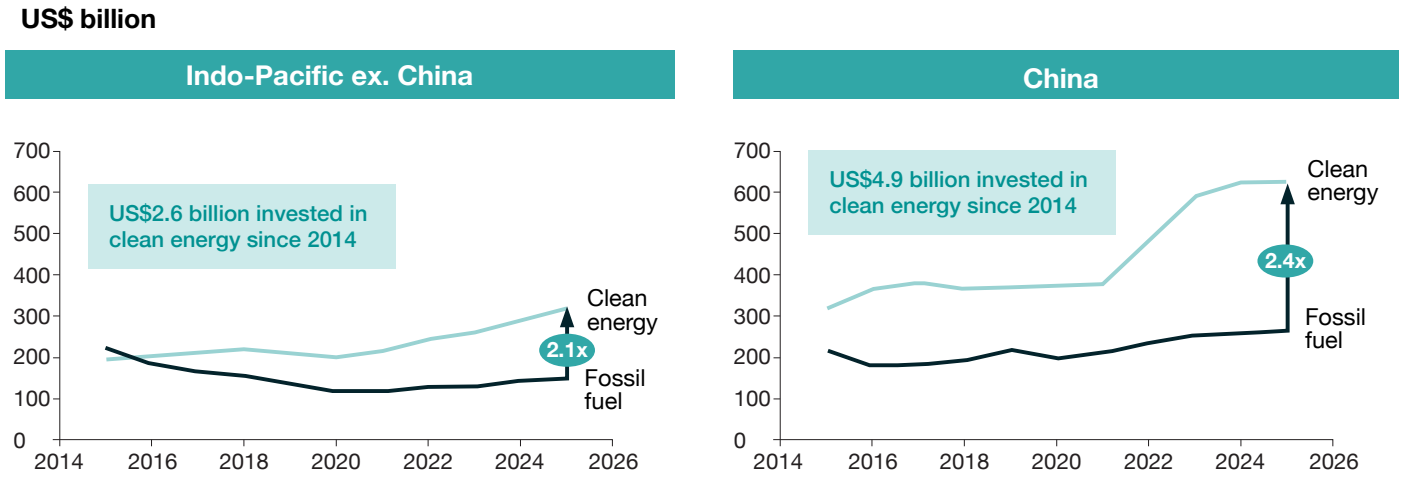
A country's energy security vulnerability can be assessed through three core indicators: fossil fuel use measured as consumption per capita (the more energy a country needs, the greater its economic sensitivity to price shocks), import dependency (a country's structural reliance on external supply), and fossil fuel reserves. Table 1 maps out the vulnerabilities of selected Indo-Pacific countries' fossil fuel energy systems across the three indicators. All these major economies have gaps in energy security in the current fossil-fuel based system (Table 1).

A RENEWABLES-BASED MODEL OF ENERGY SECURITY IS EMERGING.

For these countries, in addition to their climate commitments, the case for shifting away from fossil fuel dependence is now accelerated by energy security concerns and grounded in economic and strategic logic[7]. The same shock that is temporarily lifting demand for Australian Liquified Natural Gas (LNG) and coal is simultaneously accelerating the transition that will permanently reduce it. Whether motivated by cost, resilience or geopolitical exposure, Australia's fossil fuel buyers and strategic partners are under pressure to reorient their energy security. They will draw similar conclusions to those reached by the European Union after the 2022 invasion of Ukraine and weaponisation of gas supplies: that **long-term affordable energy security lies in electrification of end-uses, diversified renewables, trade in lower-risk energy-embedded products, and less exposure to supplier concentration[8].**

The Republic of Korea illustrates this shift. In response to heightened volatility, Korea's leadership has framed the current crisis as an opportunity to accelerate the transition to renewable energy, alongside a previous formal commitment to phase out coal-fired power[9 10]. Similarly, the Association of Southeast Asian Nations' (ASEAN) ministerial statements following the Middle East crisis, emphasise exposure to oil and LNG supply routes, the need to manage demand, diversify energy sources and accelerate renewable energy[11]. At the same time, clean energy investment already materially outpaces fossil fuel investment across the Indo-Pacific, with more than $2 invested in clean energy for every dollar invested in fossil fuels in 2025 (Figure 2). These signals directly affect the medium to long-term outlook for Australian fossil fuel exports to some of its most important energy markets.

INVESTMENT IN CLEAN ENERGY OUTPACES FOSSIL FUELS IN THE INDO-PACIFIC REGION



Notes: Estimates exclude China, include Australia, Bangladesh, Brunei Darussalam, Cambodia, DPR of Korea, India, Indonesia, Japan, Korea, Laos, Malaysia, Mongolia, Myanmar, Nepal, New Zealand, Pakistan, Philippines, Singapore, Sri Lanka, Chinese Taipei, Thailand Viet Nam and Other Asia, Afghanistan, Bhutan, Cook Islands, East Timor, Fiji, French Polynesia, Kiribati, Laos, Macau, Maldives, New Caledonia, Papua New Guinea, Samoa, Solomon Islands, Tonga and Vanuatu

Sources: IEA (2025)

***Figure 2** – Clean energy investment now materially outpaces fossil fuel investment across Indo-Pacific (Cyan Ventures/WWF-Australia 2026)*

Over the coming decades, both the demand for, and diplomatic significance of, Australian fossil fuel exports will decline significantly. Australia can choose to treat this as an alarming threat to its economy and regional influence, or it can seize the opportunity to reposition itself as a leader in renewable energy security[12].

