

Kremlin reaping \$1.85bn in tax for fuel shipped to Australia despite ban on oil imports from Vladimir Putin's regime

More than \$3.7bn in fuel containing Russian crude oil has been imported by Australia since 2023, delivering Vladimir Putin more in taxes than our nation has supplied to Ukraine for defence and aid.

Mark Dunn Exclusive

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Australia is helping bankroll [Moscow's war on Ukraine](#), with the Kremlin reaping an estimated \$1.85bn in tax for fuel shipped here despite a ban on oil imports from Vladimir Putin's regime.

More than \$3.7bn in fuel containing Russian crude oil has been bought by Australia after being processed in Indian refineries since 2023, an international trade tracking analysis shows.

The huge trade has delivered Putin \$1.85bn in taxes from Russian exporters – [more than the \\$1.5bn Australia has sent to Ukraine in defence and humanitarian aid](#).

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 refining loophole legally allows the Kremlin to earn billions of euros (from all international crude sales) in tax revenues every year," he said.

"This gap in sanctioning countries' bans ... is resulting in individuals filling up their cars or getting on flights that are being fuelled by oil that originated in Russia."

The Albanese government said a year ago that Australia would review concerns Russian oil was being refined in other countries before being imported here.

But the Department of Foreign Affairs and Trade this week said it was not possible to track energy products originating in Russia that had been "substantially transformed" in a third country.

"Australia's sanctions on Russian oil are among the strongest of all our international partners," a DFAT spokesman said.

"We will continue doing what we can to deny Russia access to Australia's markets and ensure Australia does not inadvertently fund Russia's war machine."

Analysis produced for the Herald Sun by the CREA exposes Australia as one of the biggest customers in the world of Russian-based fuels refined by the massive Jamnagar

Refinery in India, with about 10 per cent coming through a separate New Mangalore refinery.

“Russia has pivoted and is using business from third-party refinement of crude oil as a ‘backdoor’ to source funds ... this is a significant ‘loophole’ in Australia’s sanctions regime,” Ukrainian Council of NSW president Andrew Mencinsky told a Senate inquiry last December.

Australia bans the import of almost all Russian products, including fuels, but the prohibition is avoided by processors who refine Russian crude with other oil sources to then categorise it “substantially transformed”.

From the start of the Western embargo and price cap on Russian oil in 2023 until the end of April 2025, Australia imported \$9.4bn of oil products from Indian refineries which used Russian crude in production, CREA analysis states.

CREA’s assessment is based on maritime tracking, trade and commodity data and estimates Russian feedstock rose to as much as 55 per cent of the refined Jamnagar product shipped to Australia in the first four months of 2025.

In December, Russian state oil firm Rosneft struck a deal to provide 500,000 barrels of crude per day to Reliance, the owner of Jamnagar, after India replaced the EU as the largest Russian crude customer following sanctions for the war on Ukraine.

Industry experts said India was providing about 9 per cent of Australia’s total fuel supplies, with 90 per cent now imported after half of Australia’s domestic refineries closed in 2020-21, leaving just the Viva facility in Geelong and Ampol in Lytton, Queensland.

CREA estimates Putin’s government has since 2023 received more than \$7.9bn in fuel royalties and taxes from sales to Western nations and other countries that have imposed sanctions on Moscow.

“In this time period, 23 per cent of all the sanctioning countries’ imports of oil products from refineries partially running on Russian crude went to Australia,” Mr Levi said.

Separate to direct sanctions, an international price cap on Russian crude of US\$60 per barrel is in place to limit revenue to Moscow’s war effort and non-sanctioning countries like India, China and Turkey as well as a number of European nations have continued buying mass volumes of Russian crude.

But Russia’s “shadow fleet” of 500 or more foreign-flagged and often uninsured tankers is being used to circumvent even that process.

CREA says Australia’s imports containing some Russian crude amount to \$5.5bn in diesel, \$2bn in gasoline, \$1bn in gas oil and \$735m in jet fuel.

In order to curtail Moscow's oil income, CREA is arguing for a complete ban on imports from refineries that rely on Russian crude or, at a minimum, heavy tariffs.

"Revenue generated from these tariffs could be allocated to a dedicated fund to support Ukraine," Mr Levi said.

"A more stringent approach would involve a complete ban on oil product imports from refineries processing Russian crude. Such a measure would directly undermine Russian revenues without triggering inflation in sanctioning countries."

Mr Levi cited an approach in the UK that has already set a precedent by successfully closing a similar loophole related to Russian steel processed by third countries.