



Ukrainian Council of NSW Inc.

Об'єднання Українських Громад НПВ

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UKRAINIAN COUNCIL
OF NSW

Foreign Affairs, Defence and Trade Committee
Department of the Senate
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Submission to the Senate Standing Committee on Foreign Affairs, Defence and Trade References Inquiry into the Effectiveness of Sanctions Against the Russian Federation

1. The Ukrainian Council of NSW Inc. (UCNSW) welcomes the opportunity to provide a submission to the Senate Standing Committee on Foreign Affairs, Defence and Trade References as part of its reviews into the effectiveness of sanctions imposed on the Russian Federation (RF).
2. UCNSW is a principal coordinating body representing Ukrainians across New South Wales. Since its establishment in 1949, UCNSW has continuously worked to support the Ukrainian community, strengthen engagement with the Australian Government and broader public institutions, and promote Ukrainian culture, heritage, and identity throughout Australia. For more than seven decades, UCNSW has played a pivotal role in advocating on issues of importance to Ukrainians in NSW and fostering strong, cohesive community networks.
3. For many Ukrainians in Australia, as well as for the broader Australian public, the effectiveness of sanctions against the RF is a critical measure of Australia's commitment to supporting Ukraine's defence and survival in the face of ongoing Russian aggression. A stronger and more comprehensive sanctions framework not only contributes to curbing the RF's capacity to wage war but also reinforces international rule of law and strengthens global norms against unlawful territorial aggression. Such measures are essential not only for supporting Ukraine but also for safeguarding Australia's long term strategic and security interests by deterring future acts of coercion or aggression in the IndoPacific and beyond.
4. Australia has taken principled action since 2022 to constrain the RF's capacity to wage an unlawful war against Ukraine. Yet critical gaps persist—especially the indirect import of “blood oil” refined from Russian crude in third countries; time lags in aligning with allies; and limited enforcement capacity that enables sophisticated evasion networks to operate with minimal consequence. These gaps blunt the strategic and moral weight of Australia's sanctions and risk reputational harm at home and abroad.

Oil Sanctions and the “Blood-Oil”

5. Sanctions aim to degrade RF's war-fighting capacity, deny access to critical revenue, technology and finance, and signal collective resolve in defence of Ukraine's sovereignty. DFAT's framework reflects this intent, focusing on restricting goods, services and financial dealings with designated actors and strategic sectors (including oil). Several inquiries and expert reviews credit Australia's principled stance but identify comparative weaknesses.
6. Independent analyses (CREA) indicate Australia has been among the largest single buyer of fuels refined from Russian crude in third countries since 2023, with multi-billion-dollar purchases translating into

substantial Russian fiscal receipts. This occurs despite Australia’s ban on direct Russian oil imports, because refined products are legally reclassified after “substantial transformation.”¹

7. The EU’s 18th package closes this backdoor by requiring proof of non-Russian crude origin for CN 2710 products from 21 January 2026, with enhanced due diligence for shipments from India/China/Türkiye; the UK has announced parallel intent. Australia has not yet adopted an equivalent rule.² Without an indirect-oil ban, Australia remains a significant market for fuels refined from Russian crude via India, China, Singapore and Brunei—contrary to EU/UK direction—weakening the effectiveness of the overall regime.
8. RF conducts structured sanctions circumvention blending state and private actors, including: the “shadow fleet” (opaque ownership, flag hopping, AIS dark activity, inadequate insurance); front companies, complex trade routing and bartering; and crypto enabled or off book channels.³
9. Australia has now sanctioned ~200 shadow-fleet vessels (cumulative) after adding 45 more in December 2025, but CREA-derived movement data show sanctioned tankers are still tied to refinery supply chains that export to Australia—evidence that network-level sanctions towards supply-chain nodes (refineries, traders, insurers, registries) are needed.⁴
10. EU/UK actions, and Indian refiner moves (e.g., Reliance halting Russian crude at its export-only Jamnagar unit to comply with the EU rule), demonstrate that supply chains can adjust without destabilising markets, especially with targeted wind-downs and origin attestations.

Investments, Asset Freezes and AUD-Denominated Exposures

11. Euroclear has repeatedly reported AUD-denominated cash balances (~2%) associated with RF sanctions.⁵ While these balances may sit offshore, the quantum suggests a need for Australian authorities to clarify the nature, jurisdiction and ownership/control of any AUD-linked Russian state exposures, and whether any Australian financial institutions are implicated.⁶ Greater transparency would bolster public trust and international coordination on the potential use of immobilised assets for Ukraine, in line with discussions currently occurring in the EU and UK.
12. Australia’s Future Fund holds a \$175.4 million stake in Reliance Industries, which has earned an estimated \$33 billion from refining and exporting discounted Russian crude—oil sanctioned by Australia and its partners.⁷ Despite small divestments, the value of the Fund’s stake rose by \$19 million in six months, indirectly benefiting the federal budget and contradicting Australia’s values, its earlier divestment from Russian assets, and core ESG principles. Major and smaller Australian superannuation funds also hold more than \$270 million in Reliance Industries, while other Australian investment vehicles—including IFM’s stake in the VTTI terminal in Malaysia and Macquarie’s investment in Singapore’s Jurong Port Universal