The question is no longer whether the region will transition, but whether Australia will step up in time as a credible partner to help achieve a new form of renewables-based energy security or be left to manage the erosion of relationships built on an expiring energy model. Table 2 articulates the core differences between a fossil fuel based and a renewables based energy security model.

Decisions being made by regional partners now will lock in energy systems and trading relationships for decades. To deliver the transition at the pace required, it will also need to be grounded in durable social licence, workforce participation and genuine collaboration with Indigenous and local communities. Countries that fail to position themselves as credible partners in this window will struggle to do so later, regardless of resource endowments.

Table 2 – Energy security in practice: fossil fuels vs renewables

ENERGY SECURITY	FOSSIL FUEL-BASED	RENEWABLE-BASED	CASE STUDY
 AFFORDABILITY	• **Expensive:** A quarter of the world's countries spend over 5% of GDP on annual fossil fuel imports, including key Australian partners such as Japan and the Republic of Korea.[13] • **Volatile:** Prices shaped by global market volatility, geopolitical risk, supply concentration and rising capital costs. • **Inefficient:** The global, fossil-intensive, energy system wastes US$4.6 trillion on energy losses across the supply chain and through the combustion process before completing useful tasks[14].	• **Sustained cost reductions** of electro tech through scale and learning, with further declines expected to continue[15]. • **Most cost-competitive option** for new electricity generation[16]. • **Predictable operating costs:** Once installed, renewables and electro tech (electric vehicles, heat pumps) are largely insulated from fuel price volatility and geopolitical shocks that drive fluctuations in fossil fuel prices[17]. • **Efficient:** Renewable and electric systems are two to four times more efficient than their fossil fuel-based alternatives[18].	• After extreme LNG price volatility in 2022 left **Pakistan** facing power outages, households and businesses rapidly turned to rooftop solar as a cheaper and more reliable alternative. Solar's share of electricity generation increased fivefold between 2021 and 2025, supplying around one-fifth of grid electricity by 2024 and sharply reducing daytime gas demand. Analysts estimate the solar surge has already **avoided roughly US$12 billion in oil and gas imports**, cushioning Pakistan from recent Middle East energy-market disruptions and underscoring renewables' role as an energy-security hedge[19].
 AVAILABILITY	• Fossil fuel-based systems keep users **dependent** on a continuous supply of oil, gas or coal, exposing importers to price shocks, supply disruptions and geopolitical tension at every step of use. • **Limited reach:** Centralised, fossil fuel grid-based energy systems have shown limited effectiveness in reducing energy poverty, as high infrastructure costs and weak commercial incentives constrain grid extension in low density and remote areas, leaving many communities underserved[20].	• **Independency once deployed:** Solar and wind assets can deliver energy for over 20 years with no ongoing imports required - and where manufacturing capacity exists domestically - the entire supply chain can be internalised[21]. • **Quick to deploy:** Renewables, particularly consumer energy resources (CER) are quick to deploy due to their modular nature[22]. • **Democratisation of energy access:** Renewables paired with storage empower households, remote communities and businesses to generate and manage their own energy.	• The **energy sovereignty** characteristic of renewable energy has proven to be extremely popular in Australia: with the highest per capita solar uptake in the world, and the success of the Cheaper Home Batteries program, 200,000 batteries have been installed in Australian households over a period of just six months[23] [24]. The availability advantage is already visible in cost terms: By replacing imported oil with domestically generated electricity, current EV fleets are avoiding oil imports worth over US$28 billion annually in China, around US$8 billion in Europe, and about US$600 million in India[25].

ENERGY SECURITY	FOSSIL FUEL-BASED	RENEWABLE-BASED	CASE STUDY
BROADER SECURITY	• **Climate impacts of fossil fuel combustion:** The most consequential long-term security threat facing the Indo-Pacific. ADB modelling estimates GDP losses of up to 17% by 2070 under a high-emissions scenario, particularly in Southeast Asia and the Pacific, alongside escalating human and security costs (climate-driven displacement, rising humanitarian and health system pressures, and loss of habitability in vulnerable coastal and island communities) undermining development and regional stability[26]. • **Economic security:** Energy price shocks drive inflation, impacting growth in Australia and its trading partners as highlighted by the RBA[27]. • **Conflict costs:** Fossil fuel dependence is associated with higher risks of civil and interstate conflict, with studies estimating that up to half of interstate wars since the 1970s have been linked to oil, creating persistent economic, humanitarian and security costs globally[28].	• **Resilience:** The distributed nature of renewable energy provides greater resilience against extreme weather, climate disasters and targeted attacks. • With the world economy decarbonising and long-term competitiveness shifting to low-carbon production, export-oriented countries with green energy systems and supply chains become more competitive, particularly when carbon-intensive production is penalised (e.g. through carbon border adjustment mechanisms - CBAMs)[29]. • Clean energy technologies underpin **economic growth**[30]**.**	• More than half of Ukraine's centralised generation capacity has been damaged or destroyed during the war, in contrast to only seven per cent of distributed generation[31]. Moreover, in a world plagued by intensifying extreme weather events, system-wide resilience capability is critical. Particularly for Southeast Asia and the Pacific, distributed solar-battery systems and microgrids are less vulnerable to cyclone damage and enable faster restoration of essential services than centralised, diesel-dependent systems, while also reducing reliance on disrupted post-disaster fuel supply chains[32]. Networked renewable microgrids have demonstrated the ability to maintain electricity supply during prolonged grid outages by sharing power across distributed assets, such as during the Malaysia Sabah floods in 2021[33].

