



MUCH MORE THAN MINERALS: THE US-UKRAINE MINERALS AGREEMENT AND ITS GEOPOLITICAL IMPLICATIONS



SUMMARY

After months of tense negotiations, the US and Ukraine signed a minerals agreement in Washington D.C. on 30 April 2025. While centred on natural resources, it's much more than a business deal on mining natural resources. The Agreement enshrines US support for peace, resilience, sovereignty and reconstruction in Ukraine. Aiming to yield profitable ventures, the Agreement strengthens the US stake in supporting peace in Ukraine and ensuring its security.

The Agreement also carries geopolitical weight for Ukraine and the US – as well as for the EU – and sends a clear message to Russia. Finally, if successfully implemented, the Agreement could also have implications on China's long-term global role.

This CEPS Explainer breaks down the Agreement's core provisions, its implications for all the parties involved and the necessary conditions needed for it to succeed.



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FIRST THING'S FIRST – WHAT'S ACTUALLY IN THE AGREEMENT?

The Agreement, officially the [Agreement between the US and Ukraine on the Establishment of 'a United States-Ukraine Reconstruction Investment Fund'](#), consists of 11 articles and a short Annex consisting of only seven paragraphs detailing definitions.

As the main objectives, the Agreement would deepen economic cooperation between Ukraine and the US through a strategic commercial partnership that supports Ukraine's long-term reconstruction and modernisation. It emphasises that Ukraine's recovery requires not just financial investment but also systemic, institutional and technological reforms aligned with democratic values, market principles and the rule of law. The Agreement foresees broader US support for Ukraine's security, prosperity, reconstruction and integration into global economic frameworks.

As illustrated by the Agreement's name, at its heart is the creation of a [United States–Ukraine Reconstruction Investment Fund](#). This would likely be a limited partnership between the [US International Development Finance Corporation](#) (DFC) and Ukraine's [Public-Private Partnership Agency](#). In the spirit of equal partnership, a governing board will oversee the fund's operations, comprised of three Americans and three Ukrainians.

Unlike typical foreign aid programmes, this is an [investment vehicle](#), structured to channel revenue from new mineral projects into Ukraine's reconstruction. The Agreement foresees a fund that would receive 50% of royalties, license fees and other comparable payments generated from any new natural resource projects in Ukraine (referred to as 'Ukraine Agreed Revenue' in the Agreement and detailed in Annex A, paragraph 6) that will be channelled into Ukraine's reconstruction.

All investments will be routed through a dedicated segment of the Ukrainian budget, ensuring accountability and separation from general government finances. On top of this, future US military assistance to Ukraine will be counted as additional US capital into the fund. Crucially, Ukraine remains the legal owner of all subsoil resources and retains full sovereignty over any decision regarding extraction.

The Annex outlines the natural resource-related assets covered by the Agreement, listing over 50 natural resources. These include minerals as well as energy commodities (such as oil, gas and liquefied natural gas) and leaves room for other minerals or hydrocarbons, if the parties agree.

The Agreement foresees a tax-efficient environment for investment. Recognising that all economic activity related to the partnership will take place in Ukraine, the Ukrainian government is committed to exempt all revenues, contributions, earnings and distributions associated with the partnership from any domestic Ukrainian taxes, levies,

duties or other fiscal charges. The US doesn't expect its Ukrainian counterpart to face any US federal income tax or withholding obligations related to the partnership's activities. This is because the joint fund's operations will be in Ukraine, and under the US tax code, only income sourced within the US or effectively connected to a US trade or business is subject to federal taxation.

This is why the Agreement ensures that neither party is burdened by Ukrainian or US taxation at any stage of the investment or profit-sharing process.

Additionally, the US government explicitly states that it doesn't intend to impose tariffs under Section 232 of the 1962 Trade Expansion Act or the International Emergency Economic Powers Act on minerals acquired through the fund. Given the substantial shifts in US trade policy under President Trump's administration, including his [decision to launch a series of trade wars](#), this clause could be useful to shield Ukraine's mineral exports to the US from future US trade restrictions.

The Agreement foresees the free and unrestricted conversion of the Ukrainian currency, the hryvnia, into US dollars and the transfer of funds to the Partnership's bank accounts, whether inside or outside Ukraine. However, if Ukraine faces serious macroeconomic challenges – like a sharp decline in reserves or balance of payments issues – it may impose temporary restrictions after consulting with the US Treasury. This is a useful clause for a country that is currently at war and facing major challenges in keeping its economy afloat.

