

**Foreign Affairs, Defence and Trade References Committee Inquiry**

**Effectiveness of sanctions against the Russian Federation**

Submission: Mark Corrigan *B.E.(Chem) M.Eng.Sc.*  
21 January 2026

*I am a chemical engineer working in private capacity and supporting NGO's towards elimination of Australia's financial contribution to Russia's invasion of Ukraine through indirect oil trade into our fuel market.*

*I have regularly provided technical background, interviews, commentary and opinion about the trade to media in Australia and internationally over the past 3 years.*

*This started in 2022 from a desire to support our local Ukrainian refugee community with an email to my local MP in September 2022, writing in part:*

*"...I don't want to be filling up my car at the expense of their insecurity...."*

*3 years later, my fuel purchases continue to fund Russia's invasion of my friends' homeland due to the lack of meaningful action by Australia to close the Russian oil loopholes.*

## **1 Introduction**

Australia's initial response to Russia's 2022 full-scale invasion of Ukraine was quick and decisive, designating numerous individuals and entities from Russia and Belarus under our Autonomous Sanctions Regulations 2011 within days of the escalation.

By September 2022 we had designated a range of hydrocarbon fuel products to impact Russia's primary source of foreign income, thus stopping the import of Russian crude oil into Australia.

We joined the G7 ("G7+") in establishing a price cap on Russian oil products, designed to reduce revenue to Russia while maintaining global oil supplies.

However, pressure from Australia's initial sanctioning actions against Russia has evaporated, largely due to our lack of remedial action against Russian oil trading through 3<sup>rd</sup> party refiners and terminals. Such policy failure has been recognised for at least 2 years but remains uncorrected.

## **2 Price cap**

Initial imposition of the price cap by G7+ nations including Australia had worthwhile intent. However, the price cap coalition has been slow to deal with circumvention by Russia, other countries and oil traders.

The oil price cap mechanism created a price incentive for non-sanctioning countries such as India, China, Singapore and Malaysia to benefit from Russian trade. In response to Europe's early shift from Russian supply, India's Reliance Industries Ltd (RIL) explained their rising imports of Russian oil as a cost saving opportunity.

"We have minimized feedstock cost by sourcing arbitrage barrels"<sup>1</sup>  
– RIL CFO V. Srikanth, May 2022

Russia's Urals crude was discounted against Brent crude by US\$30 in May 2022 and remained discounted to a diminishing level through to US\$5 discount in 2025. Meanwhile, Russia's share of the Indian oil market increased from miniscule levels in 2021 to over 40% in 2025, with RIL reaching 55% Russian feedstock.

Despite several of Australia's major supplying countries benefiting from their non-sanctioning position, Australia continued to provide a market for refined Russian oil from those countries.

By continuing to trade with intermediaries routinely purchasing Russian oil above the price cap, Australia supports continued revenue to the Russian government.

## **3 Australia's changing oil supply and Ukraine**

Russia's initial 2014 invasion of Ukraine's Crimea and Donbas regions coincided with substantial structural change in Australia's petroleum supply. Shell's Clyde refinery had just closed in 2013. This

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<sup>1</sup> <https://www.aljazeera.com/economy/2022/5/9/indian-billionaire-ambanis-reliance-makes-money-off-ukraine-war>

was followed by a further four refinery closures at Kurnell (2014), Bulwer Island (2015), Kwinana (2021) and Altona (2022).

The outcome was that Australia's almost-equal 2014 mix of imported crude and refined products shifted dramatically. Total crude oil imports reduced from A\$19.9 billion to A\$8 billion between 2014-2024, while refined oil product imports increased from A\$19.9 billion to A\$48.5 billion during the same period.<sup>2</sup>

As Australia's refinery closures caused growth in refined product imports, India became a supplier of choice, rising 1300% from 9<sup>th</sup> largest refined product (A\$0.3 billion) supply country in 2014 to 4<sup>th</sup> largest (A\$4.3 billion) in 2024. The most significant growth occurred immediately prior to Russia's 2022 invasion of Ukraine.<sup>3</sup>

In parallel with Australia's growing take of Indian refined product, India's failure to impose sanctions against Russian oil and enjoyment of favourable price terms meant that Russia grew to become India's largest supplier of crude oil, India becoming Russia's 2<sup>nd</sup> largest customer behind China by 2025 (see Figure 1).

