

The Hon Anthony Albanese MP
Prime Minister of Australia
Parliament House
Canberra ACT 2600
Australia

17th November 2025

Subject: Urgent Call for Australia to Close the Russian Refining Loophole and Align with EU and UK Sanctions

Dear Prime Minister Albanese,

We, the undersigned civil society organisations from Ukraine and the European Union, urge the Australian Government to take immediate action to close the Russian oil refining loophole — a critical gap in Western sanctions that continues to funnel billions of dollars to the Kremlin and finance its illegal invasion of Ukraine.

In recent months, the [European Union](#) and [United Kingdom](#) have strengthened their sanctions by banning not only Russian oil but also refined fuels produced from Russian crude, regardless of where they are processed. This decisive step has limited Russia's ability to disguise and sell its oil through intermediaries in countries such as India, Türkiye, China, and Singapore and will cut an estimated USD 4.5 bn annually in Russian crude export revenues.

Australia, however, remains exposed. Despite banning direct Russian oil imports, [Australia is the world's largest importer of refined fuels made from Russian crude](#), primarily from refineries in India.

- Since February 2023 till the end of June 2025, [Australia has imported USD 6.4 billion](#) in oil products from Indian refineries using Russian crude, with USD 2.5 billion estimated to be refined directly from it.
- More than 90 percent of these imports come from India's Jamnagar refinery, where Russian oil made up to [55 percent of crude feedstock in early 2025](#).
- In just the first half of 2025, Australia imported USD 1.6 billion of such fuels — almost matching its entire 2023 total.

In effect, Australia has spent more than twice as much on fuels refined from Russian crude as it has provided in aid to Ukraine. These purchases have delivered an estimated USD 1.3 billion in tax revenue to the Kremlin — enough money to pay for [over 37,000 of Russia's Shahed drones](#) which terrorise Ukrainian civilians in daily attacks.

Every litre of this *blood oil* undermines Australia's sanctions, strengthens Russia's war machine, and contradicts support for Ukraine and the rules-based international order.

With the Government's [newly announced inquiry](#) into the effectiveness of Russian sanctions, this issue will soon face renewed public and parliamentary scrutiny. We therefore urge the Government to act pre-emptively to close the refining loophole and avoid the inevitable reputational and diplomatic embarrassment that inaction would bring.

To align with European allies and ensure Australian imports do not fund aggression abroad, we call on the Government to adopt a ban guided by the following gold-standard policies attached at the end of this letter.

Australia has stood firmly with Ukraine — yet your continued import of Russian blood oil undermines this support. By following the example of the EU and UK, and implementing a robust refinery-level ban, Australia can ensure not a single dollar of your trade supports Russia's war of aggression.

We urge the Government to act swiftly to close this loophole and demonstrate that Australia's commitment to justice, peace, and democracy is uncompromising.

Yours sincerely,

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Olexi Pasyuk, Executive Director, Centre for Environmental Initiatives "Ecoaction"

Isaac Levi, Europe-Russia Policy & Energy Analysis Team Lead, Centre for Research on Energy and Clean Air

Martin Vladimirov, Director, Centre for the Study of Democracy

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Christopher Lambin, Senior Data Investigator, Global Witness

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Anastasiia Khymychuk, Chairwoman, StateWatch Thinktank

Alexander Kirk, Communications Specialist, Urgewald

CC:

- The Hon Richard Marles MP, Deputy Prime Minister and Defence Minister
- The Hon Penny Wong, Minister for Foreign Affairs
- The Hon Matt Thistlethwaite MP, Assistant Minister for Foreign Affairs and Trade
- The Hon Madeleine King MP, Minister for Resources

Policy recommendations to plug the refining loophole

Apply bans at refinery level: A simple procedure for implementation and enforcement would be to implement the restrictions on imports of oil products at the refinery level, not the national level. Refined products should be subject to import restrictions if produced at facilities that have processed Russian crude within the past six months, regardless of the final product's declared origin or the host country's net export position.

Use updated data to establish guidelines on refineries' imports status: When establishing guidance on prohibition of imports, it is imperative that regulatory bodies use updated data on imports, refinery runs and crude feedstock, rather than relying on historical patterns. Relying on historical data opens the risk of Russian flows remaining untracked for months as the policy remains in force creating a blindspot. It will leave gaps in monitoring and policy enforcement and allow refineries to take advantage of having been excluded from a ban based on historical evidence.

