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**Australian Government**

**Department of Foreign Affairs and Trade**

# **DEPARTMENT OF FOREIGN AFFAIRS AND TRADE SUBMISSION**

**SENATE STANDING COMMITTEE ON FOREIGN AFFAIRS, DEFENCE  
AND TRADE  
INQUIRY INTO EFFECTIVENESS OF SANCTIONS AGAINST THE  
RUSSIAN FEDERATION  
JANUARY 2026**

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## INTRODUCTION

1. On 24 February 2022, the Russian Federation (Russia) launched an illegal and immoral full-scale invasion of Ukraine. In the almost four years since, Australia has consistently and effectively pursued two key objectives:
  - support Ukraine to achieve comprehensive, just and lasting peace through significant military and humanitarian assistance worth over A\$1.7 billion, and support in multilateral fora; and
  - hold Russia to account for its flagrant violations of international laws and norms and constrain its ability to wage war and threaten international security, including through the imposition of sanctions.
2. Australia's sanctions against Russia, coordinated with a global coalition, play an important role in constraining Russia's ability to wage war and conduct other malign activities. They also signal Australia's condemnation of Russia's actions, firm commitment to Ukraine; and commitment to international norms and laws.
3. Australia's sanctions frameworks equip the Government to respond flexibly and effectively to situations of international concern. The Australian Government uses sanctions as one of the tools available to impose costs on foreign individuals, entities, regimes and governments for breaches of international law, human rights abuses and other behaviours that are contrary to Australian values and national interests. Sanctions are a key tool to deter threats, discourage international norm breaking, and reinforce values. Sanctions are most effective when implemented with partners.
4. In direct response to Russia's full-scale invasion of Ukraine, Australia worked with like-minded countries to impose the largest and most wide-reaching global sanctions effort of this century. The scale of international cooperation has been pivotal in preventing Russia from achieving its military and political objectives in Ukraine and constrained Russia's ability to trade and grow economically. Coordinated international sanctions, which continue evolving in response to Russia's sanctions evasion tactics, have included several innovative approaches aimed at starving Russia's ability to fund its war and at providing support to Ukraine. Sanctions imposed in response to the invasion have built upon those imposed on Russia following its annexation of Crimea on 18 March 2014.
5. Sanctions against Russia comprise the overwhelming majority of Australia's autonomous sanctions: currently there are 1,958 sanctions in place that relate to Russia, 1,740 of which have been imposed since February 2022 (84.7 and 75.3 per cent of Australia's total autonomous sanctions respectively). These are our most innovative, wide-ranging, and multi-faceted sanctions measures reflecting the scale and seriousness of Russia's breach of international law, including the UN Charter.
6. Sanctions on Russia to date have been imposed under three main sanctions frameworks:

- the **Russia** and **Ukraine** frameworks, which target specific elements of the Russian state and economy, as well as persons and entities involved in the war in Ukraine and in activities of economic or strategic significance to Russia;
  - the **human rights** framework, which targets persons and entities involved in serious violations or serious abuses of human rights, including torture and inhuman or degrading punishment; and
  - the **cyber sanctions** framework, which targets persons and entities responsible for significant cyber incidents such as cyber attacks and privacy breaches. The human rights and cyber sanctions frameworks are not specific to Russia, but Russian persons and entities have been sanctioned under these frameworks.
7. Detailed information on Australia's sanctions regime can be found in the Department's submissions to the 2024 Senate Inquiry into Australia's Sanctions Regime, available at: [https://www.aph.gov.au/Parliamentary\\_Business/Committees/Senate/Foreign\\_Affairs\\_Defence\\_and\\_Trade/Sanctions47/Submissions](https://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Foreign_Affairs_Defence_and_Trade/Sanctions47/Submissions)
8. Sanctions are but one of the tools the Government deploys to support Ukraine and impose costs on Russia. For example, Australia has imposed a 35 per cent tariff on all Russian goods entering Australia, and works with partners in multilateral settings to hold Russia to account.
9. As with all sanctions measures, the Australian Government takes a balanced and judicious approach to ensure sanctions achieve their intended objectives while minimising secondary impacts for those Australian businesses and individuals who are affected by these sanctions.