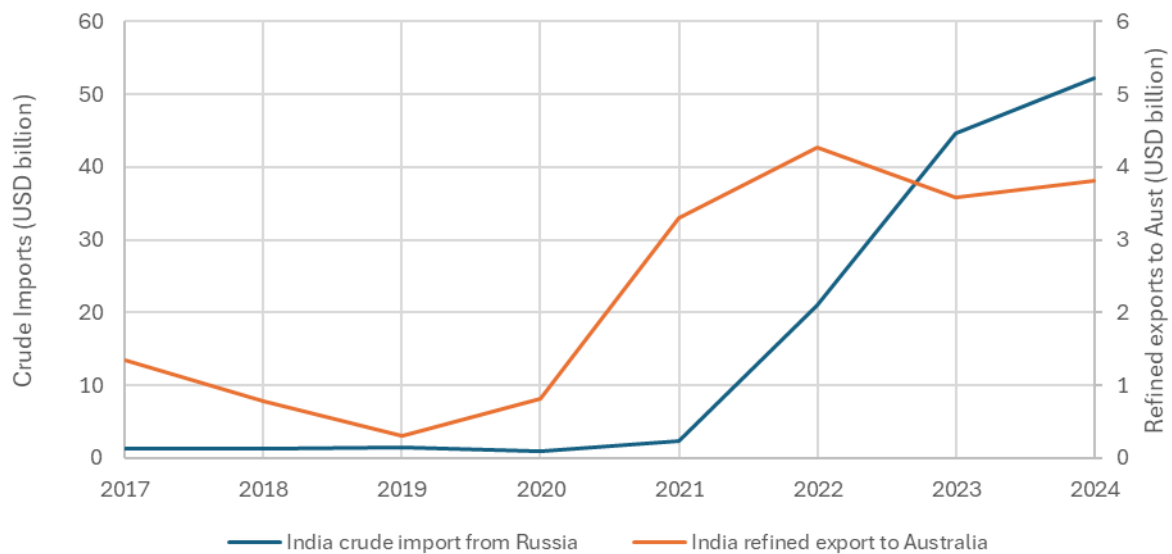


Figure 1 Growth in India's Oil Trade with Russia and Australia<sup>4</sup>

Russia was a very small crude oil supplier to Australia between 2014 and the 2022 invasion of Ukraine, averaging A\$270 million per year as an import source during that period. Direct Russian shipments reduced to zero following Australia's sanctions against Russian fossil fuels.

However, growing imports of refined product from just a single Indian refinery – RIL's Jamnagar complex – swamped any impact of Australia's direct sanctions on Russian oil. In supplying 10% of

<sup>2</sup> Australian Petroleum Statistics, DCCEEW, May 2025 extract

<sup>3</sup> Australian Petroleum Statistics, DCCEEW - Analysis by author

<sup>4</sup> Government of India Ministry of Commerce and Industry – Analysis by author

Australia's refined product needs while using 55% Russian crude as feedstock during 2025, Jamnagar alone accounted for 5% Russian-derived imported refined fuel in Australia's market.

Despite blatant Russian crude supply routes, not one Australian importer has chosen to avoid India as a supply country or RIL's Jamnagar refinery as supplier.

India is not alone.

While not as significant in quantity, tankers regularly deliver refined product to Australia from Chinese supply points known to consume Russian crude eg Dalian refinery.

Australia's long term petroleum trade partners, Singapore and Malaysia, have also chosen not to impose autonomous sanctions on Russian oil supply.

## 4 Vessel sanctions

Australia has failed to adequately deal with Russia's growing shadow fleet of tankers in a number of ways.

- **Slow sanctioning of vessels**  
Australia first introduced 60 vessel sanctions on 18/6/2025. The UK first introduced vessel sanctions 12 months earlier.
- **Low number of sanctioned vessels**  
Australia currently designates 200 vessels. This compares poorly with 557 vessels sanctioned by the EU up to the 19<sup>th</sup> package of sanctions and almost 500 vessels by the UK. Ukraine announced a tranche of 656 sanctioned vessels on 13/12/2025 alone<sup>5</sup>.
- **Failure to act against sanctioned vessels in Australia's supply chain**  
Vessels sanctioned by either Australia, EU or UK have frequently been involved in delivering crude or refined oil products from Russian ports to refineries or terminals that, in turn, supply refined oil products to Australia. These vessels do so either directly or indirectly through ship-to-ship transfer. A major trade node has been the Indian port of Sikka, where over 50% of oil deliveries were ex Russia during 2025, many using sanctioned vessels. Yet Sikka, servicing RIL's Jamnagar refinery, continued to be Australia's biggest source of refined oil product.
- **Lack of consistency with allies**  
Australia's low number of sanctioned vessels means that we theoretically give the green light to tankers that are otherwise involved in illicit activities in Europe to freely trade in Australia. For example, the then-flagless vessel known as Argent/Jaguar/Blint (IMO:9293002) that was intercepted by the Estonian navy in May 2025 before Russian fighter jets intervened by entering NATO airspace remained unsanctioned by Australia until Sept 2025.
- **Confused criteria for designation of vessels**  
It is unclear what warrants a vessel to be sanctioned by Australia. Few on the list have been

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<sup>5</sup> <https://euromaidanpress.com/2025/12/13/ukraine-issues-largest-ever-sanctions-package-against-russias-shadow-fleet/>

to Australian waters in recent years. Many vessels in our supply chain breach IMO's SOLAS conventions (eg "going dark" without GPS transmission) yet remain unsanctioned.

Given that the shadow fleet of tankers trading in Russian oil have little reason to be in Australian waters, our sanctions against such vessels are likely to be of little consequence to Russia's oil revenue stream unless we sanction oil supply that has directly or indirectly included such vessels, including upstream of trade nodes like the port of Sikka and ship-to-ship transfers.

While Australia provides a market for Russian crude and refined oil products, Ukraine has been forced to respond militarily by attacking the vessels that form part of Australia's supply chain. For example, Ukraine took direct action against the following vessels after they were involved in Australia's supply via RIL's Jamnagar refinery:

