



Australian Government
Department of Foreign Affairs and Trade



DEPARTMENT OF FOREIGN AFFAIRS AND TRADE SUBMISSION

Senate Standing Committee on Foreign Affairs, Defence and Trade
Inquiry into Australia's sanctions regime
September 2024

INTRODUCTION

1. Australia's sanctions frameworks equip the Government to respond flexibly and effectively to situations of international concern. The Australian Government uses sanctions as one of the tools available to impose costs on foreign individuals, entities, regimes and governments for breaches of international law, human rights abuses and other behaviours that are contrary to Australian values and national interests. Sanctions are a key tool to deter threats, reinforce values, support individuals or communities, work in solidarity with partners and influence the world around us.
2. As threats to international security and agreed rules, norms and standards have grown, so too has Australia's use of autonomous sanctions. Australian autonomous sanctions listings have increased by over 200 per cent since 2022. The majority of these listings have been in response to Russia's illegal and immoral invasion of Ukraine. Others have aimed to respond to global terrorism, human rights abuses and violations, weapons proliferation and cybercrime.
3. Australia's autonomous sanctions have grown not only in number but also in complexity. New sanctions laws have been introduced to address new and evolving types of challenges, including human rights and cyber sanctions frameworks in 2021. Australia's Russia sanctions response is our most innovative and complex ever, using a suite of measures to target Russian economic interests. Australia has not been on this path alone—many of our partners have followed a similar trajectory, and we have worked closely together in coordinating our approaches.
4. The impact of sanctions is international and domestic. Their purpose is to affect foreign individuals, entities, regimes and governments—but this is achieved by regulating activities in Australia, and the overseas activities of Australians and Australian companies. The Australian Government takes a balanced and judicious approach to ensure sanctions achieve their intended objectives while minimising secondary impacts.

UNDERSTANDING SANCTIONS

5. Sanctions are restrictive measures imposed on a particular individual, entity, country, group or vessel in response to a situation of international concern. They take many forms:
 - **targeted financial sanctions** prohibit designated persons or entities from accessing assets, and others from using their assets
 - **travel bans** prohibit designated persons from entering or transiting through Australia
 - **trade sanctions** prohibit the provision of specified goods or services to specified targets
 - **commercial activity sanctions** prohibit certain kinds of commercial activities.
6. Australia uses sanctions to achieve various objectives, including:
 - **preventing, limiting or ending** the adverse impacts of a situation of international concern
 - **detering or disrupting** those who may consider future destabilising or otherwise egregious actions, and
 - **condemning behaviour and sending a wider message** about Australia's values, principles, norms and what we consider appropriate behaviour or conduct.
7. The Department of Foreign Affairs and Trade (**DFAT**) supports the implementation of Government sanctions policy, and within DFAT, the Australian Sanctions Office (**ASO**) is Australia's sanctions regulator. DFAT works closely with agencies across Government to ensure Australia's sanctions are robust and effective.

AUSTRALIA'S SANCTIONS FRAMEWORKS

8. Australia applies two distinct kinds of sanctions, each with their own legislative framework.
 - We implement sanctions decided by the United Nations Security Council (**UNSC**) and its sanctions committees, consistent with our obligations under international law. Australia is firmly committed to global cooperation and upholding the multilateral system to avert conflict, build prosperity and sustain peace. UNSC sanctions reflect a strong degree of international consensus and cooperation and are intended to maintain or restore international peace and security without the use of armed force. All UN member states must implement UNSC sanctions. Australia does so through the *Charter of the United Nations Act 1945 (COTUNA)* and its Regulations.
 - The Foreign Minister can impose **autonomous sanctions** as a matter of Australian foreign policy, in response to matters of international concern. This capability is established by the *Autonomous Sanctions Act 2011 (AS Act)* and its Regulations. Originally, the AS Act created sanctions frameworks only for specified geographic locations. Amendments from 2021 enable the Foreign Minister to impose thematic sanctions that are not tied to a specific geographic location (for example, for serious human rights abuses and violations).

UNSC sanctions and Australia's autonomous sanctions frameworks are complementary and mutually reinforcing.

9. Our sanctions laws directly impact Australians and Australian entities. That is, everyone in Australia or on an Australian vessel or aircraft, and all Australian citizens and companies globally, must comply with Australian sanctions laws. Failing to do so attracts criminal penalties.
10. The Government continues to adapt its use of sanctions to ensure it serves the national interest. This includes developing and refining Australia's sanctions frameworks. DFAT recently [reviewed](#) Australia's sanctions laws to ensure they remain fit for purpose. DFAT is now advising Government on possible reforms to ensure sanctions laws are clear and effective.