¹ CREA_Fact Sheet_Russia_Australia_FINAL_07.2025

https://energyandcleanair.org/wp/wp-content/uploads/2025/07/CREA_Fact-Sheet_Russia_Australia_FINAL_07.2025.pdf

² EU import ban on petroleum products obtained from Russian-origin crude oil

<https://www.steamshipmutual.com/publications/articles/eu-import-ban-petroleum-products-obtained-russian-origin-crude-oil>

³ Tightening the noose on Russia – Australian sanctions regime update <https://hallandwilcox.com.au/news/tightening-the-noose-on-russia-australian-sanctions-regime-update/>

⁴ Revealed: Sanctioned Russian ‘shadow’ tankers in Australian oil product supply chains

<https://www.sbs.com.au/news/article/exclusive-data-show-russian-oil-tankers-infiltrating-australian-supply/eesi96jtw>

⁵ Euroclear reports robust H1 2025 results <https://www.euroclear.com/newsandinsights/en/press/2025/mr-20-h1-results.html>

⁶ Anton Moiseenko, Submission No 1 to Senate Standing Committee on Foreign Affairs, Defence and Trade References, Parliament of Australia, Effectiveness of sanctions against the Russian Federation (13 November 2025)

⁷ Cherylann Mollan, ‘India’s largest conglomerate stops Russian oil imports amid global pressure’ (BBC, 21 November 2025) [bbc.com/news/articles/c9d911e7nxeo](https://www.bbc.com/news/articles/c9d911e7nxeo)

Terminal—profit from infrastructure enabling the global Russian oil trade.⁸ These exposures risk undermining the spirit of Australia’s sanctions regime. Although Reliance has indicated it may cease importing Russian crude for export, its domestic processing of Russian oil—and associated gains to Australian investors—will continue. This underscores the need for the Government to issue clear guidance and, where necessary, mandate divestment to ensure Australian public funds and superannuation vehicles do not inadvertently support Russia’s war economy or weaken Australia’s sanctions framework.

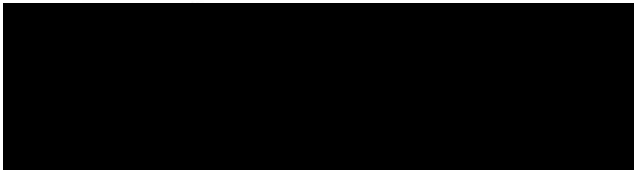
Recommendations

13. UCNSW urges the Committee to recommend:

- a. A targeted, EU/UK-style prohibition on importing, purchasing or transferring into Australia petroleum products (CN 2710) refined from Russian-origin crude (CN 2709), with enforceable origin-evidence requirements (refinery attestations, chain-of-custody documents) and enhanced due diligence for high-risk origins (e.g., India/China/Türkiye/Singapore);
- b. Network-based sanctions on refineries, traders, shippers, insurers and registries that facilitate price-cap breaches or enable the shadow fleet operations linked to RF;
- c. Asset-tracing transparency on AUD-denominated RF-linked cash balances reported by Euroclear and any related Australian exposures with defined allied mechanisms to mobilise windfall/interest proceeds and RF state assets for Ukrainian reconstruction and victim support; and
- d. Strengthened enforcement architecture and resourcing for proactive investigations, including clearer prohibitions on receiving payments from designated persons and banning provision of services to designated persons .

14. Australia has shown leadership in supporting Ukraine—including over \$1.7 billion in assistance and delivery of 49 Abrams—but to match words with effect, the Australian Government must close the indirect-oil channel, target the entire evasion network, clarify AUD-linked assets, and sharpen enforcement. These actions would align Australia with allies, uphold our values, and deny the RF the revenues it uses to prosecute an illegal, genocidal war against Ukraine.

Regards,



Andrew Mencinsky
President
Ukrainian Council of NSW



⁸ Michael Read, ‘Future Fund urged to dump \$175m from Russian ‘blood oil’ refiner’ (Australian Financial Review, 25 November 2025) [afr.com/policy/foreign-affairs/future-fund-urged-to-dump-175m-from-russian-blood-oil-refiner-20251124-p5ni36?ref=rss](https://www.afr.com/policy/foreign-affairs/future-fund-urged-to-dump-175m-from-russian-blood-oil-refiner-20251124-p5ni36?ref=rss)