"The resources of the clean energy era cannot be blockaded or weaponised. There are no price spikes for sunlight and no embargoes on the wind. The fastest path to energy security, economic security, and national security is clear: speed up a just transition away from fossil fuels and toward renewable energy."
(António Guterres, United Nations Secretary-General, 2026) [34]

PARTNERS' NEEDS ARE SHIFTING IN A WARMING, ELECTRIFYING AND VOLATILE WORLD

The shift to renewables, electrification and efficiency is already visible in how "energy security" is being re-defined, less as access to fuel supplies, and more as the resilience and capability of the whole energy system. In an electrifying and decarbonising world, energy security increasingly hinges on three interlinked dimensions: secure access to physical commodities, secure clean-energy supply chains, and access to the skills, technologies and institutions needed to deploy and operate energy systems (Figure 3). Vulnerability in any one of the dimensions of energy security can undermine overall economic and strategic resilience.

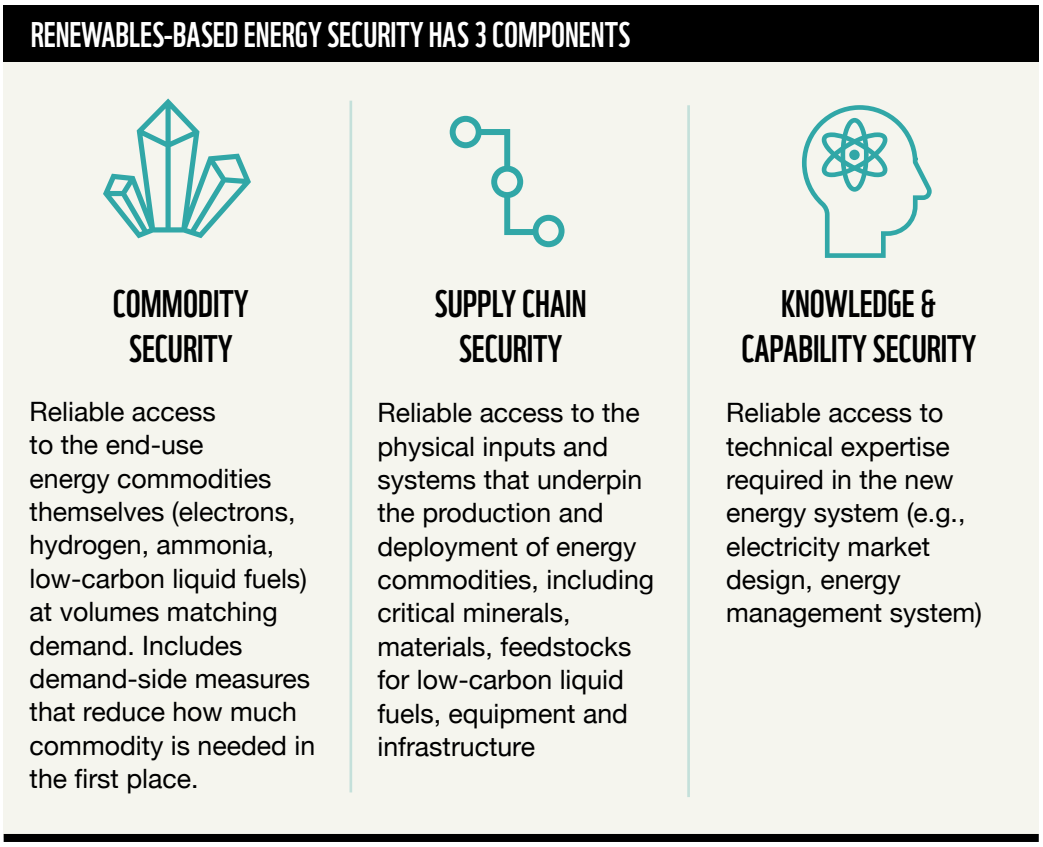


***Figure 3** – Reframing the components of energy security for the energy transition (Cyan Ventures/WWF-Australia 2026)*

Renewable energy, electrification and efficiency perform strongly across all three of these dimensions of a new energy security model. By replacing imported fuels with domestically generated electricity, they reduce exposure under commodity security. By shifting value toward distributed infrastructure, grids and storage, they diversify supply chains and reduce reliance on concentrated fuel routes. And by embedding capability in system planning, deployment, operation and services, they strengthen the knowledge and institutional foundations needed to deliver energy systems at speed and scale. Taken together, this makes renewable energy a national security multiplier and explains why accelerating the clean energy transition is increasingly the most effective way to strengthen energy security overall[35].