- Virat (IMO: 9832559) was hit by Ukrainian naval drones in the Black Sea approximately 29/11/2025.<sup>6</sup>  
Virat also delivered 99,900 tonnes crude oil from the CPC terminal at Novorossiysk to Reliance Industries' Jamnagar refinery 19/10/2024. The seller was private Russian company Lukoil.  
CPC crude is a mixture of Kazakh and Russian oil. Exporting from Novorossiysk, the pipeline is owned by Kazakh, Russian, UK, US entities.<sup>7</sup>  
Ukraine also recently hit the terminal, destroying one of 3 swing moorings (29/11/2025). The Virat has not been sanctioned by Australia but is sanctioned by EU, UK, Switzerland, Canada and US<sup>8</sup>
- Dashan (IMO: 9299666) was hit by Ukrainian naval drones in the Black Sea 10/12/25. Dashan delivered 149,000 tonnes Urals crude from the Sheskhari terminal at Novorossiysk to Reliance Industries' Jamnagar refinery 30/4/2025. Seller was Kremlin-controlled Rosneft. The Dashan was sanctioned by Australia 18/6/2025, after the shipment to RIL. UK, EU, Switzerland sanctioned prior to the shipment in 2024.<sup>9</sup>
- Qendil (IMO: 9310525) was attacked by Ukraine in the Mediterranean Sea on 19/12/2025. The vessel had previously delivered at least 3 shipments of Russian crude from Kozmino and Primorsk to RIL's Jamnagar refinery from between 2023-25. The ship had also delivered a shipment ex Russia's Vistino to Mangalore (Australia's 2<sup>nd</sup> largest Indian supply point) in early 2024 and a further shipment from Vistino to part-Australian owned ATB terminal in Malaysia in late 2022. The vessel was eventually sanctioned by Australia in June 2025.

It is our market that, in part, gives reason for these vessels to be delivering Russian oil to refiners and terminals that supply Australian importers. Without vessel sanctions that impact upstream of our trading partners, Australia is forcing Ukraine to take matters into its own hands. Not only does this waste Ukraine's precious military resources, but it also escalates the risk of an environmental disaster. It is unconscionable for Australia to have Ukraine do the dirty work cleaning up our own supply chain.

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<sup>6</sup> <https://www.lloydslist.com/LL1155706/Russia-likely-to-retaliate-following-Ukraine-attacks-on-shadow-fleet-tankers>

<sup>7</sup> <https://www.energyintel.com/0000019b-088c-d0ad-abbb-8c8c79e70000>

<sup>8</sup> <https://www.opensanctions.org/entities/NK-iWM7B5csioPaF5oiviZ9T8/>

<sup>9</sup> <https://www.opensanctions.org/entities/NK-kGww34iNjQurbxAshcyvbX/>

## 5 Russia's Oil Trade and Corporate Action

Russia's 2022 invasion of Ukraine invoked a range of voluntary corporate responses.

Canva and Atlassian listened to public concerns and extracted their businesses from Russia, presumably at considerable cost. Endeavour Group quickly removed Russian brands from Dan Murphy shelves. Such actions should be applauded.

However, fossil fuel interests in Australia have failed to adopt similar initiative despite the Foreign Minister's repeated calls for that sector to heed community values regarding Russia's invasion of Ukraine. Continued commercial and investment activity by corporate entities within and beyond our borders has contributed to Russia's war economy.

The following are examples of corporations failing to voluntarily extract themselves from Russia's fossil fuel industry.

### 5.1 Tigers Realm

The Tigers Realm case<sup>10</sup> is a standout example of where Australia's autonomous sanctions legislation has been effective. The ASX-listed company sought ASO guidance regarding whether its Russian coal interests could continue operation given that Russian product was not imported to Australia. After the ensuing court battle challenging ASO's negative advice, Tigers Realm's activity was nevertheless found to be contrary to the "transport" component of import provisions of the Regulations. The episode revealed several notable points:

- Australia's autonomous sanctions are more robust than envisaged by that company.
- The entity did not act voluntarily to extract themselves from Russian trade. Rather, they fought the Government to continue their trade.
- The action was not initiated by the ASO as Australia's regulatory body and did not result in punitive action by ASO.

**The example demonstrates a level of regulatory passivity by the ASO. They responded because they were asked for specific guidance.**

**It also demonstrates failure by the company to act voluntarily according to community values without legal force.**

### 5.2 BP and Rosneft

BP plc had been active in Russia for decades prior to the 2022 invasion of Ukraine and held 19.75% of Russian government-controlled Rosneft. BP announced 3 days after the invasion that the company would exit the shareholding.<sup>11</sup> Despite this announced intention, BP continues to retain the Rosneft holding and is paid dividends into a restricted account requiring Kremlin approval to access.

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<sup>10</sup> Tigers Realm Coal Limited v Commonwealth of Australia [2024] FCA 340

<sup>11</sup> <https://www.bp.com/en/global/corporate/news-and-insights/press-releases/bp-to-exit-rosneft-shareholding.html>

Rosneft is the largest supplier of Russian crude oil to Reliance Industries' Jamnagar refinery, particularly since the Dec 2024 supply agreement for 500,000 barrels per day. Jamnagar refinery, in turn, is Australia's largest single source of refined oil products.

Similarly, Nayara Energy's Vadinar refinery in India is 49% owned by Rosneft. BP's Kwinana terminal was also the largest destination to Australia from that supplier until imports stopped in 2023, receiving a shipment over 12 months after the 2022 invasion. BP continued trading with Vadinar in the non-Australian market until the EU introduced direct sanctions on that refinery in July 2025.

The biggest importer of Jamnagar product to Australia during 2023-25 was BP, particularly through their Kwinana terminal. They continued to trade in Indian refined product despite substantial negative media coverage and political attention throughout 2025.

BP's ongoing, albeit restricted holding in Rosneft can incentivise trade that is beneficial to that Russian entity, including Australian imports by BP. They have failed to act voluntarily in accordance with community values or public calls by political leadership.