## AUSTRALIA'S SANCTIONS AGAINST RUSSIA

10. Since February 2022, Australia has imposed far-reaching and wide-ranging sanctions on Russia. The scale, breadth and speed of measures applied in response to Russia's invasion of Ukraine has been unprecedented. A full list of the persons and entities sanctioned by Australia can be found in the [Consolidated List](#), which is maintained by the Australian Sanctions Office.
11. Several frameworks under the *Autonomous Sanctions Act 2011* (AS Act) and the *Autonomous Sanctions Regulations 2011* (AS Regulations) equip the Australian Government to continue responding to the Russia's ongoing and evolving malign activities and violations of international law. These include its invasion of Ukraine, breaches of international law, human rights violations and abuses, malicious cyber activities, hybrid threat and greyzone activities and other unacceptable behaviour.
12. Australia imposes sanctions on individuals and entities considered to be engaging in an activity or performing a function that is of economic or strategic significance to the Russian Government. These measures are designed to achieve a range of objectives. Since February 2022 these have included:
  - applying economic pressure to constrain the revenues that fund Russia's war machine;
  - limiting Russia's access to resources and other forms of support which enable its invasion of Ukraine; and
  - inflicting reputational damage on Russia to limit practical and moral international support.
13. Australia's sanctions hold to account those individuals and entities responsible for serious human rights violations including the silencing of political expression and serious corruption, and malicious cyber activities globally. A range of 'Magnitsky-style' sanctions, using a framework which relates to human rights abuses such as torture, inhuman and degrading treatment, forced labour and wrongful death, have been imposed since 2022 to condemn Russia's treatment of Alexei Navalny, Vladimir Kara-Murza and Sergei Magnitsky.
14. Australia has also used our cyber sanctions framework, which targets persons or entities implicated in significant cyber incidents such as damaging cyberattacks or thefts of personal information, to impose sanctions on a number of Russian cybercriminals and the entities which support and enable these criminals, including the cybercriminals responsible for the 2022 Medibank Private data breach.
15. Australia has imposed targeted financial sanctions and travel bans against three persons involved in the downing of Malaysia Airlines flight MH17, and a fourth person who was commander of the Russian brigade which provided the missile that shot down flight MH17. All of these persons were either Ukrainian separatists or members of the Russian armed

forces. Australia and the Netherlands have long maintained that Russia is responsible for the downing of MH17.

16. Australia works closely with our international partners to coordinate sanctions action against Russia to collectively hold it to account. Partners, including Canada, the European Union, Japan, New Zealand, Singapore, the Republic of Korea, the United Kingdom and the United States, have also imposed autonomous sanctions on Russia. While sanctions frameworks, processes and legal thresholds differ between countries, and each partner maintains a unique, but complementary, set of sanctions, coordination among partners has an amplifying effect much greater than the sum of individual actions.
17. The Australian Sanctions Office, within the Department of Foreign Affairs and Trade (the Department), is Australia's sanctions regulator. While the Office has primary responsibility for applying, regulating and administering Australian autonomous sanctions against Russia, it collaborates closely with a range of Australian Government agencies such as AUSTRAC, the Australian Federal Police and Australian Border Force to monitor and enforce compliance.
18. The Department designs its autonomous sanctions on Russia carefully, including by considering the broader impacts they may have beyond their intended target. Sanctions can impose costs not only on the targeted person or entity, but also by the broader Australian community. These impacts can flow through the Australian economy; businesses; communities; supply chains; and the delivery of humanitarian and development assistance. The Australian Government takes steps to minimise the unintended consequences whenever possible.
19. Australia's sanctions on Russia include:
  - **Sectoral sanctions** are designed to limit the supply of goods or services that could be used by Russia to support its invasion of Ukraine. They diminish Russian economic activity to in turn reduce tax revenue available to the Russian government. These sanctions include bans on the import or export of a wide range of goods, such as machinery, or services to and from Russia, as well as an arms embargo.
  - There are also restrictions on a broad range of **commercial activities** relating to financial instruments, including dealing with bonds or extending loans or credit to certain persons and entities. The provision of **services**, such as financial services, in relation to import or export sanctioned goods is also prohibited.
  - Since Russia's invasion, a focus of Australia's sectoral sanctions has been Russia's **hydrocarbon exports**. As the war has continued, Australia and international partners have increased actions to constrain Russian Government revenue from hydrocarbons as a means of constraining its ability to fund military action. Since 25 April 2022, Australia has imposed **a total prohibition on the importation, purchase and transport**