The Agreement foresees that when Ukrainian public authorities grant licenses or contracts for mining or infrastructure projects, those deals must include a clause allowing the Partnership to access key investment information. This should allow the Partnership to steer strategic investment opportunities and improve its competitive edge and transparency. Additionally, the Agreement details that US entities may negotiate rights to purchase minerals on market terms and Ukrainian authorities must ensure that no third party receives better 'offtake' (i.e. purchase) terms than the potential US partner. In short, the Agreement provides preferential privileged access for US entities.

If disagreements arise over how to interpret or apply the Agreement, both sides commit to resolving them through discussion and 'mutual consultation', and not through legal conflict or arbitration. The Agreement also provides flexibility over future amendments, but only if both sides agree in writing.

FROM POTENTIAL TO PROFIT

The Agreement is limited to new projects – existing mining operations are excluded. This means that financial returns for both Ukraine and the US hinge on future [greenfield investments](#).

Ukraine's estimated total [mineral wealth](#) is valued at approximately [USD 14.8 trillion](#), representing around [5%](#) of global critical mineral resources. The country holds [22 of the 50](#) minerals classified as critical by international standards – including graphite, lithium, titanium, beryllium and uranium – which are vital for defence, energy, construction and advanced technology sectors.

However, there are significant constraints. First, while Ukraine's resource base is substantial, its [proven reserves](#) – the portion that is economically and technically viable to extract – have not been fully defined. Second, more than half of these mineral resources are [located](#) in territories currently under Russian occupation, placing them beyond the Ukrainian state's effective reach until Ukraine regains control of these regions. Third, even under stable conditions, developing a new mine is a [long-term endeavour](#), typically requiring 15-20 years and capital investments ranging from USD 500 million to USD 1 billion before commercial production can even begin.

That's why expectations for short-term profits from the Agreement, which even Trump [has alluded to](#), are misplaced. The initiative will only be successful if there is sustained political and territorial stability and peace in Ukraine, as well as significant financial investment and a longer time horizon.

IMPLICATIONS FOR UKRAINE

According to the Agreement, Ukraine remains the sole legal owner of all subsoil resources and retains full decision-making authority over their exploitation. The deal also doesn't create any repayment obligations for US military support. That's why the Agreement marks a significant improvement over earlier proposals, aligning more closely with Ukraine's strategic objective to maintain full ownership of its subsoil wealth while avoiding

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any perception of turning US defence support into a form of debt.

The Agreement also integrates the commitments Ukraine has made as part of its EU accession negotiations, ensuring that its strategic orientation towards European integration is upheld.

While the Agreement doesn't provide formal security guarantees, a key ask from President Zelenskyy, it represents a meaningful step towards deeper US engagement. It explicitly supports Ukraine's long-term peace, sovereignty, resilience, reconstruction and modernisation.

In doing so, the Agreement effectively aligns Ukraine's recovery, sovereignty and stability with US strategic and commercial interests – a pragmatic and timely way to engage the current US administration. By acknowledging that sustainable peace and security are prerequisites for any profitable cooperation, it implicitly reinforces the US stake in Ukraine's security.

Given past tensions, including the strained [Zelenskyy-Trump Oval Office meeting](#), this Agreement may be the closest thing Ukraine could get to secure pragmatic US security backing.

IMPLICATIONS FOR THE US

According to the [White House](#), the minerals agreement marks a 'first-of-its-kind partnership for the reconstruction and long-term economic success of Ukraine.' This framing reveals the distinctly transactional lens of the Trump administration – anchoring foreign partnerships in mutual economic interests.

While the White House and President Trump frame the Agreement as a profitable venture for the US, any real gains hinge on long-term developments. Remember, the deal focuses on prospective – and not existing – mining projects. This implies that profits depend on initiating and operationalising new ventures that will take decades to be built and to start yielding profits. Tapping into the full potential of the country's wealth of natural resources will also require full Ukrainian control over all its territory.

Still, as the US seeks to reduce its reliance on Chinese supply chains for critical raw materials, this Agreement positions Ukraine as a potential alternative. While China doesn't control most of the world's reserves of critical raw materials, it does dominate their processing and refining, controlling much of the global capacity to convert raw materials into usable industrial inputs. By creating an additional source of key minerals, and if coupled with expanded processing capabilities outside of China, this deal could help reduce China's current dominance.

This is why, if implemented successfully, the Agreement could make Ukraine a reliable and critical ally in diversifying supply chains for minerals vital to the US defence, energy and tech industries. However, as developing extraction and processing capacity in Ukraine will require significant financial investments and time, its impact is likely to materialise only in the long term.

Through this lens, the Agreement is less about immediate profit for the US and more about long-term strategic gains by sealing such a long-term beneficial partnership with Ukraine.

IMPLICATIONS FOR THE EU

The Agreement stipulates that, in the event of a legal conflict, its provisions will take precedence over national Ukrainian law – a clause likely aimed at providing legal certainty and reassurance to investors. At the same time, Ukraine’s existing commitments under its European integration process take precedence over the agreement itself, reaffirming Kyiv’s strategic orientation towards the EU.