Pressures around guaranteeing energy system resilience are particularly acute in the Indo-Pacific, where more than two-thirds of global growth in electricity demand will occur over the next five years[36]. ASEAN sits at the centre of this shift: as one of the world's fastest-growing electricity markets, driven by population growth, electrification, temperature extremes, and expanding digital demand[37], the region faces simultaneous pressures of industrial growth, affordability, reliability and energy access.

Against this backdrop, Indo-Pacific governments are responding to the current energy shock with emergency stabilisation measures, while simultaneously shifting focus toward longer-term structural de-risking. They will increasingly prioritise[38] [39] [40]:

- Deployment speed and cost of new energy supply, favouring renewables and economy-wide electrification.
- Grid strength, flexibility and storage, to manage variability and surging demand.
- Firming, demand response and energy efficiency, to reduce system stress and import exposure.
- System resilience to climate impacts, as extreme weather disrupts energy infrastructure and supply chains.

While these priorities are shared, country needs and opportunities differ. Table 2 identifies these differences across the 3 components of renewable based energy security, highlighting potential green trade import needs and export opportunities (see Table 3).

Taken together, these trends point to a clear conclusion: Australia's neighbours will no longer primarily seek fuel suppliers. They will seek long-term partners that can help build, finance and operate resilient energy systems under conditions of rapid growth, geopolitical uncertainty and climate stress.

Table 3 - Energy security vulnerabilities across three dimensions (commodity, supply chain, and capability security) for select Indo-Pacific economies (Analysis provided by Cyan Ventures to WWF, report forthcoming)

COUNTRY	COMMODITY (ENERGY)	SUPPLY CHAIN	CAPABILITY	SUMMARY OF IMPORT NEEDS AND EXPORT OPPORTUNITIES
Australia	Net exporter	Two-way trade	Net exporter	Australia can be a net exporter of energy and capabilities, but needs imported clean-tech inputs to scale domestic green industry. Its opportunity is to supply critical minerals, green fuels and specialist expertise, backed by offtake commitments and emerging subsea power links.
China	Net exporter	Net exporter	Net exporter	China is a dominant global exporter of clean technologies and EVs, with growing pressure to access new markets as domestic overcapacity increases. The opportunity for China is in partnering with other countries for feedstocks and market access.
Japan	Net importer	Two-way trade	Net exporter	Japan is energy-import dependent and needs large-scale green fuel to decarbonise power, industry and shipping. Opportunities for Japan lie in providing technology partnership, development finance solutions, while securing mineral and power-electronics supply chains.
India	Two-way trade	Net importer	Two-way trade	India is scaling clean energy and clean tech manufacturing, but still needs imported inputs in the near term. Its opportunity is as a major manufacturing and project-delivery partner, including for regional renewable buildout and green-hydrogen offtake and technology transfer.
South Korea	Net importer	Net exporter	Net exporter	South Korea needs imported energy, green fuels and critical minerals, but is highly competitive in batteries, EVs, power electronics and shipbuilding. The opportunity is to deepen mineral and green-fuel supply security while expanding exports of advanced clean-tech manufacturing.
Indonesia	Net importer	Two-way trade	Net importer	Indonesia needs transition finance and technology to retire coal early and build reliable clean power systems. Its opportunity is to move up the nickel and EV/battery value chain and leverage geothermal resources, supported by capital, grid equipment and industrial capability.
Singapore	Net importer	Two-way trade	Two-way trade	Singapore is energy-import dependent and needs low-carbon electricity and green fuels to decarbonise power and bunkering. Its opportunity is to act as a regional hub for green finance, carbon markets and clean-tech R&D, anchoring demand via grid and storage integration and Sustainable Aviation Fuel capability.
Thailand	Net importer	Two-way trade	Net importer	Thailand is an energy importer seeking to strengthen grid modernisation and secure inputs for EV and battery supply chains. Its opportunity is to expand EV assembly, solar PV manufacturing and regional auto/power-electronics supply chains, complemented by biofuels and biomass energy expertise.

COUNTRY	COMMODITY (ENERGY)	SUPPLY CHAIN	CAPABILITY	SUMMARY OF IMPORT NEEDS AND EXPORT OPPORTUNITIES
Viet Nam	Net exporter	Net importer	Net importer	Viet Nam needs major investment in grids and storage and access to battery/EV inputs as it scales clean manufacturing and renewables. Its opportunity is to develop offshore wind engineering alongside potential green-electron partnerships.
Philippines	Two-way trade	Two-way trade	Net importer	The Philippines needs finance and grid investment to integrate renewables across an archipelago and avoid new fossil lock-in as coal phases down. Potential in critical minerals and geothermal resources while building offshore wind and engineering and services workforce for regional delivery.
Malaysia	Net importer	Net exporter	Net importer	Malaysia is a key exporter of solar PV and semiconductor packaging that underpins power electronics and EV supply chains. Its opportunity is to upgrade PV manufacturing to higher-value steps, modernise the grid and participate in the ASEAN Power Grid, with data-centre demand corridors helping anchor new renewables.

