

# **Turbocharging the energy transition with a new green energy statecraft**

**Elizabeth Thurbon**  
**Professor of International Political Economy**  
**School of Social Sciences**  
**UNSW Sydney**

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The  
Polycrisis  
Facing  
Australian  
Policymakers



**Two urgent questions now face Australia's political, policy and business leaders:**

**(i) How can Australia best respond to the new ‘green energy statecraft’ of our most important geo-strategic partners and rivals (esp. Japan, South Korea, the US and China)? And relatedly,**

**(ii) How can Australia advance its own green energy statecraft to help turbocharge the green energy shift and maximize the nation’s economic, energy, and environmental security?**



ELIZABETH  
**THURBON**

SUNG-YOUNG  
**KIM**

HAO  
**TAN**

JOHN  
**MATHEWS**

# developmental **ENVIRONMENTALISM**

*state ambition  
and creative  
destruction  
in east asia's  
green energy  
transition*



**\*\*\*Available Open Access from March 2024\*\*\***

*'Essential reading for policymakers and scholars'*

**Kevin Rudd**

*'This valuable book explains where China and Korea are at and where they are going'*

**Ross Garnaut**

*'Impressive scholarship, with fresh insights accessible to the general reader'*

**Howard Bamsey**

**ARC Discovery Project DP190103669  
(E. Thurbon, SY Kim, H Tan, J.A Mathews)**

# Analytical Starting Point

Two conflicting images of East Asia's green energy shift

Leaders **VS** Laggards

# Conflicting images reflect **3 realities** about the **nature of green energy shift** and **state's role in expediting it...**

- (1) The green energy shift = a **major techno-economic paradigm shift** involving **'creative destruction'**
- (2) to speed up the green shift, state actors must **simultaneously and successfully navigate two distinct but interrelated dynamics**: Green energy industry *creation* and fossil fuel industry destruction.
- (3) industry 'creation' and 'destruction' involve very different political constituencies and state capabilities. Therefore, **some state actors may be more willing and able to expedite 'creation' than 'destruction'**, slowing a country's overall progress towards the green transition.

## Our Primary Aims in the book:

- (1) To *explain* Northeast Asia's distinctive pattern of performance in the green energy shift from mid-2000s to present
- (2) To *anticipate* the most likely trajectory of that shift into the future

## The Distinctive Pattern we observe:

2000—2015 (approx) – hyper-ambitious efforts to **create** new green energy industries **BUT** little emphasis on fossil-fuel phase out ('**destruction**')

2015-present – even more ambitious efforts to scale new green energy industries **PLUS** increasingly ambitious fossil-fuel phase out efforts

# Key argument

When it comes to explaining NEA's distinctive pattern of performance, the key factor = *orientation & ambition of the policy and political elite*

*Our term 'Developmental environmentalism' (DE) captures this elite orientation and related ambition*