**of crude oil, refined petroleum products, natural gas, coal and other energy products** coming from, or that originated in, Russia.

- Since December 2022, Australia has joined G7 and the EU in imposing the **Oil Price Cap (OPC) mechanism**. The OPC mechanism is given effect through our sanctions laws, and prevents individuals or entities from OPC sanctioning countries from providing services in relation to oil which has been sold for more than the price cap. The OPC is set lower than global oil prices in order to drive down the market value of Russian crude oil.
- In Australia, Australian individuals and companies may seek a permit to provide transport and financial services in relation to Russian-origin oil and refined petroleum products where those products are purchased by third countries below the OPC. On 18 September 2025, in response to the fact that crude oil prices had fallen to close to USD60, **Australia reduced the price cap for Russian crude oil from USD60 to USD47.60** in concert with the EU, UK, Canada, Japan and New Zealand. The EU and UK reduced their OPC to USD44.10 on 15 January 2026 (effective from 1 February 2026 and 31 January 2026 respectively). The OPC, and all other sanctions against Russia, remain under review.
- The Minister for Foreign Affairs has imposed **targeted financial sanctions and travel bans on 1350 individuals and 344 entities** under our Russia sanctions framework having been satisfied they are, or have been:
  - i. engaging in an activity or performing a function that is of economic or strategic significance to Russia;
  - ii. a current or former Minister or senior official of the Russian Government; or
  - iii. an immediately family member of a person that falls within either i or ii.
- Notable sanctions in this category include Russian energy companies Rosneft and Lukoil, the Central Bank of the Russian Federation, the Russian National Wealth Fund and Russian Ministry of Finance (together responsible for issuing and managing Russia's sovereign debt), Oleg Deripaska and Viktor Vekselberg (Russian oligarchs with ties to Australia), Rustam Minnikhanov (owner and chairperson of Tupolev, which produces the Tupolev bombers used to launch long-range cruise missiles against Ukrainian cities and infrastructure) and Anton Zlatopolskiy (First Deputy Director General of Russian state media companies associated with disinformation and propaganda).
- Australia has sanctioned 200 **'shadow fleet' vessels** which are used by Russia to circumvent international sanctions and enable the illicit trade of Russian oil and other goods to support Russia's war economy.

20. In addition to the sanctions imposed in response to Russia's invasion, Australia has also imposed sanctions under other frameworks, such as the human rights and cyber sanctions frameworks. Australia also is a member of the Multilateral Sanctions Monitoring Team (the 'MSMT'), a body of like-minded partner countries created to monitor evasion of sanctions imposed by the United Nations Security Council on the Democratic People's Republic of Korea ('DPRK'). On 29 May 2025, the MSMT, with Australian involvement and support, published its first report, focussing on unlawful Russia-DPRK military cooperation including arms transfers and Russia's training of DPRK soldiers.