"In the midst of uncertain times, renewable energy remains consistent and steadfast in its expansion. Countries that invested in the energy transition are weathering this crisis with less economic damage, as they boost energy security, resilience and competitiveness."
Francesco La Camera, Director-General of the International Renewable Energy Agency (IRENA) on the crisis in the Middle East [41]

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A FUTURE MADE WITH AUSTRALIA: THE CASE FOR A BROADER VALUE PROPOSITION

The shift in partner needs has direct implications for Australia's strategic position. Across the Indo-Pacific, governments are prioritising affordable, resilient and longterm energy security and increasingly recognising that renewable energy security is inseparable from climate security. As a result, coal, oil and gas exports face declining relevance, while partners able to deliver secure, low-emissions energy systems at scale and speed become increasingly valued.

Figure 4 summarises the core levers governments can use to build long-term energy security in the transition, spanning commodity exposure, supply chains, and the capability to deploy and operate resilient systems. It shows how the goals of climate and energy security are converging, with 42 of the 53 levers identified to strengthen energy security in the Indo-Pacific also improving climate outcomes. This underscores that the same actions – renewables, electrification, efficiency and system resilience can deliver both emissions reductions and energy security. It suggests where Australia can contribute: not only through energy-embedded exports, but through partnership in finance, delivery and capability-building across the broader set of transition actions.

Australia's opportunity lies in responding with a broader value proposition. There is now a strategic imperative to move beyond a narrow supplier role and engage as a partner in the technologies, infrastructure, finance and system capabilities that underpin renewable-based energy security.

Rather than positioning renewable exports solely as energy-embedded commodities such as green metals, minerals or fuels, a Future Made With Australia approach frames Australia as a co-investor in long-term system resilience.

This 'with' is an intentional strategic shift: from a transactional, 'made in' export model toward one based on partnership, shared capability and co-delivery with regional partners. In practice, this requires a more comprehensive partnership approach, through which Australia should:

- Compete in clean goods and services where Australia has comparative advantage.
- Cooperate with partners to accelerate renewable deployment and diversify clean supply chains; and
- Contest narratives that seek to entrench ongoing fossil fuel dependence.

These three modes align with the transition levers illustrated in Figure 4. While legacy fossil-fuel security measures (left-hand side) may remain relevant for short-term exposure management, they are increasingly insufficient in an era of electrification, climate risk and geopolitical volatility. The right-hand side of the figure highlights where energy security is now being built: through renewables-based systems that combine clean generation, storage, flexibility, efficiency and secure supply chains. This framing shifts the focus from managing dependence on fossil fuels to enabling partners to reduce it, positioning Australia's trade, cooperation and diplomatic engagement around the levers that deliver long-term security, resilience and shared economic benefit.

Figure 4 – Levers to unlock long-term energy security for Indo-Pacific partners (Analysis provided by Cyan Ventures to WWF, report forthcoming)

RENEWABLES-BASED ENERGY SECURITY CAN IMPROVE CLIMATE SECURITY

Energy security in the old fossil fuel based system

1 Strategic petroleum reserve

2 Industry stockholding obligation

3 Natural gas storage

4 LPG and regional fuel reserves

5 Crude oil import diversification

6 Refined product import diversification

7 Shipping route and flag diversity

8 Gas pipeline and import terminal diversity

9 Sovereign refining capability

10 Upstream oil and gas production

11 Petrochemicals capability

12 Vehicle fuel efficiency

13 Industrial fuel-switching

14 Fuel rationing and restrictions

Energy security in the new renewable-based system

Shaded = lever with a climate co-benefit *other lever*

Commodity security

1 Low-carbon liquid fuel reserves

2 Electricity storage capacity

3 Hydrogen and ammonia storage

4 Biomethane and renewable gas storage

5 International green molecule partnerships

6 Electricity interconnector diversity

7 Renewable electricity generation

8 Domestic low-carbon liquid fuel production

9 Domestic green hydrogen and ammonia production

10 Distributed energy resources and VPPs

11 Biomethane and renewable natural gas production

12 Electrification of transport and heat

13 Energy efficiency in builings & appliances

14 Energy efficiency in industry

15 Demand response and flexibility

16 Modal shift and transport demand management

Supply chain security

1 Critical mineral reserves

2 Strategic spare parts inventory

3 Midstream material buffer stocks

4 Multi-country sourcing and friend-shoring

5 Feedstock diversification for bioenergy and LCLFs

6 Technology standard diversification

7 Shipping and logistics route diversification

8 Critical minerals processing

9 Solar manufacturing

10 Battery cell and pack manufacturing

11 Electrolyser and fuel cell manufacturing

12 Heavy electrical equiptment manufacturing

13 Battery recycling and second-life

14 Solar and wind end-of-life recovery

15 Material efficiency

16 R&D on new materials

17 Design-for-durability

Knowledge & capability

1 Technical expertise

2 Engineering expertise

3 Financing expertise

4 Commercial expertise

5 Data and analytics expertise

6 Regulatory expertise

Source: Levers are collated from IEA's Sheltering from Oil Shocks (2026), Power Systems in Transition (2020), A 10-Point Plan to Reduce the European Union's Reliance on Russian Natural Gas (2022), IEA Critical Minerals and Clean Energy Summit (2023)