# The Three Faces of Developmental Environmentalism (DE)

(1) DE as a Mindset of the political and policymaking elite

(2) DE as a Political Legitimation Strategy

(3) DE as a Distinctive Policy Approach

KEY MESSAGE FOR AUSTRALIA

**Our NorthEast Asian Neighbours are now engaged in a  
sophisticated new  
Green Energy Statecraft**

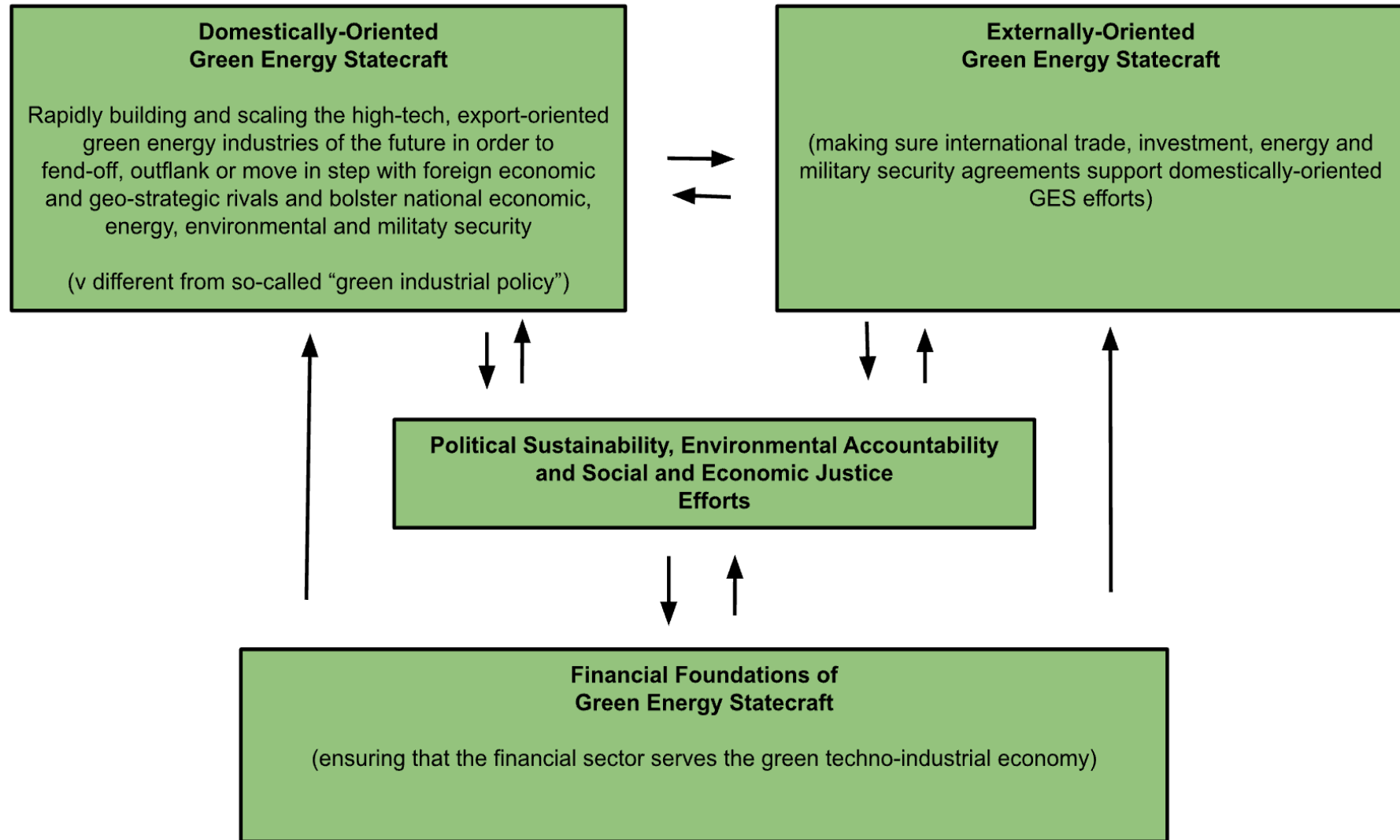
*"The practice of mobilising green energy related policies to address national security challenges – be they geoeconomic, geostrategic, or both"  
(Thurbon, Hynd and Tan, 2022)*

*Green Energy Statecraft embodies  
A highly strategic, state-led, whole of nation approach to supporting and promoting a  
rapid renewable energy transition*

**THIS APPROACH ACTUALLY EXISTS IN NORTHEAST ASIA AND CREATES NEW  
OPPORTUNITIES AND CHALLENGES FOR AUSTRALIA**

***What does it look like? .....***

**A  
geo-  
strategically  
informed,  
whole of  
nation  
(‘statecraft’)  
approach  
to the  
Green  
Energy  
Transition**



# How is Statecraft different from 'green industrial policy'?

## Green Energy Statecraft

- **Motivated by pressing national security concerns** (economic, energy, military, environmental – esp those environmental issues that impact directly and immediately on political legitimacy eg. particulate pollution)
- **Focused squarely on creating and growing markets** at the techno-industrial frontier and seizing first mover advantage in those markets (not catching up in existing / established markets)
- **Policy efforts tend to be trained on clearly identified foreign targets** (i.e. geo-economic and geo-strategic rivals and/or allies)
- Security drivers mean policy efforts tend to be **highly strategic and disciplined** (i.e. accompanied by measurable performance targets and supports conditional on success).