Prevent attestation and documentation fraud: Any proposed mechanism must refrain from allowing third-country refiners to provide attestation documents themselves on the origin of the crude used at their facilities without putting in place adequate measures to verify the authenticity of these attestations. Examples of attestation fraud can be seen when analysing the lack of compliance with the Russian oil price cap policy. [Investigations by CREA](#), [Bruegel](#) and the [Financial Times](#) have found a number of violations of the price cap policy whereby violators under-report the price paid for the Russian oil and fraudulently produce attestation documents so that they can gain access to Western maritime services. Similar risks of attestation fraud arise from the ban on oil products made from Russian crude if compliance relies on these documents provided by third-country refiners.

Establish guidelines on non-Russian crude usage for refineries seeking access to Australian market: A refinery may regain eligibility once it demonstrates six consecutive months of operations without Russian crude, verified by Government approved independent auditors.

To prevent circumvention, repeat exposure to Russian crude should trigger an extended exclusion period (e.g. twelve months for a second violation). A limited exemption mechanism may be maintained, subject to strict disclosure, oversight, and review by the Government to ensure alignment with the sanctions' objectives.

Establish independent infrastructure audits: Several refineries have stated an ability to distinguish and separate Russian oil from other sources when creating products for exports. This system relies on trust — much like it is with the price cap — which will lead to frequent violation and undermining of the policy itself.

While refinery infrastructure might allow this — despite a lack of current evidence suggesting it is practically applicable — an audit of ability, processes and compliance must be conducted at regular intervals to ensure such separation is indeed being followed and isn't just paper compliance.

Ban the importation of oil products from refineries that have imported Russian fuels:

In addition to banning the importation of oil products (HS 2710) made from Russian crude oil under the trade code HS 2709 legislation must also include a ban on imports of Russian products under HS 2710 which are blended or further processed for export to Australia. This would shut a potential loophole in advance. [For example](#), the UK, EU, and USA imported USD 334 million of petrochemicals made from naphtha at the Mailiao refinery in Taiwan. This refinery has been 90% reliant on Russia for its imported naphtha in the first half of 2025.

Shorten wind-down periods: Any grace period provides Russia, as well as traders buying oil refined using Russian crude with excessive time to adjust supply chains and maintain oil revenue. A short 60-day wind-down period, focused on high-risk refined products like diesel and jet fuel, would reduce Russia's fiscal gains and limit circumvention opportunities. It would also give the countries sufficient time to secure alternative suppliers.

Address re-export loopholes: Australia's current guidance on Russian oil sanctions offer an [exemption for de minimis quantities](#) of Russian molecules when importing from terminals in third countries that also import Russian products. The lack of specificity in defining this clearly leaves the door open for traders to exploit it and buy blended Russian products, as well as products refined from Russian crude.

Singapore provides a case of concern. Since the implementation of sanctions on Russian oil, till the end of September 2025, 8% of Russia's total exports of oil products worldwide has been imported by Singapore. They are the fifth largest buyer of Russian oil products globally. Many terminals in the country that also export products to Australia import over a fifth of their products from Russia. For certain fuels the Russian share is significantly larger. In addition, Singapore also received fuels refined from Russian crude from refineries in India and China. The policy must account for stricter regulations on sourcing from terminals that receive Russian products, or products refined from Russian crude. In

addition to attestation documentation detailing the origin of the product, suppliers must also track and provide monthly evidence for flows of Russian products in those terminals to show that Russian molecules are not overstepping the limits of the *de minimis* guidelines.

Tackle ship to ship (STS) transfers of Russian oil: With severe restrictions now placed on Russian oil companies, vessels as well as trades involving Russian oil in certain geographies there may well be an increase in the obfuscation of the origin of the oil in Russian trades. This will mean an uptick in STS transfers of Russian crude — which could thereby be reported as non-Russian at the refinery level — as well as STS transfers of oil products to ‘net importing countries’ which subsequently export to those banning the trade. Tracking STS operations, and banning them in territorial waters will limit Russian oil revenues severely.

Widen net to include refineries connected to a Russian crude oil pipeline: Any proposed ban on oil product imports made from Russian crude must also include refineries connected to a pipeline that partially supplies them with Russian crude. Reported data is often opaque on these refineries’ utilisation of Russian crude, but their role in expanding Russian revenues is vital. Refineries at the port of [Dalian in China](#) can be seen as a case study for refineries that receive Russian crude oil via the ESPO pipeline and also exports to the EU, US, UK and Australia.