A REGULATORY SCHEME

11. Australia's sanctions laws create a regulatory framework that applies to activities of Australian citizens and companies, and anyone in Australia. Each sanction has a regulatory 'life cycle' that extends well after the sanction is applied. It includes:
- **sanctions design:** amending sanctions laws and creating new frameworks, identifying sanctions targets (individuals, entities, vessels) and measures (trade or commercial activity sanctions, targeted financial sanctions, travel bans)
 - **applying** sanctions, through a legislative instrument
 - **advice and guidance** to the regulated community on their sanctions obligations
 - **monitoring and enforcing** sanctions compliance
 - **evaluating** the impact of sanctions, including issuing permits to allow certain Australian individuals and entities to continue engaging in activities with sanctioned foreign individuals or entities, if in the national interest or otherwise supported by legislation
 - **reviewing** sanctions, and deciding whether to maintain, remove or alter them. Individuals and entities subject to sanctions can apply to have sanctions revoked at any time.
12. The sharp increase in Australian sanctions since Russia's 2022 invasion of Ukraine has led to a commensurate growth in issuing sanctions permits to Australian individuals and entities, and other activities as part of the sanctions life cycle. Sanctions circumvention trends are also becoming increasingly complex. Recognising these challenges, in the FY2024-25 Budget, the Government provided \$26.4 million over the forward estimates to support sanctions monitoring and enforcement.

AUTONOMOUS SANCTIONS—A TOOL OF STATECRAFT

13. Autonomous sanctions are one of many tools the Government can use to achieve its strategic policy objectives. Engagement with other countries is always the preferred starting point for advancing Australia's international interests—even when we disagree. Beyond that lies a spectrum of other options, depending on the circumstances. Autonomous sanctions are never the only response, and rarely the first choice in responding to a particular situation.
14. Any decision to impose autonomous sanctions requires careful consideration of whether they are the best response to that situation. Other responses may be more appropriate or impactful, depending on circumstances and the Government's objectives. Autonomous sanctions are used in coordination with other measures in almost all cases.
15. DFAT designs autonomous sanctions carefully, including by considering the broader impacts they may have beyond their intended target. These may include costs or complications for: the Australian economy; businesses, communities and individuals; supply chains; the delivery of humanitarian and development assistance; Government's operations (for example, its ability to provide consular assistance overseas); and our international relationships and reputation. The Government takes steps to minimise unintended consequences wherever possible. Autonomous sanctions must also meet the robust legal thresholds established by Australia's legislative frameworks.
16. Figures 2 and 3 illustrate the total number of individual listings since 2019 and total number of targeted financial sanctions under Australia's autonomous sanctions frameworks.

SANCTIONS EFFECTIVENESS

17. There is no single or straightforward approach to evaluating sanctions' effectiveness. Measuring their qualitative and quantitative impact will depend on the objectives for their imposition and the intended impact on the target. This means the way we measure success will differ between sanctions measures, depending on our objectives, the intended impact and legal criteria.
18. DFAT is working with international partners on developing best-practice methodologies to both target and measure the effectiveness of sanctions. Sanctions are just one tool among others in the Government's policy strategy for any particular country or situation, so it will be difficult to isolate their impact from the combined impact of other measures. In many cases, sanctions take time to show their effect, which can only be assessed over the longer term. As Australia's actions are often part of a coordinated sanctions effort with other partners, it is often appropriate to assess the collective impact of Australia's measures with those of other countries.
19. Two case studies below illustrate sanctions actions Australia has taken in concert with international partners.