## Green Industrial Policy

- Motivated less by pressing national security concerns than domestic political priorities (including pork-barelling) or else diffuse external pressures (eg desire to 'catch up with other countries' broadly speaking, or 'address climate change' generally)
- Absence of pressing and internalised external security drivers means policy efforts typically less goal oriented / outcomes driven (eg. no clear milestones, not disciplined / tied to industry performance)

**Two urgent questions now face Australia's political, policy and business leaders:**

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# Key opportunities and challenges for OZ

## Opportunities

- Our existing NEA energy and economic partners (Japan and South Korea) **need and want us as their primary partners in their rapid green transitions**
- We have **everything it takes** in terms of **natural resource endowments** and **tech brain power** to capture this massive opportunity (though we don't have the finance for it, and need NEA as partners here...)

## Challenges

- Growing perception in NEA that Australia is not up to the task of being reliable green energy partner, thanks to:
- Longstanding **policy and institutional incoherence** = investment uncertainty and drought (BCA)
- **Historic framing and politicisation of the policy problem** – 'tackle climate change' / 'moral obligation' vs need to address pressing national energy, economic, environmental security concerns
- **Entrenched neoliberal mindset** of some segments of our policy and political elite (which is divided) = risk aversion + preference to 'let the market sort it out' (when many of the markets we are talking about do not actually exist and are being created and captured by other pioneering governments working in partnership with industry)
- **Longstanding failure** of Commonwealth and State governments **to signal strategic intent** to our NEA partners – who are increasingly inclined to look elsewhere for energy security needs
- **Historical aversion to 'industrial policy'** which both obscures and complicates new statecraft opportunity

# What might be the goals of a new Green Energy Statecraft in OZ?

Using green energy-related policy to advance national security objectives

## **Geostrategic objectives:**

Bolster energy security (critical to the defence of the nation and to national economic stability and prosperity)

Counter influence of rival states in the region (by being a good green development partner to our Pacific and Southeast Asian neighbours)

Strengthen / enhance alliances with regional and global security allies (by elevating our energy partnerships to same level as our other geo-strategic partnerships, esp those partnerships with Japan, South Korea, US and UK)

Guard against populist division, social fracture and foreign influence (by unleashing a wave of 'green growth' domestically, boosting domestic economic prosperity and social cohesion)

Counter existential threat of climate change and limit regional and global climate displacement / forced migration (by addressing climate change through rapid green transition)

## **Geoeconomic objectives:**

Seize leadership in (some of) the new high-tech, high-wage, high-value added, export-oriented industries of the future.

Fend-off, outflank, move in step with rival economic & energy powers (esp. other possible green energy superpowers who could potentially displace Australia as a key energy and economic partner of, for example, Japan and South Korea).

▪ **Thurbon**, Hynd, and Tan (2023), [‘Five reasons why the government mustn’t cool its heels on an “Australian IRA”’, The Lowy Interpreter, October 3, 2023.](#)



▪ **Thurbon**, Hynd, and Tan (2023), [‘We urgently need \\$100bn for renewable energy. But call it statecraft, not ‘industry policy’’, The Conversation, September 13, 2023.](#)



▪ **Thurbon**, Hynd, and Tan (2023), [‘Australia’s national security mandates a new type of green energy statecraft’, The Mandarin, September 8, 2023.](#)



▪ **Thurbon**, Hynd, and Tan (2022), [‘To become a Renewable Energy Superpower, Australia must match its Strategic Vision with a new Green Energy Statecraft’, Asia Society, December 14, 2022.](#)



▪ **Thurbon** and Yates (2023), [‘The immense power and importance of Australia’s newest bank’, The Mandarin, December 13, 2023.](#)

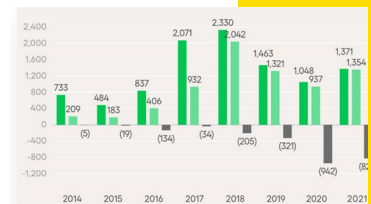


Figure 1: New Commitments, deployment and capital returned (\$m). Source: 2022/23, pg. 102.