SEIZING THE OPPORTUNITY WILL REQUIRE ADDRESSING THREE CREDIBILITY GAPS

Australia has all the ingredients - renewable resources, critical mineral endowments, proximity to Asian markets, technical capabilities, institutional capacity, strong established relationships and the diplomatic platforms to turn a 'renewable superpower' vision into a regional security asset[42], and to shift from being a fossil fuel supplier to a reliable renewable energy security partner. Few other middle powers in the region hold all these comparative advantages simultaneously.

Australia is not starting from zero. It has taken important steps to recognise the opportunity presented by the energy transition. The Future Made in Australia (FMiA) agenda (which aims to boost domestic industry through decarbonised production), reforms to export finance settings, and growing engagement with partners on clean supply chains[43] [44].

Despite the opportunity, Australia faces a set of interlocking credibility challenges that risk undermining its ability to translate the 'Future Made in Australia' agenda into a credible regional offer. The following gaps escalate the costs of delay:

1 A partner credibility gap: perceptions of an inward-looking agenda

While the Future Made in Australia framing has been politically useful at home, it can be read by partner countries as inward-looking, emphasising national gain over shared value creation. It reinforces a traditional model in which Australia expands its economic position while others remain dependent as customers or outsource strategic elements of their industrial base, rather than being treated as co-developers of transition pathways. This constrains Australia's credibility as a long-term systems partner aligned with partners' development, industrial and security objectives.

2 A delivery credibility gap: rhetoric outpacing results

Australia's track record does not yet support its ambitions. In trade-exposed commodities, Australia struggles to bring first-of-a-kind (FOAK) green industrial projects, such as green iron and steel, to final investment decision (FID) and at the scale its green export ambitions require[45]. Clean energy projects with partners have stalled due to regulatory delays and the lack of demand-side instruments to make projects bankable. The current energy-security shock creates a genuine reset moment across the Indo-Pacific, seizing it will require structural policy change, including new approaches on risk-sharing and fit-for-purpose policy architecture[46]. Australia must move, or capital will flow elsewhere.

Australia's ambition to be a renewable energy partner in the Indo-Pacific must now translate into sustained, implementation-focused engagement. While Australia has increased engagement through dialogues, pilot projects and targeted financing, it remains a relatively small foreign investor in most Southeast Asian energy systems, limiting its role in the pace, scale and direction of regional green energy deployment[47]. At a time when partners face acute needs for finance, grid integration, technology transfer and institutional capability, Australia's engagement is still largely fragmented. This gap between ambition and implementation risks constraining Australia's credibility as a long-term partner, particularly as other actors move quickly with more coordinated finance, industrial policy and supply-chain strategies to shape the region's energy transition.

3 A policy coherence and identity gap: mixed signals at home and abroad

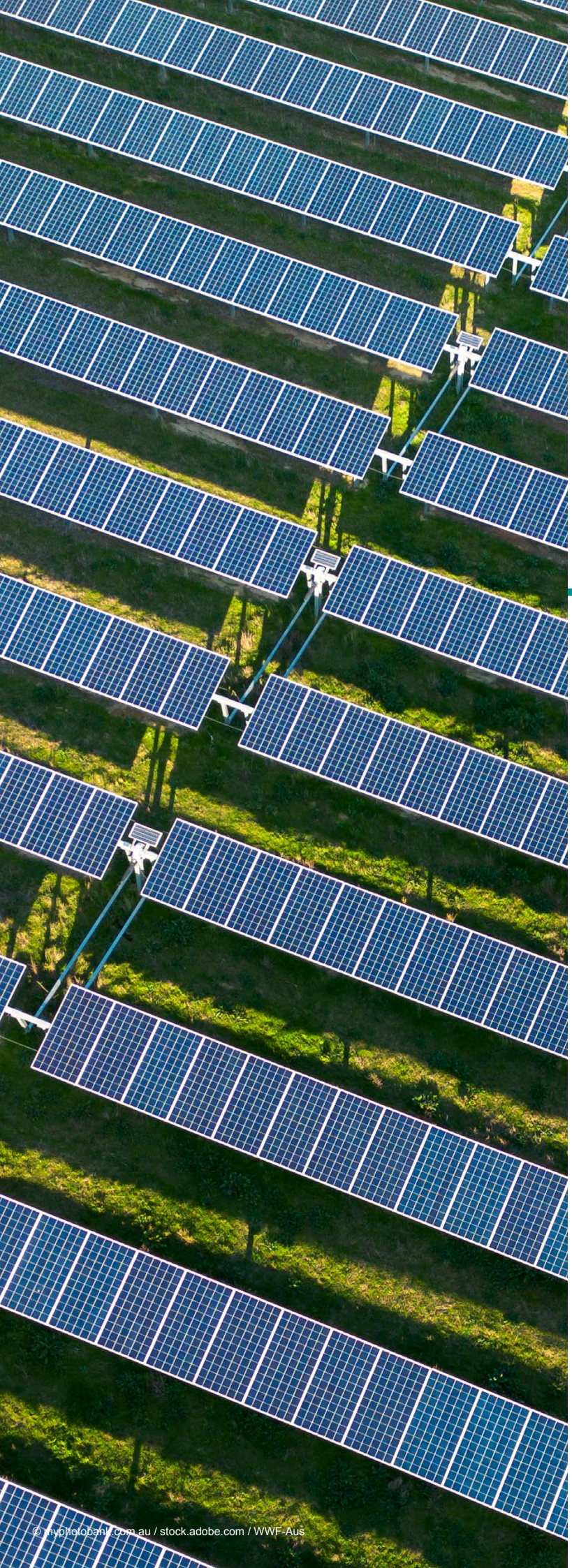
While Australia describes itself domestically as a 'renewable superpower', it is not perceived that way internationally. Australia remains widely viewed as the world's second largest exporter of fossil fuel emissions[48] and a climate action laggard[49]. This perception is reinforced by the absence of a policy framework to restrict fossil fuel exploration, production and new fossil fuel infrastructure, or to plan for an orderly phase-out of fossil fuels domestically and for export in alignment with long-term transition goals.