***Sanctioning the import of any oil products derived from Russian crude refined by 3<sup>rd</sup> parties would hinder any trade incentivisation associated with Russian holdings. Legal force is clearly required when companies such as BP exhibit such intransigence.***

***BP could alleviate accusations of profiting from wartime trade with Russian-held entities by committing to apply any future windfall return of Rosneft dividends towards reparations of Ukraine.***

### **5.3 Jurong Port Universal Terminal and Macquarie Bank**

Singapore has failed to apply autonomous sanctions against Russia's oil trade following the 2022 invasion of Ukraine. The country consequently saw 22.1 million tonnes of refined product delivered from Russian ports during the period Jan 2023-Oct 2025.<sup>12</sup>

Jurong Port Universal Terminal (JPUT) is a major oil terminal in Singapore. That terminal was the destination for 33% of Russian product during that period. Together with the adjacent Horizon terminal, the 2 terminals account for 84% of Russia's refined product shipments to the country. The terminals are interconnected by pipeline.

The owners of JPUT are government-owned Jurong Port Pte Ltd (41%), MAIF Investments Singapore (34%) and PetroChina International (Singapore) (25%).

MAIF Investments is a subsidiary entity of ASX-listed Macquarie Group (MQG).

Since all JPUT shareholders are substantial holders, but none have a >50% holding, it is unclear whether MQG exercises control over aspects of JPUT operation, including the choice to provide storage, blending, maritime and trade facilities for a large amount of Russian product.

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<sup>12</sup> Analysis of Kpler trade data by author

If so, MQG may contravene existing Regulations as an Australian entity. To my knowledge, MQG have not been investigated by ASO or AFP for their connection to a facility involved in the transport of sanctioned Russian products, despite similarities to aspects of the Tigers Realm case.

MQG investor exposure to Russian oil trade was not public knowledge until it was reported in The Guardian in Nov 2025<sup>13</sup>.

**This example demonstrates a failure by the ASO to proactively investigate links between of Australian entities and Russian oil trade beyond our borders. As shown by the Tigers Realm decision, product need not enter Australia to fall foul of our sanctions.**

**The example also suggests that entities should at least be required to provide a sanctioned product exposure statement to investors.**

**Consideration should be given to extending autonomous sanctions to include extraterritorial investments that facilitate trade in Australian-sanctioned product. This may help to reduce the use of Australian capital to facilitate the Russian oil trade.**

#### **5.4 IFM Investors and VTTI**

IFM Investors is an umbrella investment vehicle for 15 Australian industry superannuation funds responsible for approximately A\$250 billion of superannuant assets. Their investment portfolio includes an equal largest holding (45%) in Vitol Tank Terminals International (VTTI), along with Vitol (45%) and ADNOC (10%). VTTI operates numerous oil terminals internationally, including the ATB terminal in Johor state of Malaysia.

Malaysia has failed to apply autonomous sanctions against Russia's oil trade. Consequently, 7.5 million tonnes of refined oil products have been shipped to Malaysian destinations during the period Jan 2023-Oct 2025. 75% of that product was received by floating storage units (FSU) in Malaysian waters. The largest land-borne destination for Russian originating product in Malaysia was ATB terminal (13%).

It is unclear whether IFM is controlling entity of VTTI, or ATB terminal. While Vitol is likely to be the controlling entity it would be surprising if IFM was without influence over operational decisions involving Russian product given their equal shareholding with Vitol.

VTTI's Russian-related activity appears not to be confined to Malaysia. They appear also to have received Russian-refined product through terminals in Cape Town (South Africa), Fujairah (UAE) and Zarate (Argentina) during 2024-25.

IFM's participation in the Russian oil trade appeared unknown to Australian industry superannuants until it was reported by Sydney Morning Herald in Nov 2025.<sup>14</sup> It subsequently appeared that such exposure was also a surprise to underlying funds.

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<sup>13</sup> <https://www.theguardian.com/australia-news/2025/nov/09/loophole-russian-sanctions-oil-imported-to-australia>

<sup>14</sup> <https://www.smh.com.au/politics/federal/australia-s-biggest-super-funds-accused-of-profiting-from-russian-blood-oil-20251114-p5nffe.html>



While IFM's stake in VTTI pre-dated the 2022 invasion of Ukraine, there has been no indication of a voluntary decision to eliminate Russian trade through their assets or divestment of those assets.

It is unconscionable for superannuants to be left unaware of their participation in Russia's oil trade; clearly an ethically-challenged investment likely to disturb unitholders.

**If superannuation fund managers are unable to control their exposure to goods that would otherwise be sanctioned in Australia, they should be required to divest those holdings.**

**A sanctions exposure statement should at least provide Australian investors with the information necessary for their own ethical decision making.**

**Despite IFM's participation in such trade, there is no indication that ASO has investigated whether IFM exerts effective control and are operating within the requirements of the existing Regulations.**

## 5.5 Superannuation funds and Reliance Industries

The Australian Financial Review reported<sup>15</sup> in Nov 2025 that Australian Retirement Trust, AustralianSuper, Aware Super and UniSuper each include holdings in Reliance Industries (RIL). RIL's Jamnagar refinery is the largest in the world and likely to be Russia's most significant single oil export customer. Australian investors are therefore participating – albeit unwittingly - in Russia's oil revenue stream via their superannuation fund managers.

Such investments undermine the intention behind Australia's autonomous sanctions regime.

**While clearly not controlling entities behind this massive enterprise, the funds should either divest their holdings that serve Russia's oil trade or provide investors with a sanctioned goods exposure statement. The Commonwealth should consider to what extent these choices should be forced upon superannuation funds that continue to invest in entities such as RIL involved with Russia's oil trade.**

## 5.6 Future Fund

Australian Financial Review recently reported that the Future Fund has A\$175 million invested in India's Reliance Industries, and therefore substantial exposure to the processing of Russian oil.

Future Fund has previously eliminated tobacco and nuclear weapon entities from holdings. The Federal Government have directed the Fund to invest in green energy and housing projects. Providing ethical direction to the Fund is therefore not without precedent.

