



## LOW RISK SECTORS

DATE: 11 June 2025

This **ADVISORY NOTE** is produced by the Australian Sanctions Office (ASO) within the Department of Foreign Affairs and Trade (DFAT). It provides a summary of a potential risk identified by the ASO but does not cover all possible sanctions risks. Users should consider all applicable sanctions measures and seek independent legal advice. This document should not be used as a substitute for legal advice. Users are responsible for ensuring compliance with sanctions laws.

### What is a low-risk sector?

Low-risk sectors in relation to sanctions refer to areas of business activity that are less likely to be directly targeted by sanctions or have a lower potential for sanctions contraventions. While it is challenging to classify any sector as entirely 'low risk' some areas are typically regarded as having less exposure to sanctions.

**An important consideration is even low risk sectors can still face sanctions risk.** To ascertain whether your specific business is classified as low risk, it is advisable to use the sanctions risk assessment tool to evaluate your unique situation. Irrespective of the industry, all businesses should understand sanctions risk and establish comprehensive sanctions compliance programs to mitigate potential risks. Your sanctions compliance program should account for the risk of selling to companies that might resell your goods, thereby increasing sanctions risks. You should also consider the risk in your supply chain if you import goods from overseas jurisdictions.

### Domestic or Non-Sanctioned Markets

If your company only produces/sells goods and services that are sold or used exclusively within Australia, your sanctions risk would likely be assessed as low. This would include domestically focused businesses such as retail grocers, Australia-based shop fronts (who do not sell internationally). Potential sectors include domestic retail, domestic hospitality, and service sectors such as local trade or vocational services (including medical, veterinary, personal care industry) that do not allow for international remote access. **In these cases, it would not be expected that a business would need to screen domestic customers for sanctions matches against the consolidated list.**

### What if the provision of my products is prohibited in some countries?

If your goods are classified as export sanctioned goods under any framework, it will increase the sanctions risk for your business if you sell to resellers or businesses outside of Australia. If you have identified this risk, you should **take reasonable precautions and exercise due diligence** to avoid sanctions contraventions. Importantly, sanctions offences are strict liability offences for bodies corporate (including corporate government agencies), meaning that it is not necessary to prove any fault element (intent, knowledge, recklessness or negligence). Therefore, even if the goods are later exported to an end-user in a sanctioned country, without the original seller intending to supply the goods to that end-user, a sanctions offence could still be committed.

In the context of managing sanctions risks around export-sanctioned goods, regulated entities should include consideration of the following three factors:

- **The goods** – Regulated entities should be aware of the export prohibitions applicable to certain goods, including those going to Russia and specified regions of Ukraine, or for use in, or for the benefit of those regions. You can see which goods are prohibited for export on the DFAT [website](#). The prohibitions may apply to parts of goods as well as assembled goods. You should be aware of the relevant AHECC code descriptions that may be applicable to either.

- **The end-user** – If the end-user has links to sanctioned countries, including Russia or specified regions of Ukraine, you should take steps to confirm that the goods will not ultimately be transferred to or be of benefit to those sanctioned countries. Seeking assurances from end-users such as through end-user or end-use certificates will assist in remaining compliant with Australian sanctions laws.
- **The end use** – if the goods have an actual military end use, or a military end user, the goods are likely to be considered 'arms or related matériel', regardless of the nature of the goods, or whether they appear on the Defence Strategic Goods List (DSGL).

The ASO has produced guidance on this issue in relation to Russia and specified regions of Ukraine - [Export Sanctioned Goods – Russia and Specified Regions of Ukraine | Australian Government Department of Foreign Affairs and Trade](#).

Businesses identified as selling goods on the Common High Priority Items list should also consider their sanctions risks under the Russian framework- [Advisory Note – Common High Priority Items for Russia | Australian Government Department of Foreign Affairs and Trade](#).

## What do I do if I think I have contravened?

The ASO aims to uphold Australia's sanctions laws without unduly impeding legitimate business and people's activities. The ASO acknowledges that most Australians seek to comply with Australian sanctions laws. The ASO takes a graduated risk-based approach to sanctions compliance. In some circumstances, the ASO may decide not to pursue compliance or enforcement action to deal with a perceived breach of Australian sanctions law. When deciding whether to initiate enforcement action, the ASO will consider various factors, including the level of cooperation from the individuals and entities under investigation. You can learn more about the ASO's approach to sanction compliance at [www.dfat.gov.au/international-relations/security/sanctions/compliance-policy](http://www.dfat.gov.au/international-relations/security/sanctions/compliance-policy).

## Further information and resources

While this advisory note provides a framework for understanding key sanctions risks and compliance requirements, it is essential to remember that it does not cover every possible scenario. Sanctions compliance is an ongoing obligation rather than a one-time assessment. Sanctions measures and associated risks are constantly evolving, requiring regulated entities to continuously monitor and reassess their compliance strategies. Australian regulated entities are encouraged to seek independent legal advice tailored to their specific situations and ensure thorough due diligence in all activities. Further information is available on the Department's [website](#) and in [ASO guidance notes](#) on specific sanctions topics.

We recommend users also refer to the following resources to assist in their evaluation of sanctions risks:

- [Sanctions Compliance Toolkit | Australian Government Department of Foreign Affairs and Trade](#)
- [Sanctions Risk Assessment Tool | Australian Government Department of Foreign Affairs and Trade](#)