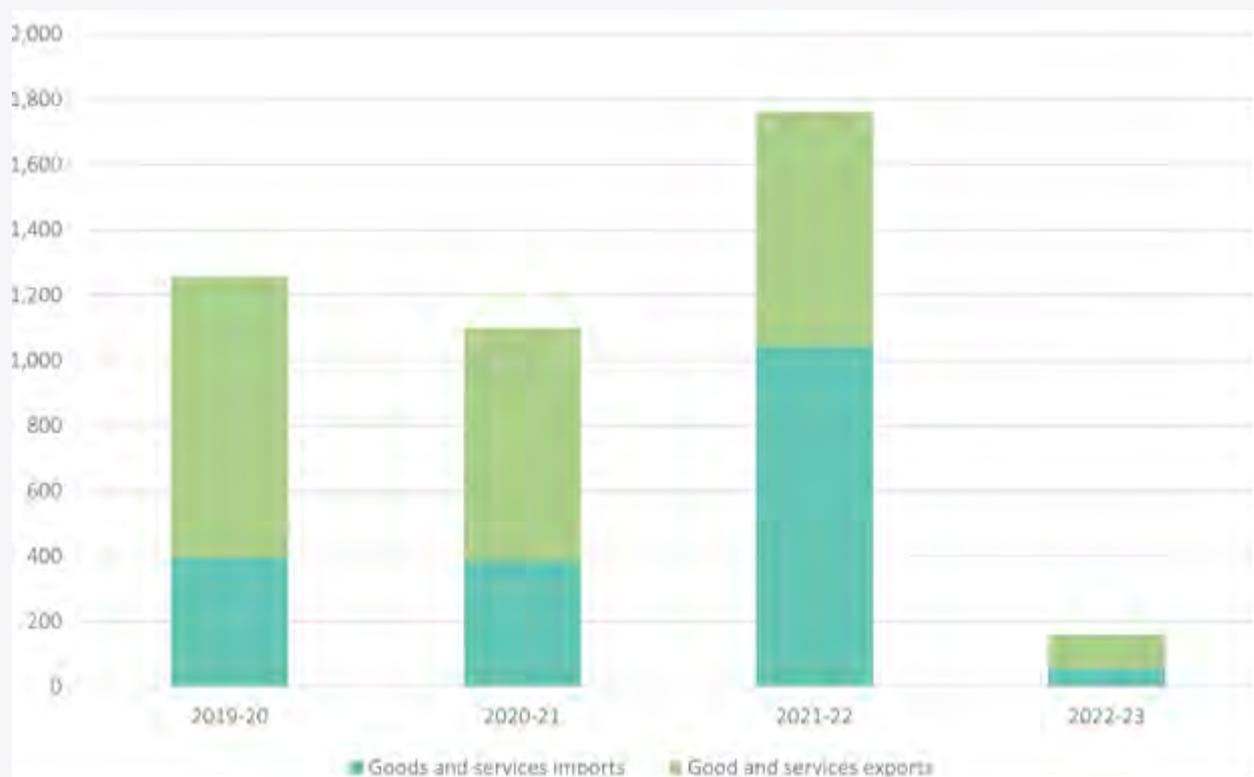
CASE STUDY – CYBER

20. In 2024, Australia imposed its first-ever sanctions for significant cyber incidents under the cyber sanctions framework introduced in 2021. This was the culmination of an 18-month joint investigation between the Australian Signals Directorate and the Australian Federal Police, together with DFAT and other Commonwealth agencies, as well as international partners, including the United States (US), United Kingdom (UK) and European Union (EU).
21. Australia imposed targeted financial sanctions and travel bans on two Russian nationals for separate significant cyber incidents:
 - i. In January 2024, Australia sanctioned Aleksandr Ermakov for his role in the compromise of Medibank Private in 2022. This incident affected nearly 10 million Australians whose personal information was stolen, including names, dates of birth, Medicare numbers, and sensitive medical information. Following Australia's sanctions announcement, Russian law enforcement arrested Ermakov for his connection to cybercrime activities against Russian networks.
 - ii. In May 2024, Australia joined the UK and the US, with support from New Zealand and the EU, in sanctioning Dmitry Yuryevich Khoroshev for his senior leadership role in the LockBit ransomware group. LockBit is considered the most prolific cybercriminal ransomware group globally. It contributes significantly to ransomware attacks against Australians and Australian businesses.
22. These sanctions' primary objectives were to hold Ermakov and Lockbit accountable for their crimes, to disrupt their ability to engage in future acts of cybercrime, and to deter other cybercriminals. Cybercriminals trade in anonymity. Australia's sanctions and the public attribution that resulted helped to break their ransomware business model by exposing the activities and identities of the criminals behind these actions. In addition to cyber sanctions, the Australian Government has taken a range of actions since 2018 to deter and respond to malicious cyber activity. These have included attribution, advocacy on the application of international law to cyberspace, capacity building on cyber security and cybercrime enforcement.
23. Australia has also supported sanctions imposed by like-minded partners, including the EU's imposition of sanctions in June 2024 against cyber criminals for malicious cyber activity targeting the EU and Ukraine.