**Given the clear link between RIL and Russia's oil trade, the Treasurer should similarly direct Future Fund to divest holdings related to Russia's oil trade. It is inconsistent for the Foreign Minister to call for companies to avoid trade with 3<sup>rd</sup> party refiners of Russian oil while the Future Fund is investing in those refiners.**

## 5.7 Prostar Capital and Fujairah

Prostar Capital is arguably an Australian-controlled entity based in Manly NSW, despite complex underlying corporate structures via Delaware, Connecticut and Cayman Islands. They specialise in oil

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<sup>15</sup> <https://www.afr.com/policy/foreign-affairs/big-super-invests-110m-in-refiner-using-russian-blood-oil-20251124-p5nhth>

terminal private equity holdings. The entity's holdings have included several oil terminals in Fujairah, UAE during the full-scale invasion of Ukraine – Fujairah Oil Terminal (FOT) and GTI Fujairah. Their 90% stake in GTI Fujairah was sold in late 2023.

Despite UAE's position as a net oil exporter, 10.8 million tonnes of refined oil products were shipped to the Fujairah Oil Tanker Terminals jetty from Russian ports during Jan 2023-Nov 2025.<sup>16</sup>

Kpler commodity data lists the buyers of 90% of those Russian shipments to be "Australia's Prostar Capital", Sinopec and Government of Fujairah, all joint owners of FOT. The FOT and GTI Fujairah terminals are adjacent and both supplied by transporting oil products through pipeline from FOT jetties.

Prostar had effective control over GTI Fujairah and arguably has effective control over FOT. The principal of Prostar and Chairman of both FOT and GTI Fujairah was "upbeat" in industry journals about the positive impact of Russia's invasion of Ukraine on Fujairah terminal storage demand in 2022.<sup>17</sup>



*Figure 2 Australia's terminal footprint in Fujairah UAE – FOT/GTI (Prostar Capital), VTI (IFM Investors)*

**Despite substantial trade in Russian oil products transported through assets of this Australian-controlled entity and the likelihood of effective control over those assets giving rise to apparent contravention of the Regulations, there has been no indication of proactive investigation or consideration of prosecution by ASO or AFP.**

<sup>16</sup> Analysis of Kpler trade data by author

<sup>17</sup> <https://www.mees.com/2022/9/23/refining-petrochemicals/uae-trading-hubs-big-winners-from-2022s-oil-market-turbulence/c7052b80-3b39-11ed-bb1a-1bbfa01fd8e0>

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**Given the number of potential breaches listed above, absence of enforcement action seems more to do with bureaucratic reluctance or regulatory capture rather than overwhelming compliance by the sector.**

## **6 Russia's Indirect Oil Trade with Australia**

Australia has not imported Russian oil products directly from that country since 2023. However, Australia arguably imported a greater amount of Russian-derived oil products, and therefore provided greater revenue to the Kremlin, after those products were designated under the Regulations than before the Designation.

This arises from increased indirect trade via willing intermediate trading partners and entities.

### **6.1 Reliance Industries (India)**

RIL's giant Jamnagar complex in Gujarat became Australia's largest supplier of refined Russian-derived product since the outbreak of war in Ukraine. While supplying 10% of Australia's import market, RIL's use of Russian crude grew from negligible levels prior to 2022, reaching 55% during 2025 following a Dec 2024 supply agreement with Kremlin-controlled Rosneft.

Importers shipped over 10 million tonnes of product from RIL during Jan 2022-Sept 2025, the highest rates being during 2024/25 when Russian oil consumption at Jamnagar was highest. Australian imports from this supplier alone have totalled approximately A\$10 billion since the Feb 2022 invasion of Ukraine, reportedly feeding Russia's war economy at least A\$2 billion through Mineral Extraction Tax revenue.

Despite a clear connection between RIL's Russian supply chain and Australian imports, not one importer has been found to unilaterally avoid RIL supply.<sup>18</sup> The largest importers from this supplier have been BP (28% of RIL imports), ExxonMobil (22%) and Ampol (17%).

Given that RIL also uses Russian refined dirty feedstock in their refining process, those importers are all likely to be breach of the Regulations according to ASO's guidance. This is because the ASO considers a transformation of goods at the 4-digit HS-code to define the change from Russian to Indian. There is no change at that level from Russian-refined dirty feedstock to Indian-refined diesel, petrol or jet fuel subsequently exported to Australia.

RIL exports substantial quantities of refined oil product to intermediate trade nodes like Singapore, product that was largely made from Russian crude. Approximately 2 million tonnes of product were shipped from RIL to various Singapore refineries and terminals during the first 6 months of 2025, primarily naphtha, gasoline and diesel. This product still provided revenue to Moscow were it to be imported to Australia from Singapore, despite passing through 2 intermediate processing or storage countries.

RIL has recently indicated that export fuel would be segregated and Russian oil free from Dec 2025. This may well be the case, but Australia cannot simply rely on the assurance from a foreign entity

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<sup>18</sup> Analysis of Kpler trade data by author

that this will occur without formal agreement and auditing, particularly given that Russian supply arrives at the same shipping port as the adjacent domestic section of RIL's refinery. It also remains to be seen whether RIL's net consumption of Russian crude oil diminishes as a result.

## **6.2 Dalian (China)**

Dalian refinery in China's north east is largely supplied by the ESPO pipeline from Russia's interior oil fields.

Despite this obvious supply chain connection back to Russian crude oil, BP, Viva and Caltex combined have imported over 250,000 tonnes of Dalian product since Jan 2024.

Given the piped connection to Russia's crude oil supply, Dalian should be excluded from Australia's supply chain.

