

## Warnings over Russian ‘blood oil’ as Asian fuel imports increase



[Angus Delaney](#), The Age/SMH May 4, 2026

Australia’s increased reliance on Asian fuel is putting the nation at risk of importing [sanctioned Russian “blood oil”](#) via third countries, experts and pro-Ukraine groups say, as the US-Israeli war on Iran threatens global energy supplies.

The federal government has scrambled to shore up its oil supply after petrol prices surged and panic buying dried some service stations of fuel when Iran closed the Strait of Hormuz.



Since the closure of the Strait of Hormuz some Asian nations – including the three countries the government recently reaffirmed its energy trade ties with – increasing their intake of Russia oil, raising concerns it could flow into Australia. Artwork: Marija Ercegovac

The disruption to global energy supplies is the latest flashpoint in the domestic debate over Australia’s sanctions on Russian oil and the ethical considerations businesses face.

“Since the closure of the Strait of Hormuz, there has been a significant supply shortage on oil globally, particularly in Asia,” said Vaibhav Raghunandan, an analyst at the Finland-based think tank Centre for Research on Energy and Clean Air. “Russian oil has stepped in to fill the gap.”

This includes Singapore, Brunei and Malaysia – the three countries the federal government recently reaffirmed its energy trade ties with, raising concerns Russian oil processed by these nations will find its way to Australia.

Although direct oil imports from Russia are banned by Australia, domestic buyers can source it from a third country after it has undergone “substantial transformation” – such as being refined – under what critics call a loophole that funds the Kremlin’s war on Ukraine.

Analysis of shipping and government data estimates by CREA, a philanthropy-funded independent research organisation focused on air pollution, found Australia has already sent \$2.4 billion indirectly to Moscow via this loophole since Russia invaded Ukraine in February 2022. This forms a small slice of the \$1.6 trillion Russia has earned from all its fossil fuel sales over this period.

Prime Minister Anthony Albanese last month announced Australia had secured an extra 400 million litres of diesel, including from Brunei, Malaysia and South Korea. Ukrainian groups worry that Australia’s increase of fuel imports from, in particular, Brunei, which is a major importer of Russian crude, will undermine our support of Kyiv.

In the past 15 months, 3.2 million tonnes of oil products from Brunei’s Hengyi refinery – which relies heavily on Russian crude and is jointly owned with China – has been imported to Australia, CREA analysis found. Of this, 1.1 million tonnes was refined from Russian crude.



In March alone, seven shipments from Hengyi refinery were offloaded in Australia.

**Australian Federation of Ukrainian Organisations chair Kateryna Argyrou** said Labor could not claim to stand with Ukraine while “allowing money to flow in the Kremlin’s coffers”.

“While Australia has taken a strong position in support of Ukraine, it continues to import Russian-origin fuel products through a sanctions loophole that allows Russian crude refined in third countries to enter our supply chains,” said Argyrou.

“As the prime minister engages with partners in Singapore, Malaysia and Brunei to secure fuel supply, it is critical that Australia ensures we are not importing more fuel derived from Russian crude or oil products.”

Argyrou said there was not only “a real risk that more Australian dollars will flow into the Russian war machine” but also through to Iran, the Kremlin’s closest ally in the Middle East.

Raghunandan said the federal government should prioritise strengthening its trade ties with South Korea, a more ethical refiner that has not imported any Russian crude since May 2022.

Albanese’s office referred questions to the Department of Foreign Affairs and Trade. A spokesperson for the department said the government was focused on securing oil supply and supporting broader energy security with its key partners.

“We don’t want to see Russia benefit from the conflict in the Middle East to fund its unjustified war against Ukraine,” the spokesperson said.

Ben Neville, a University of Melbourne associate professor in corporate sustainability, said businesses needed to seriously consider the ethical implications of buying fuel that contained Russian oil, even if it was not sanctioned.

“As human beings, we should [always be integrating ethics](#) into our decision-making, and that includes when we are playing roles in organisations,” he said. “Just putting on a grey suit, and walking into a corporate headquarters doesn’t mean that suddenly you’re in a world that’s devoid of ethics.”

Neville said although there was a potential financial downside and that corporate sustainability was often falsely portrayed as “a left-wing woke ideology”, there was a strong business case, too.

He pointed to BP’s decision to cut its interests in Russia when the Kremlin first invaded Ukraine in 2022, at a cost of \$35 billion, as an example of ethical decisions being positive for business.

“It was a big economic decision for them to make, and based on ethical values that they couldn’t remain and be complicit,” Neville said.

“If BP were to stay in Russia, it could easily have been that customers elsewhere in the Western, Ukraine-aligned world, could have boycotted BP. It’s the business case of ethics that ultimately drives many of these business decisions, especially in the fossil fuel industry.”

He also said that when companies make ethical decisions, it reduced the degree to which government intruded and regulated their industry, benefiting business.

Singapore, which recently vowed to keep supplying Australia with fuel, in March increased its imports from Russia by 78 per cent month-on-month. Imports of naphtha, which is used in making jet fuel and fertilisers, hit their highest volume since November 2024.

More than half of Australia’s imported petrol comes from Singapore, followed by South Korea, India, Malaysia and Brunei, according to recent data from the federal energy department.

Australia’s diesel imports are led by South Korea (29 per cent), Singapore (15 per cent), Malaysia (14 per cent), Taiwan (12 per cent) and Brunei (8 per cent).

When asked about Singapore using Russian oil to replace the shortfall created by the war, Singaporean Prime Minister Lawrence Wong said more oil entering the global market was a good thing.

Singaporean companies source oil from all over the world and should respect international sanctions, Wong said, “but subject to that, oil is fungible”.

“As long as more oil enters the global energy market, it is good for the world.”

Singapore processes, refines and mixes fuels at its Jurong Island oil hub, which can result in it exporting a “cocktail of product from a couple of different origin and sources [including Russian]“, said Dr Daiyan Rahman, a University of NSW specialist in power fuels. Fuel blended under this process is not considered “transformed” enough to be legal to import.

However, the increased amount of Russian fuel products entering Singapore “absolutely” increases the risk that Russian oil could be imported into Australia, said Rahman.

Raghunandan said increased trade with Singapore without tightened import parameters would “undoubtedly see a rise in Russian molecules entering Australia”.