




Australian Government to Invest AU\$1 Billion in "Pit-to-Panel" Strategy

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In what it's calling a pit-to-panel strategy, Australia is looking to boost its solar panel manufacturing capabilities with the Solar Sunshot program.



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industry by facilitating a transition from extracting and exporting materials to full-scale solar panel production, a strategy it has dubbed “pit to panel.”

With abundant reserves of metals and minerals like aluminium, phosphate, silica-bearing quartz and copper, Australia is looking to establish a robust domestic supply chain for solar panels.

“Historically, Australia has been good at going from the mining pit to port, and long may this continue. But the Australian Government will also invest in the path from pit to panels and capture more value for our economy and workforce,” said Australian Prime Minister Anthony Albanese in a March 28 press release.

The initiative comes as the nation grapples with economic shifts following the closure of coal-fired power stations.

By investing in strategic manufacturing capabilities and promoting innovation, the government wants to create a competitive solar panel manufacturing industry that contributes to job creation and regional development.

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It also wants to boost the local solar panel manufacturing industry in response to growing demand. Currently, over 3.7 million Australian households have installed solar panels, but only 1 percent of those were made locally.

Although it has acknowledged the dominance of Chinese solar panel manufacturers, the Australian government is confident in the competitiveness of its own solar panel manufacturing sector.

By providing subsidies, grants and support through agencies like the Australian Renewable Energy Agency, the government hopes to nurture domestic companies and enhance Australia's footing in the renewable energy sector.

The Solar Sunshot program is also aligned with broader initiatives aimed at achieving net-zero emissions and fostering economic transformation, specifically the establishment of the Net Zero Economy Authority.

Regions like the Upper Spencer Gulf stand to play a significant role in driving the nation's transition to a net-zero economy. With increasing demand for electric vehicles (EVs), the South Australian government is tapping into the region's rich copper reserves and other critical minerals, such as magnetite iron ore, through the State Prosperity Project.

This will be supported by the planned Northern Water project, which involves the construction of a 600 kilometre pipeline connected to a large-scale desalination plant for ease of mineral delivery.

Chinese solar panel makers could be stiff competition

Albanese emphasized that Australia's strong mineral endowment positions Solar Sunshot for success.

"We have every metal and critical mineral necessary to be a central player in the net zero transformation and a proven track record as a reliable energy producer and exporter," he said, adding, "We can also invest in strategic manufacturing capability, particularly in components critical to the energy and economic transition."

Even so, some experts see challenges ahead for the Solar Sunshot initiative given that the solar panel industry is dominated by overseas giants with advanced manufacturing

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overzealousness in an attempt to jumpstart large-scale production, particularly in an investment as big as Solar Sunshot.

"Every now and again there are people who will make breakthroughs to improve the efficiency of solar. That's a good thing and should be encouraged, possibly with small research grants, but not a \$1 billion backstop," Wood said.

"This is a very dangerous place for young, commercial players."

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Securities Disclosure: I, Giann Liquid, hold no direct investment interest in any company mentioned in this article.

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Giann Ligid is a graduate of Ateneo De Manila University with an AB in Interdisciplinary Studies. With a diverse writing background, Giann has written content for the security, food and business industries. He also has expertise in both the public and private sectors, having worked in the government specializing in local government units and administrative dynamics. When he is not chasing the next market headline, Giann can most likely be found thrift shopping for his dogs.

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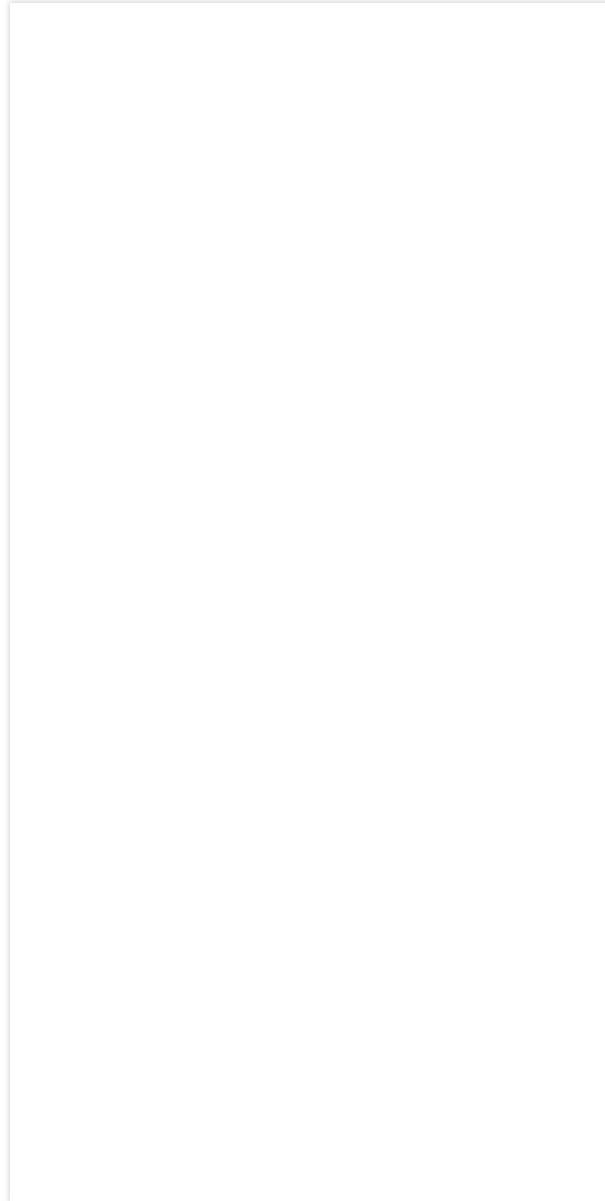
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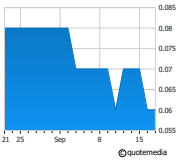
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Copper	4.33	-0.01
Oil	71.25	-0.70
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USDEUR	0.8949	0.0000
USDGBP	0.7506	-0.0003
USDAUD	1.4708	0.0000
USDJPY	143.82	-0.11