



INQUIRY INTO THE EFFECTIVENESS OF SANCTIONS AGAINST THE RUSSIAN FEDERATION

Minderoo Foundation

Minderoo Foundation acknowledges the Whadjuk people of the Noongar nation, the traditional custodians of the land on which this submission was developed and pays respects to Elders past and present.



Executive Summary

Recommendation

Ensure Australia's sanctions regime remains credible and aligned with those of key partners by prohibiting the import of refined petroleum products made from Russian crude, consistent with measures adopted by the European Union and United Kingdom.

Closing this loophole brings Australia into alignment with international best practice and ensure that our sanctions deliver their intended effect.

Background

Minderoo Foundation is an Australian philanthropy working to forge a fair future with a vision for a society that values all people and natural ecosystems. We focus our work on three areas of impact: uplifting communities, supporting gender equality and safeguarding our natural ecosystems. Alongside these focus areas, we respond to existential threats and urgent challenges in an agile and targeted way through a series of impact missions.

Since Russia's full-scale invasion of Ukraine in February 2022, Minderoo Foundation has committed approximately AU\$32 million to humanitarian, recovery and food security efforts in Ukraine. This includes support to:

- Clear landmines from farmland and school areas in frontline regions.
- Protect Ukraine's grain supply, establishing storage for more than 1,600 farmers with the UN Food and Agriculture Organisation, safeguarding over 6 million tonnes of grain.
- Stabilise global food systems, partnering with the UN World Food Programme to deliver 23,000 tonnes of Ukrainian wheat to the Horn of Africa, support the Grain from Ukraine initiative and establish agri-hubs to support farmers.
- Modernise agricultural practices through policy support and scaling best practice agri-innovation.
- Support community and women-led recovery, providing microfinance and small-business support to conflict-affected households and civil society organisations.

Minderoo commends the Australian Government's actions to support Ukraine through humanitarian assistance, defence capability, and the imposition of more than 1,600 sanctions, and note that Australia remains the largest non-NATO contributor of military assistance. We also support the Government's objective of disrupting Russia's ability to finance its invasion and welcome the Foreign Minister Senator the Hon Penny Wong's continued commitment to constraining Russia's oil revenues.

As Australia's largest philanthropic supporter of Ukraine's humanitarian response, Minderoo is concerned by recent reports and analysis indicating that Australia has spent more on refined oil products derived from Russian crude than it has provided to Ukraine in humanitarian aid. This risks undermining both the effectiveness of Australia's sanction regime, contribution to meeting humanitarian needs and Australia's long-standing bipartisan support for Ukraine.

In this context, we urge the Government to take further action to close the remaining loopholes that allow refined oil products made from Russian crude to enter Australia indirectly. Without additional safeguards, Australian consumers and businesses may be unknowingly contributing to Russia's war economy.



Australians overwhelmingly support assistance for Ukraine, including robust sanctions on Russia¹. We must keep our supply chains aligned with our values and take every reasonable step to ensure Australia is not contributing to Russia's war machine.

Closing the Refined Oil Loophole

Although Australia no longer imports fuel directly from Russia, recent independent analysis from the Centre for Research on Energy and Clean Air (CREA) shows that Australia is now one of the largest single-country buyers of refined petroleum products made from Russian crude.²

CREA's analysis of Australian imports from refineries using Russian crude (6 February 2023 to 30 June 2025) found that Australia has:

- imported an estimated 3.2 million tonnes of oil products refined from Russian crude, worth \$3.8 billion, including \$1.2 billion in the first six months of 2025 alone, and
- sent back an estimated \$1.9 billion in tax revenue through these imports, with \$3.5 billion of Russian crude used to create oil products for Australia.

(AUD, calculated from USD figures in CREA's analysis at an exchange rate of 0.6580)

These imports have been predominantly sourced from refineries in India and Singapore, which have substantially increased their intake of discounted Russian crude following G7+ sanctions.

This loophole undermines the intended effect of Australia's sanctions regime: to constrain Russia's capacity to fund its illegal invasion of Ukraine. It also places Australia out of step with key partners including the European Union, which in its 18th sanctions package introduced an import ban on refined petroleum products made from Russian crude oil and coming from any third country – with the exception of Canada, Norway, Switzerland, the United Kingdom and the United States. More recently, the 19th package further strengthened measures by banning Russian LNG imports, restricting transshipment through EU ports, and expanded sanctions on the 'shadow fleet.' In its decisions, the EU highlighted that oil exports still represent one third of the Russian government's revenues, and the 19th sanctions package aims to further reduce funds available to sustain Russia's war against Ukraine.

Considering this, and to ensure Australia's sanctions regime remains credible and aligned with those of key partners, the Australian Government should implement a prohibition on the import of refined petroleum products made from Russian crude, consistent with measures adopted by the European Union and United Kingdom.

Closing this loophole would bring Australia into alignment with international best practice and ensure that its sanctions deliver their intended effect. Minderoo Foundation stands ready to support further policy development to strengthen Australia's response to Russia's ongoing aggression.

¹ <https://poll.lowyinstitute.org/charts/australias-response-war-ukraine/>

² <https://energyandcleanair.org/fact-sheet-australias-imports-of-oil-products-refined-from-russian-crude-twice-their-aid-to-ukraine/>