## **6.3 Jurong Port Universal Terminal (Singapore)**

As discussed above, Singapore is a significant trade hub for Russian-refined products. There is reason to suspect trans-shipment is occurring through Singapore storage terminals like JPUT.

More than 2 million tonnes of mainly high sulphur fuel oil (HSFO) grades were shipped from Russian ports to JPUT during the first 7 months of 2025. Buyers listed for all trades by Kpler include Chimbusco, Nest Wise, Nunchi Marine, PetroChina, Trafigura and Vitol.

Vitol has an exclusive supply agreement with Viva Energy that was established immediately prior to Vitol's listing of Viva on the ASX in 2018.

A tanker (IMO: 9718882) delivered fuel oil from JPUT to Viva's Brisbane and Sydney terminals mid 2025. The tanker was loaded shortly after 2 tankers delivered fuel oil from Russian ports to JPUT.

While there are unknowns in this case – eg grade of fuel oil imported by Viva and tankage operation at JPUT – trans-shipment of Russian oil to Australia via JPUT is a clear possibility.

Fuel oil was also regularly shipped to the adjacent Horizon terminal from Russian ports during the same period. A pipeline has been installed that allows inter-terminal transfer.

Understanding Viva's exposure to Russian oil product supply is particularly important given Viva Energy's role as fuel supplier to the Department of Defence. This situation has been reported to ASO. To my knowledge it was not investigated.

## **6.4 ATB Terminal (Malaysia)**

Approximately 1 million tonnes of Russian-refined product was shipped to Malaysia's ATB terminal, owned by VTTI, Vitol and ADNOC, during the period Jan 2024-Oct 2025. The majority of shipments were fuel oil grades.

During the same period, approximately 1.4 million tonnes of refined product was imported from the same terminal to Australia. 200,000 tonnes of product ex ATB terminal were fuel oil grades destined for BP and Viva.

Vitol's part-ownership of ATB terminal and whole ownership of the small adjacent ATB refinery adds opacity to determining whether Russian-refined oil has been trans-shipped to BP, Viva or both in

contravention of the Regulations. It is possible such importers were unaware of the provenance of the product they imported.

Without stricter regulatory action, there is little incentive for importers to seek guarantees of provenance.

The circumstances of potential trans-shipment of sanctioned product through ATB was reported to ASO in Nov 2025, including the pending arrival of a tanker to Viva's Sydney terminal. To my knowledge, no investigative action ensued.

## **6.5 SA Europe (Malaysia)**

Significant quantities of Russian-refined product have been shipped to floating storage units (FSU) in Malaysian waters. One such FSU is the SA Europe, one of the largest tankers in the world.

Approximately 700,000 tonnes of Russian-refined product was shipped from Russian ports and transferred to SA Europe during Jan 2024-Oct 2025. This was almost all fuel oil grades.

Viva imported 4 tanker shipments of fuel oil from this FSU during 2025 alone totalling approximately 140,000 tonnes.

It is unclear whether Vitol charts the entire or part of the FSU SA Europe. They routinely have published offers of fuel oil ex SA Europe in Platts bulletins. Importantly, while many offers from other traders in the region provide commercial guarantees of Russian-free provenance, Vitol's offers list no such guarantee.

As above, Vitol has an exclusive supply agreement with Viva.

The supply chain via SA Europe is opaque. Russian-refined product enters the FSU. The same grade product is imported by an Australian company having a supply agreement with Vitol, the FSU charterer. Vitol, Viva's largest shareholder, may well be trans-shipping Russian product through the FSU.

The circumstances of potential trans-shipment of Russian-refined product through the FSU SA Europe were reported directly to the Deputy Commissioner of ABF in Nov 2025. To my knowledge, the matter was not investigated.

## **7 Enforcement under existing Regulations**

### **7.1 Failure to investigate potential breaches**

One of the 3 main objects of the Autonomous Sanctions Act 2011 is to

“...provide for enforcement of autonomous sanctions.”<sup>19</sup> – s3(1)(b)

Despite this legislated intent, there appears to have been no enforcement action taken by the ASO, ABF or AFP under the existing legislation.

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<sup>19</sup> Autonomous Sanctions Act 2011 s3(1)(b)

When asked by Senator Payman during Senate Estimates, 8 Oct 2025, Commissioner Gavin Reynolds indicated that there had been no enforcement activity by ABF.

*Senator PAYMAN: My questions are around oil product shipments. I have two questions to Border Force, and the first is: has Border Force investigated whether any oil product shipments to Australia have been in breach of autonomous sanctions regulation with regard to Russian oil content?*

*Mr Reynolds : Not to my knowledge, but I'll check with my staff. No.*

*Senator PAYMAN: Have there been any reports or requests to investigate oil product shipments?*

*Mr Reynolds : No.*

I have written to each of these bodies (ASO/ABF/AFP) requesting investigation and intervention regarding potential breaches of the existing Regulations as they relate to Russian oil. There has been no visible action in response.

Potential breaches identified include

- Significant amounts of non-crude Russian oil products (HS2710) has been supplied to RIL's Jamnagar refinery while Jamnagar was supplying 10% of Australia's refined oil imports. This material did not undergo transformation at the HS 4-digit level in the refining process, while the ASO guidance considered change at the 4-digit level to be the threshold.
- Under the Australia-India Economic Cooperation and Trade Agreement (ECTA), rules of origin for Chapter 27 goods (including HS2710 – refined petroleum products) require sufficient change in Qualifying Value Content (QVC) to be considered of Indian origin. The change in QVC associated with the refining of Russian crude oil from HS2709 to HS2710 is insufficient to allow the goods to be considered Indian under ECTA or therefore Customs Act 1901.