CASE STUDY – RUSSIA

24. To impose costs on Russia for its invasion of Ukraine in February 2022, Australia has implemented a broad range of sanctions covering trade, commercial activities, targeted financial sanctions and travel bans. Our measures include restrictions on the import of Russian commodities and gold; the export to Russia of Australian machinery, parts and luxury goods; and over 1,200 targeted financial sanctions and travel bans against individuals and entities of strategic significance to Russia. Australia has closely coordinated these measures with like-minded partners, including Five Eyes countries and the EU. Collectively, Australia's sanctions response to Russia's invasion of Ukraine is our largest ever, with Russia-Ukraine listings comprising two-thirds of all sanctions imposed under the Autonomous Sanctions Regulations 2011 (see further DFAT's [submission](#) to the Senate Foreign Affairs, Defence and Trade References Committee Inquiry into Australian Support for Ukraine).
25. The objectives of these sanctions have been to both condemn Russia's invasion and to limit economic engagement with Russia that might support its war activities. As Figure 1 illustrates, these sanctions have achieved this goal, with Australia's bilateral trade in goods and services with Russia now at negligible levels. Our measures are often developed in close consultation with partners such as the EU, maximising effectiveness by increasing the number of countries that restrict Russia's economic and trade activities.
26. Working closely with partners has also strengthened Australia's reputation as a trusted and active middle power that can be relied on to play its part in helping to defend and uphold the rules-based international order.
27. Sanctions are just one part of Australia's broader response to Russia's invasion. The Australian Government has committed more than \$1 billion in defence, economic and humanitarian assistance to Ukraine, including \$880 million in military support and \$75 million in emergency humanitarian aid. We support Ukraine and impose costs on Russia in multilateral settings, and limit bilateral engagement with Russia.

Figure 1: Total goods and services trade between Russia and Australia (A\$m)



Source: ABS trade data on DFAT STARS database (Sep-2023 data), ABS catalogue International Trade: Supplementary Information, Financial Year and unpublished ABS data.

WORKING WITH PARTNERS

IN AUSTRALIA

28. DFAT works with agencies across Government to ensure Australia’s sanctions are targeted, responsive and effective. We use our strong relationships with the Attorney-General's Department, Defence, Treasury, the Department of Industry, Sciences and Resources, the Department of the Prime Minister and Cabinet, the Department of Home Affairs including the Australian Border Force, the Australian Federal Police, members of the National Intelligence Community and others to ensure a coordinated approach for all phases of the sanctions life cycle. This includes our efforts on sanctions enforcement, where Government agencies take a graduated risk-based approach to addressing non-compliance.
29. Close engagement with the Australian public is a key part of how DFAT ensures sanctions serve the national interest throughout their regulatory life-cycle. DFAT engages regularly with industry, civil society, universities and the Australian community at large, including diaspora groups, to ensure their views are considered in developing our sanctions policy and they understand and comply with Australian sanctions.
30. The ASO conducted 60 outreach sessions in the 2023-2024 financial year. This included engagement with industry peak bodies, as well as targeted outreach to the financial, aviation, education, mining, agriculture and humanitarian sectors and select high-risk companies. The ASO also provides guidance to the regulated community through the DFAT website and responds to public enquiries through the ASO public mailbox and ‘PAX’ portal.

31. In addition to compliance-focused outreach, DFAT has close engagement with the public on sanctions design and reform. The ASO consulted in depth with stakeholders across industry, academia, civil society and government as part of the review of Australia's sanctions laws. Submissions received through this process have helped to guide and inform recommendations for forthcoming Australian sanctions reform. This builds on DFAT's regular engagement with civil society on human rights sanctions, humanitarian impacts and other sanctions policy issues.

WITH INTERNATIONAL PARTNERS

32. Australia's collaboration with international sanctions partners is frequent, broad and deep. Australia engages regularly in the United Nations and with international partners on UNSC sanctions. We also engage regularly with partners on autonomous sanctions. Where it is in our national interest to do so, we work closely with partners to coordinate our approaches. Joint action can maximise our impact by reinforcing our message and expanding the practical effect of our measures.

33. Our engagement with partners on autonomous sanctions covers many other complex matters beyond coordinating listings—including sanctions circumvention trends, litigation risks, permits, data analysis and intelligence, as well as countering disinformation about our autonomous sanctions regimes. DFAT works closely with relevant partners to share information and, where appropriate, coordinate responses. We do this at multiple levels and across all available forums. Ministers and senior officials regularly discuss sanctions issues, including through bilateral dialogues, and subject matter working groups meet to progress shared interests. We also work closely with partners in multilateral forums where the use and design of sanctions is regularly discussed and challenged, to ensure we are maximising impact.