At the same time, different government agencies continue to pursue conflicting objectives:

- DFAT promotes clean energy diplomacy — and fossil fuel supply relationships.
- DISR is leading work on green industrial pathways (FMiA) while simultaneously enabling large new LNG/coal expansions.
- Treasury and Finance are underwriting both fossil and green sectors.
- Government modelling points to a renewable export future, but policy settings across energy, trade and industry remain misaligned with that trajectory.

Australia's role as an LNG supplier to partners like Japan and Korea may have provided leverage for fuel imports in the current crisis context. However, this must not be confused for medium to longer term energy security. Credibility as a long-term partner to the region will depend on whether Australia can simultaneously demonstrate a clear, time-bound strategy to scale renewable exports and manage a fossil fuel phase out. Without this, partners and investors may question whether Australia is prepared to align with the structural shifts already underway in their own energy systems.

The challenge is not one of invention, but of alignment and scale. Without stronger coordination across policy, diplomacy and public finance, Australia risks sending mixed signals that undermine its ability to be seen as a serious, long-term systems partner in the energy transition. With alignment, these instruments can form the basis of a credible, delivery-focused renewable energy security offer that partners can trust and invest against.



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RECOMMENDATIONS: MAKE RENEWABLE ENERGY SECURITY A FOREIGN POLICY PRIORITY.

In a world of fragmenting multilateralism, rising trade friction and recurring energy shocks, cooperation on renewable-based energy security is emerging as one of the few areas where economic resilience, climate stability and geopolitics still align. As Mark Carney has argued in his recent speech in Davos, the next phase of the transition will be shaped not by markets alone, but by whether governments can align finance, trade and security policy around shared outcomes[50].

As a middle power in the Indo-Pacific[51], and with a near-term window as incoming COP31 President of Negotiations, Australia is well placed to broker practical, cooperative partnerships that link decarbonisation with energy access, resilience and long-term economic opportunity. Doing so requires reframing the 'renewable superpower' ambition away from a narrow export proposition, and toward a shared systems transition that overcomes exposure to fossil-fuel volatility and strengthens regional stability.

The credibility of this offer will be determined by Australia's ability to align its diplomacy, trade and public finance with this objective. Doing so requires closing three interlocking gaps identified in this brief: 1) policy coherence, 2) partner perceptions and alignment, and 3) delivery credibility. To address these gaps, the Australian Government should adopt the following recommendations:

KEY RECOMMENDATIONS

1 ADOPT A WHOLE-OF-GOVERNMENT RENEWABLE ENERGY SECURITY STRATEGY

Adopt a whole-of-government Renewable Energy Security Strategy that aligns trade, industry, finance and diplomacy behind a single objective: strengthening regional energy security through renewables based systems and clean supply chains. The strategy should accelerate renewables, electrification and efficiency at home, and with partners, while reducing exposure to unreliable coal, expensive gas and dangerous oil. To be credible, it must address the policy mismatch created by Australia's role as a major fossil fuel exporter by avoiding new fossil fuel lock-in and aligning decisions across government with a managed phase out of fossil fuels.

2 ADVANCE ENERGY SECURITY THROUGH DECARBONISATION DEALS AND RENEWABLE PARTNERSHIPS

Use trade, development and diplomacy, including its role at COP31, to advance clean industrial decarbonisation deals that strengthen energy and climate security simultaneously. These deals should build on priority commodity based agreements, such as green iron, by embedding them within broader cooperation on clean energy systems and industrial value chains. Done well, they reduce exposure to fossil fuel price shocks, accelerate emissions reductions, and position Australia as a trusted transition partner.