Shipments of refined product from Indian refineries that use Russian feedstock are arguably still of Russian origin.

Deputy Commissioner Howard responded to this particular concern, writing

*"...It is important to note that Rules of Origin under the Australia-India Economic Cooperation and Trade Agreement (ECTA) relate only to the use of preferential rates of custom duty available under that agreement. Because there are no ordinary duties of customs on petroleum oil products under the Harmonised System (HS) headings 2709 or 2710, goods do not need to claim to be Indian Originating Goods within the meaning of Division 1JA of Part VIII of the Customs Act 1901. The Rules of Origin in Part VIII of the Customs Act 1901 are solely for the purpose of determining whether goods are eligible to claim preferential rates of customs duty under the relevant agreement. In other words, the ECTA does not have a direct*

*relationship with whether the sanctions apply.”<sup>20</sup>*

However, considering the Customs Act 1901 provides Rules of Origin for various countries including India (Customs Act s153ZMN) and the Autonomous Sanctions Regulations 2011 remains silent on the meaning of “originate” referred to in s4A, it is a surprising declaration to confine the Customs Act definition to customs duties alone and not sanctions.

It should be noted that the EU has the opposite view to the ABF Deputy Commissioner. They use trade rules of origin for determining the application of sanctions.<sup>21</sup>

- Australian importers have shipped certain refined product grades from terminals in Singapore and Malaysia that have received shipments of those grades directly from Russia. Trans-shipment of Russian goods to Australia is potentially occurring via those terminals.
- Australian entities with holdings in Singapore, Malaysia and UAE are involved in terminals that transport Russian products from tanker to storage to tanker. Whether these Australian entities assert effective control through their holdings is untested in the courts. Some are potentially in breach of s12A of the Regulations.

Despite two significant civil judgments - ABC v QAL and Tigers Realm v Commonwealth of Australia - returning robust interpretations of Australia’s sanctions regime, the Commonwealth has continued to remain timid in their approach to any enforcement actions envisaged under the Act. For example, the Tigers Realm judgement established that transport of sanctioned Russian-sourced goods need not be imported to Australia for s12A of the Regulations to have effect. Despite this, the Government has not pursued Australian entities engaged in forms of transport of Russian oil products beyond Australia.

## **7.2 Misunderstanding the nature of sanctioned goods**

During Senate Estimates 8 Oct 2025, Commissioner Reynolds stated,

*Mr Reynolds : The sanctions relate to crude oil from Russia. The sanctions do not relate to refined oil. I think the issue is that when the refined oil is coming into Australia, it doesn't actually come under the sanctions regime. But if it were crude oil coming directly to Australia—that's a different story.*

This is clearly incorrect when the Designation relating to sanctioned Russian oil lists numerous Chapter 27 goods that include refined oil (HS2710). If this misunderstanding exists in the Commissioner’s office, breaches that do not involve crude oil are unlikely to be investigated.

For example, I have submitted several reports of shipments of refined petroleum products arriving from RIL’s Jamnagar refinery when the product was unambiguously refined using Russian crude

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<sup>20</sup> Email to author from Deputy Commissioner Howard ABF, 4 Dec 2025

<sup>21</sup> Section 17 IMPORT, PURCHASE & TRANSFER OF LISTED GOODS,RELATED ARTICLES: ARTICLE 3g, ARTICLE 3i, ARTICLE 3o OF COUNCIL REGULATION NO. 833/20141, FREQUENTLY ASKED QUESTIONS – AS OF 23 JULY 2025 [https://finance.ec.europa.eu/system/files/2023-10/faqs-sanctions-russia-listed-goods\\_en.pdf](https://finance.ec.europa.eu/system/files/2023-10/faqs-sanctions-russia-listed-goods_en.pdf)

feedstock. The fact that the tankers subsequently unloaded with little or no delay suggests that the assumption was entrenched that sanctions only applied to crude oil.

### 7.3 Flawed sanctions reporting system

The AFP has a web page specifically dealing with breaches of international law, including breaches of sanctions law.<sup>22</sup> They note,

*“If you suspect anyone of acting in contravention of Australia’s sanctions laws, you have a legal obligation to report it to us. Tell us as soon as possible”*

I took this on face value and sought to report a matter (relating to the trade of Russian-refined products through a foreign terminal) via the “Report a crime form” link on that page. It leads to a reporting page that does not include breaches of sanctions law as an option in the menu, so precludes use of that link as a reporting route.<sup>23</sup>

I instead reported the matter by email to the ACT branch of AFP on 27/11/2025. I am yet to receive confirmation of receipt or any follow up communication from the AFP.

## 8 EU ban on 3<sup>rd</sup> party refined product

The EU announced a prohibition on the import of petroleum products refined in 3<sup>rd</sup> countries from Russian crude oil as part of their 18<sup>th</sup> package of sanctions in July 2025. This comes into force on 21 January 2026 through the application of Article 3ma(1) of Council Regulation 833/2014 which states:

*“It shall be prohibited, as of 21 January 2026, to purchase, import or transfer, directly or indirectly into the Union, petroleum products falling under CN code 2710 obtained in a third country from crude oil falling under CN code 2709 00 originating in Russia.*

*For the purposes of the application of this paragraph, at the moment of importation, importers shall provide evidence of the country of origin of the crude oil used for the refining of the product in a third country unless the product is imported from a partner country listed in Annex LI.*

*Petroleum products imported from third countries which were net exporters of crude oil in the previous calendar year shall be considered to have been obtained from domestic crude oil and not from crude oil originating in Russia, unless a competent authority has reasonable grounds to believe that they have been obtained from Russian crude oil.”*

Annex LI partner countries consist of:

CANADA  
NORWAY  
UNITED KINGDOM  
UNITED STATES OF AMERICA  
SWITZERLAND  
AUSTRALIA

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<sup>22</sup> <https://www.afp.gov.au/crimes/breaches-international-law/sanctions-breaches>

<sup>23</sup> [https://forms.afp.gov.au/online\\_forms/report-commonwealth-crime](https://forms.afp.gov.au/online_forms/report-commonwealth-crime)



JAPAN

NEW ZEALAND

This EU initiative to close the 3<sup>rd</sup> party refining loophole is a welcome step change in addressing oil revenue flow to the Kremlin via refiners and trade nodes in other countries. It serves as a worthwhile template for Australia.