## EFFECTIVENESS OF AUSTRALIAN SANCTIONS

21. Evaluating sanctions' effectiveness is complex. How we measure success will differ between sanctions measures, depending on our objectives, the intended impact and legal criteria. Sanctions, necessarily, do not exist in a vacuum, and this is especially the case for sanctions against Russia, which have been imposed by a set of likeminded countries which cooperate to ensure that their measures are as consistent as possible. While this approach is important to increasing the scope of sanctions against individuals and thereby imposing costs, it also makes it difficult to attribute specific results to particular sanctions measures or even to particular countries' sanctions regimes.
22. Coordinated global sanctions against Russia, including those imposed by Australia, have collectively restricted Russia's warfighting capability, limited its access to credit markets, reduced hydrocarbon revenue and degraded import exposed industries. The UK's Foreign, Commonwealth and Development Office estimated in February 2025 that global sanctions had deprived Russia of at least USD450 billion in economic activity since February 2022. This included an estimated USD154 billion in direct tax revenue because of the widened discount on Russian crude oil compared to global benchmark oil prices.
23. Sustained global sanctions, including Australia's, have also increased Russia's cost of doing business, including by cutting off supply chains resulting in Russia paying significantly inflated prices for sanctioned products. According to a 2025 study by the Bank of Finland Institute for Emerging Economies, prices of sanctioned goods exported to Russia increased by 40 to 60 per cent compared to the prices of non-sanctioned products since the invasion of Ukraine in February 2022. The price Russia pays for imported goods increased even when imported from non-sanctioning trading partners. These effects, a result of global sanctions to which Australia is a key contributor, maximise international pressure on Russia's ability to conduct its invasion of Ukraine, restricting its capability to drive financial, technological and military development.
24. Bilaterally, since the imposition of sanctions, goods and services trade between Russia and Australia has fallen by 88 per cent from AUD 1.37 billion to just \$210 million in 2024-25. As a result of measures taken in relation to Russian energy, direct Australian imports of Russian energy products have fallen from \$80 million in 2021 to zero.
25. Australia's cyber sanctions against Russian criminals and criminal organisation are designed to deter cybercriminals by imposing costs and consequences on cybercriminals, hackers and threat actors who target Australia and other countries. The sanctions disrupt criminal activity by making it an offence to provide assets or services to these actors, and expose cybercriminals' activities and identities, placing them at further risk of detection by other law enforcement agencies.



## CASE STUDY: IMPACT OF SANCTIONS ON RUSSIA'S OIL REVENUE

1. Revenues from Russia's oil and gas industry have historically accounted for between 30 to 50 percent of its total federal budget revenues. Following the full-scale invasion of Ukraine, Australia and like-minded countries moved swiftly to target this sector, implementing a vast array of energy sanctions to deprive Russia of additional revenue and constrain its ability to act.
2. As part of the global effort Australia has:
  - placed a total ban on the importation, purchase and transport of oil and refined petroleum products coming from, or that originate in Russia;
  - joined partners in first imposing the G7 Oil Price Cap and then lowering it from US\$60 a barrel to US\$47.6 a barrel on 18 September 2025.
  - imposed targeted financial sanctions on major Russian energy conglomerates such as Rosneft and Gazprom
  - sanctioned 200 vessels linked to the shadow fleet Russia uses to circumvent sanctions
3. In 2025, Russian fossil fuel revenues were the lowest they had been since Russia's invasion of Ukraine. As of November 2025, despite the steps Russia has taken to circumvent sanctions, Russian state revenue from oil and gas fell by between an additional 2.7 and 3 per cent year-on-year. Russia has not released trade data since its invasion of Ukraine began, but Australian trade data from foreign importers of Russian petroleum products indicates values were down 25 per cent in the ten months to October 2025 compared to the same period in 2024.
4. Collective implementation of these sanctions has limited Russia's access to credit markets, reduced hydrocarbon revenue and import exposed industries, while forcing Russia to pay significantly inflated prices for key inputs through export bans.
5. In 2023, the US Treasury reported dramatic reductions in Russian oil revenues because of the introduction of the OPC, with revenues decreasing by 40 per cent from the previous equivalent period (some but not all of which can be attributed to the fall in global oil prices).