3 TURN ENERGY SECURITY COOPERATION INTO INVESTMENT AND DELIVERY

Back energy security partnerships with clear delivery signals by using public finance, standards and risk-sharing to move priority clean energy and industrial projects from concept to construction. Targeted public support can lower risk, crowd in private capital and accelerate delivery, while avoiding investment that entrenches long-lived fossil fuel assets. Shared standards and trusted supply chain arrangements should further reduce friction and ensure Australia's cooperation is credible, bankable and real.

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Albany Wind Farm in Western Australia. © Adobe Stock / WWF-Australia

A FUTURE MADE WITH AUSTRALIA

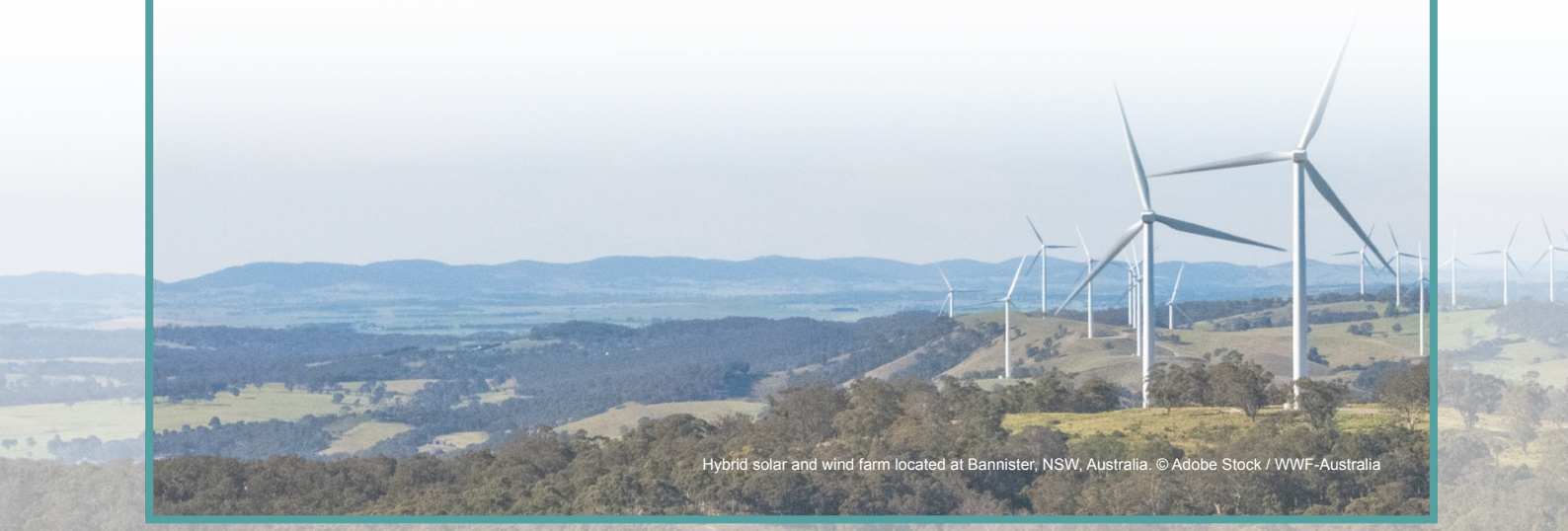
WWF AUSTRALIA

Australia has the resources, the relationships and the economic and institutional weight to help shape the Indo-Pacific's renewable energy transition. But as one of the world's largest fossil fuel exporters, credibility as a renewable exports partner is not assumed, it must be earned.

The Future Made *WITH* Australia series makes the case that renewable energy, not fossil fuels, is what will underpin a stable and prosperous Indo-Pacific, and that a credible path to a renewable future cannot be built through siloed, inward-looking policy alone. It requires a strategic shift: from viewing energy security primarily through the lens of fuel supply and trade, to understanding renewable-based energy and economic security as a systems challenge, one that combines trade, partnership, diplomacy and domestic legitimacy. It requires working:

- **with our partners:** because a renewable strategy that centres shared prosperity, rather than Australian gain alone will be more durable and strategically credible over time.
- **with a whole of government approach:** because the foreign affairs and trade, industrial, energy, environment, finance and resource portfolios must act as one if Australia is to project a coherent and trusted offer to the world.
- **with all Australians:** because the communities, workers and environments most affected by the transition must be part of shaping our renewable future and benefit tangibly from it.

Together, they make the case that Australia must choose coherence over contradiction, and partnership over unilateralism, if it is to manage mounting risks from intensifying geopolitical tension and climate change, and secure its longterm strategic relevance in the IndoPacific.



Hybrid solar and wind farm located at Bannister, NSW, Australia. © Adobe Stock / WWF-Australia

THE CRITICAL DECISIONS WE MAKE TODAY WILL SHAPE AUSTRALIA'S TOMORROW

Solar panel field in Australian outback beneath blue sky © SCLifestyle / stock.adobe.com / WWF-Aus

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