However, there are a number of concerns with both application in Europe and potential mirroring in Australia.

- The list of 'partner countries' does not reflect jurisdictions that similarly ban 3<sup>rd</sup> party refined products. For example, the original five 20/7/2025 Annex LI countries included UK at a time that UK allowed entry of 3<sup>rd</sup> party refined Russian oil to be imported from eg Mangalore-India. While UK has since announced their intention to ban 3<sup>rd</sup> party refined Russian oil, there is no methodology or timeframe.

Australia, Japan and New Zealand were added to the preferred country list on 24/10/25. At least Australia continues to allow importation of 3<sup>rd</sup> party refined Russian oil. Australia could act as a laundering intermediary to circumvent the EU's required paper trail showing Russian origin. While unlikely, oil importers to Australia have demonstrated little willingness to autonomously act to prevent Russian oil from entering Australia's supply chain.

Any similar closure of Australia's 3<sup>rd</sup> party refining loophole should not include 'partner country' exemption from provision of evidence unless those countries have demonstrably robust systems in place to eliminate the possibility of Russian provenance.

- Considering Australia has been included as 'preferred country' in EU Regulation 833/2014, we carry a level of obligation to act in good faith with our European partners by closing the loophole that allows Russian-derived products to be imported to our country.

Australia is yet to display any intent to match the EU initiative by closing 3<sup>rd</sup> party routes of supply. In so doing, Australia risks becoming a market of choice for the international trade of 3<sup>rd</sup> party refined Russian oil.

- The assumption that net crude exporting countries will deliver oil product free from Russian provenance is problematic. Countries such as Saudi Arabia and UAE are reported to buy Russian fuel oil and vacuum gasoil at discounted prices to use domestically, freeing up refining capacity to export at market prices. Such substitution does little to suppress Russia's oil revenue and builds unnecessary opacity into such trade.

Similarly net exporter Brunei, Australia's #7 supplier, continues to import Russian oil. Net exporters like Oman have opaque support for shadow tankers conducting ship-to-ship transfers of Russian product.

Importers from net oil exporting countries should still be required to provide transparent evidence that shipments are free of Russian provenance.

## 9 Recommendations

Ukraine cannot afford for Australia to continue to dither on this issue while their citizens are killed and injured, their buildings and infrastructure are destroyed and their sovereignty threatened. As long as we indirectly engage in Russia's oil trade, Australia is complicit in funding Russia's assault.

The Australian Government must do more than endlessly repeat the same hollow media talking point,

*"Regrettably, the mechanisms we would need to track and monitor all energy products via third countries are not in place in those countries" – DFAT Media email 17 August 2025*

This is simply defeatist and in many cases, untrue.

Australia has been at the international forefront on legislation such as plain packaging for cigarettes and social media bans for children. The same moral imperative should be putting a stop to Australian motorists unwitting funding of Putin's invasion.

The following are proposals that may improve Australia's autonomous sanctions against the Russian oil trade.

- Independently review legal underpinning of ASO's Guidance regarding the meaning of "originate" within the existing Regulations.
- ASO, ABF and AFP to audit and consider prosecution under existing law, entities potentially exposed directly or indirectly to Russia's oil trade, including those with substantial or controlling holdings in foreign oil terminals and those who have imported from terminals, FSU's and refineries that directly or indirectly deal in Russian oil.
- Align vessel sanctions with other G7+ jurisdictions.
- Ban imports of any refined oil products that have indirectly used sanctioned vessels for transportation of that product or precursors.
- Expedite EU-like sanctions against the direct or indirect import of oil products produced in third countries from Russian crude oil.
- Place the onus of proof on importers to guarantee provenance.
- Avoid the EU's nation-based exceptions, but consider a Government-approved list of vetted supply refineries and terminals that undergo routine auditing.
- Disallow imports from terminals and refineries for an appropriate length of time since they last received, directly or indirectly, Russian crude oil or product refined using Russian crude oil or dirty feedstock.
- Establish a proving period of at least 6 months before a foreign refinery or terminal can re-enter exporting to Australia if found to have engaged in trade of product partially or fully refined from Russian oil.
- Establish the requirement of independent facility audit if a foreign supplier or importer is suspected to have shipped Russian-derived oil product to Australia.
- Permanently ban imports from facilities that repeat the supply of Russian-derived product, whether produced in Russia or third countries.
- Require a sanctions exposure statement from oil infrastructure investment entities with substantial holdings(>20%) over A\$20 million. Such a statement may include quantity of

Russian-derived products directly or indirectly received, sanctioned tankers in the supply chain to the facility and risks of sanctioned product entering facilities.

- Require a sanctions exposure statement by Australian superannuation funds.
- Require the Future Fund to divest holdings in entities directly or indirectly trading in Russian-derived oil products.
- Ensure any Government fuel contract has guarantees in place that the supply does not include Russian-derived product, including product sourced directly or indirectly from 3<sup>rd</sup> country refiners.

End