## EFFORTS BY RUSSIA TO EVADE SANCTIONS

26. Russia has been subject to international sanctions since 2014. The sanctions Australia and likeminded partners have imposed between 2022 and now represent a significant escalation.
27. Russia is the largest economy Australia has sanctioned and remains a significant international player. As part of its concerted effort to evade the impact of international sanctions, Russia continues to seek closer partnerships with a limited number of countries that do not impose autonomous sanctions, such as its military partnership with the DPRK. Over time, this has led to new and emerging challenges in the global monitoring, enforcement, and design of sanctions which in turn means that the focus of sanctions has extended to the evolving methods Russia has found to evade and insulate itself from sanctions.
28. One example of sanctions evasion by Russia is its use of a **shadow fleet of vessels** to circumvent international sanctions and sustain its war against Ukraine. Shadow fleet vessels engage in illegal and deceptive operations, for example turning off their Automatic Identification System signals, evading compliance with safety or environmental regulations, failing to obtain adequate maritime insurance, sailing under false flags of convenience and engaging in other illegal activities.
29. Russia's use of shadow fleet vessels began shortly after its invasion of Ukraine. This coincided with the imposition of large-scale sanctions by Australia and international partners (including the OPC), designed to maximise pressure on Russia's ability to fund its invasion. Russia has to date spent around USD 10 billion on shadow fleet vessels, at least tripling the number of shadow fleet vessels. At least half of Russia's oil export capacity relies on these vessels.
30. Sanctioning shadow fleet vessels has become a major global priority. As part of this effort, Australia has sanctioned 200 vessels to date. Australia also engages in outreach to improve shipping registry practices and deny these vessels access to shipping registries, including in the Pacific.
31. Russia also seeks to evade sanctions in **sourcing weapons parts**. Russia is subject to weapons and machinery export bans by many like-minded partners, including Australia, which prevent the export of electronic components such as microchips to Russia. This has led to an increase in Russian procurement of electronic components from third countries including those which do not impose sanctions on Russia.
32. Western-made microprocessors have been found in Russian missiles used in Ukraine, procured through an international network of sanctions evasion. These munitions are often assembled from parts from a wide variety of different sources, combining legal imports with illicit imports and recycled materials. To counter this, Australia has sanctioned Russian entities involved in the import of western electronics into Russia, such as electronic components supplier 'Chip and Dip.' Additionally, Defence Export Controls, which administers

Australia's export control legislation, takes the risk of diversion to Russia into account when assessing relevant applications to export controlled items from Australia.

33. Russia's exclusion from financial systems has led to it turning to **alternate means of finance**. Partners have reported that Russia has begun moving large amounts of money via cryptocurrency exchanges to make the flow of funds more difficult to track. This exclusion from financial systems has also led to the Russian system conducting transactions in less-used currencies and via exchanges and banking systems which are more difficult for sanctions partners to track. The Department works with agencies across Government to prevent the circumvention of Australian sanctions and address non-compliance.
34. Preventing oil products refined in third countries from Russian-origin crude oil (known as Substantially Transformed Russian Oil or STRO) from entering the Australian market is challenging due to the complexities and interconnectedness of the global oil trade, and Russia's sizeable share of global oil supply. Once an oil or petroleum product has been refined, substantially transformed, blended or co-mingled, the origin of its inputs is obscured. Aggregate trade or production statistics do not reliably identify the origin of the crude oil used to produce any given shipment of fuel.
35. Ensuring Australia's supply chains are free of Russian-origin oil is also complicated by our limited domestic refining capacity, energy security imperatives to diversify fuel supply sources, and distance from refineries which do not use Russian crude oil. Australia imports around 80 per cent of its refined petroleum products, including diesel and jet fuel, mainly from Asia.
36. Work is underway to evaluate options to place further pressure on Russia's oil revenues, including through engagement with industry representatives and with like-minded international partners.
37. The Australian Sanctions Office has published the following advisories to alert the regulated community to common sanctions risks associated with Russian sanctions:
- Advisory from the Russian Elites, Proxies, and Oligarchs (REPO) Task Force – Russian sanctions evasion
  - Australian export sector, Russian evasion methods
  - Common high priority items for Russia
  - Holder of political office
  - Oil Price Cap (OPC) compliance and enforcement alert
  - Russian contracts aimed at circumventing sanctions
  - Sanctions circumvention using cryptocurrency
  - Sanctions risk in the export of drones and drone components to Russia
  - Sanctions risks from misuse of AI and new technologies
  - Sanctions risk of specific banking services
  - Sanctions risks with gold smuggling