34. In some cases it is not possible—or appropriate—for Australia to impose the same autonomous sanctions measures as our partners. Legal frameworks differ between countries. What meets a partner's legislative thresholds may not meet Australia's, and the options available under our legislation may not be the same. For example, while the laws of some of our partners may permit the seizure of frozen assets, Australian law does not allow this. Our interests are also distinct. Australia is an Indo-Pacific nation with regional and global interests; our sanctions are part of how we shape and engage in the international environment to safeguard our stability, security and prosperity. While others sometimes share our goals, our sanctions are uniquely Australian in defending and advancing our interests.

STATISTICS

Figure 2: Total number of individual listings under autonomous frameworks: 2019-2024
(totals counted on 1 July per year)

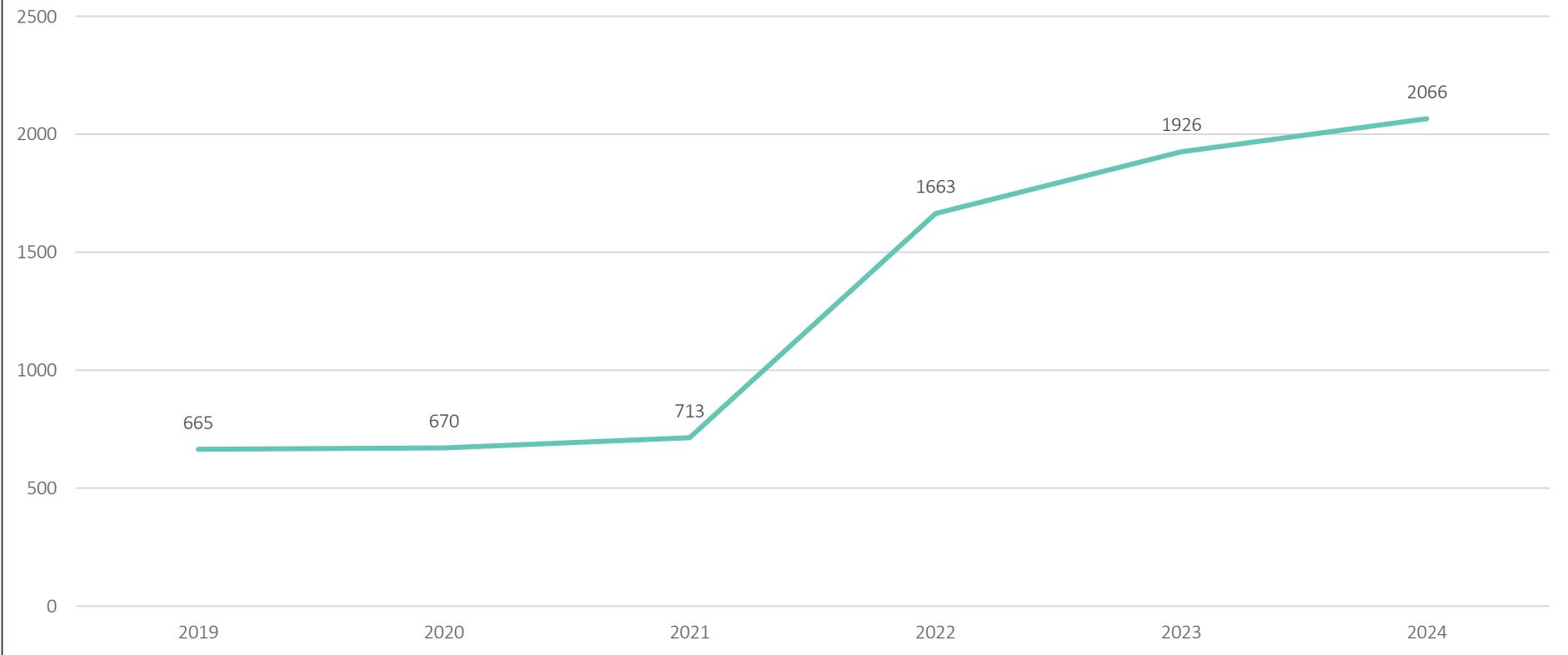


Figure 3: Total number of targeted financial sanctions under autonomous frameworks
(as of 31 July 2024)

