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Time to cut cash flow to Russia

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Plea to close oil loophole

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The sanctions loophole that has generated \$1.85bn in taxes for the Kremlin’s war effort through exports of fuel to Australia needs to be closed, Ukraine’s ambassador to Australia says.

The Herald Sun on Tuesday revealed Moscow’s massive tax haul from more than \$3.7bn in fuel sales to Australia through Indian refineries that use Russian crude oil in production.

While Australia and many other Western nations ban Russian oil imports, third-party nations such as India, China and Turkey that use Russian crude as feedstock in the refining process are able to recategorise the fuel as “substantially transformed” and legally sell it.

“It is clear that revenue from

Russia’s oil sector helps fuel Putin’s war against Ukrainians, including the largest ever bombing attacks on Kyiv this week. Such attacks have killed some 12,000 civilians to date,” ambassador Vasyl Myroshnychenko said.

“Australia has rightly adopted arrangements and sanctions against the importation of Russian oil products. It is important that loopholes – such as laundering those products through third party countries – be closed.”

Isaac Levi, an analyst at the Helsinki-based Centre for Research on Energy and Clean Air which has tracked the tainted trade, said: “By allowing the refining loophole to exist, Australia and other sanctioning countries are financing the Kremlin’s war chest.”

The Australian Federation of Ukrainian Organisations

also called on the Albanese government to act on the issue that has seen Russia sell, on one estimate, \$2.7 trillion in fuels since its invasion of Ukraine in 2022, while the international community has donated \$1.3 trillion in military and humanitarian aide to Kyiv.

“Our petrol dollars are funding Putin’s war,” AFUO chair Kateryna Argyrou said.

“It’s time to clean up the supply chain and ban fuel from any refinery that processes Russian crude oil.

“Let’s stop undermining the Australian government’s support for Ukraine.”

Dr Anton Moiseienko, senior lecturer in law at the Australian National University, said it was “past time” for Australia, the EU, the US and UK to look at the price cap regime.

Dr Moiseienko said action needed to be taken “sooner

rather than later”.

“The reality is Australia won’t do more unilaterally,” he said. “It will only do more, if at all, as a member of this broader sanctioning coalition.

“One solution could be for places like Australia and others to actually require certification that demonstrates that refined petroleum that they’re buying does not come from Russian crude oil.”

Other proposals include the payments being held in accounts that Russia can only use for specific purposes such as buying humanitarian goods.

The Albanese government did not respond when asked if it would ban imports from refineries that rely on Russian oil, or consider heavy tariffs.