## RUSSIAN RETALIATION AND OTHER RESPONSES TO AUSTRALIA'S SANCTIONS

38. The most direct Russian response to Australian sanctions has been to impose retaliatory sanctions against Australians. In June 2022, Russia imposed travel bans on 121 Australians including journalists, businesspeople and government and military figures, preventing them from entering Russia. Australians, including Departmental staff, were also targeted in subsequent tranches of Russian sanctions in September 2022, April 2024, June 2024 and October 2024. The Russian Ministry of Foreign Affairs stated that these sanctions were in response to Australian Government sanctions against Russia. Russia has taken similar sanctions measures against other like-minded partner countries that have imposed sanctions on Russia.
39. Russia has introduced bans on exports, restrictions around the use of foreign currency and lending money to foreigners, the trade in shares in foreign entities and interactions with foreign banks, and the ability of foreign aircraft to overfly Russia. Non-government organisations have reported Russia has considered nationalising property owned by foreigners and levelling criminal charges against executives of companies who comply with foreign sanctions against Russia. These retaliatory measures do not specifically target Australia, but Australian persons and entities have experienced difficulties as a result of them. In particular, when Australian entities have attempted to dispose of assets in Russia, the Russian government has prevented them from or impeded their efforts to do so.
40. There is significant support in the Australian community for providing support to Ukraine, including through the imposition of sanctions on Russia. A June 2025 Lowy Institute Poll showed the vast majority of Australians (84 per cent) support keeping strict sanctions on Russia.
41. Responses from Australia's international partners has also been positive. Australia's cooperation and the scale of our sanctions response has been recognised by European partners as a visible demonstration of Australia's support for Ukraine and European security. This has strengthened our strategic value as a partner and enhanced our influence on other issues.
42. Ukrainian President Volodymyr Zelenskyy has positively acknowledged Australia's ongoing support for Ukraine including through sanctions imposed on Russia. Russian opposition figures including the Anti-Corruption Foundation (an NGO led by Yulia Navalnaya, the widow of former Russian opposition leader Alexei Navalny) have welcomed Australian sanctions.
43. Australia regularly coordinates sanctions action with partners, both against Russian targets and more generally. For example, Australia's recent sanctions against Russian cybercriminals Aleksandr Volosovik and Kiril Zatotokin were announced alongside complementary sanction action by the US and UK.

## CONCLUSION

44. Australia's sanctions against Russia are the largest and most complex set of autonomous sanctions Australia has implemented. They range from industry-wide bans on the imports and exports of certain commodities to targeted financial sanctions and travel bans on individual actors within the Russian system. While the majority of these sanctions are under the Russia country specific framework, Australia has also taken action against Russian targets under other frameworks.
45. The Department continues to work closely with like-minded international partners to strengthen our sanctions measures, adapt our frameworks and find new methods of maximising international pressure against Russia. We also work closely across Government to maintain balance and minimise the unintended consequences on the Australian community.



Figure 1: Total number of individual listings under our autonomous frameworks (as of 23 January 2026)