Given its importance, the Annex further details that together with Ukraine’s EU accession obligations, the obligations under its [Association Agreement with the EU](#) are also covered. The Annex further clarifies that if Ukraine later takes on additional obligations as part of its EU accession that may affect the Agreement, both parties will consult and negotiate in good faith to make necessary adjustments. In doing so, the Agreement reinforces Ukraine’s pathway towards EU membership.

Importantly, the US’ engagement through this deal aligns with the EU’s strategic priorities – namely supporting a peaceful, sovereign and resilient Ukraine. By creating a more business-friendly environment and boosting investor confidence, the agreement could facilitate both Ukraine’s long-term reconstruction and its European integration. The EU is currently the [largest provider of financial support](#) for Ukraine’s reconstruction. If effectively implemented and translated into commercially viable ventures, this deal could help alleviate some of the financial burden borne by the EU, by significantly strengthening Ukraine’s economic resilience as well as opening up additional private sector investment channels.

A MORE RESOURCE-RICH, ECONOMICALLY VIABLE UKRAINE WOULD NOT ONLY BE A MORE ATTRACTIVE CANDIDATE FOR EU MEMBERSHIP BUT WOULD ALSO ENHANCE THE EU’S POSITION IN GLOBAL SUPPLY CHAINS AND COMMODITY MARKETS.

By unlocking the potential of Ukraine’s natural resources, the deal could also support the EU’s broader goal of strategic autonomy, particularly in reducing dependency on China for critical raw materials. A more resource-rich, economically viable Ukraine would not only be a more attractive candidate for EU membership but would also enhance the EU’s position in global supply chains and commodity markets.

SENDING A STRONG MESSAGE TO RUSSIA

This Agreement comes against Vladimir Putin's [offer](#) to invest in Russia's mineral sector. Its text explicitly and repeatedly refers to Russia's 'full-scale invasion of Ukraine', starting with the very first line of its preamble. This is in stark contrast to President Trump's earlier controversial [statements](#) that President Zelenskyy was 'responsible' for starting the war. This language clarifies the US position and explicitly frames Russia as the aggressor throughout the text.

Besides this, the Agreement is written to prevent Russian-affiliated actors from profiting in any way from Ukraine's eventual recovery. It explicitly states that any state, company or individual which supported Russia's war effort – whether financially or through supplying materials – will be excluded from participating in any reconstruction efforts. This includes access to projects funded through US-backed resources.

Moreover, the White House further underscores the Agreement's importance, stating that launching the partnership 'sends a strong message to Russia that the US has skin in the game and is committed to Ukraine's long-term success.' The Agreement affirms US support for a free, sovereign and resilient Ukraine – an outcome obviously fundamentally at odds with the Kremlin's goals. This was precisely the prospect of a sovereign, resilient and Euro-Atlantic-integrated Ukraine that prompted Putin's invasion in the first place.

Thus, the Agreement is not only an economic commitment, but also a geopolitical rebuke of Russia's aims and provides reassurance of the US' continued support for Ukraine's independence, sovereignty and security.

CONCLUSIONS

Overall, the Agreement is more than a business deal – it yields significant geopolitical benefits for Ukraine, the US and the EU. With this, it should be cautiously welcomed. The Agreement sends a strong message to Russia and if successfully implemented, it could also have important implications on China's long-term global role by reducing global dependency on Chinese supply chains of critical raw materials.

For Ukraine, the Agreement brings the most tangible benefits. It guarantees Ukraine's full ownership and control over its subsoil resources, ensuring that extraction decisions remain entirely in its hands. Unlike previous proposals, it doesn't turn US military support into financial debt. The Agreement also reinforces Ukraine's EU accession commitments, thus fully respecting its desire for European integration, reconstruction and modernisation within a transatlantic framework.

The Agreement fundamentally ties US strategic and commercial interests to Ukraine's future stability, peace, sovereignty and reconstruction. While immediate profits are unlikely due to the time and monetary resources needed for extraction to start, the Agreement lays the groundwork for long-term gains – for both the US and for Ukraine.

For the EU, the Agreement brings indirect yet still significant benefits. First, it endorses Ukraine's path towards European integration. Second, increasing the US' engagement in Ukraine's reconstruction and long-term development could potentially reduce the financial burden on the EU for Ukraine's recovery. Finally, by unlocking Ukraine's natural resources capacity, the EU stands to benefit by shifting its reliance from Chinese to Ukrainian supplies, making Ukraine's EU accession not only a political priority – but also an economically strategic choice.

For Russia, the Agreement sends a clear and strong message. The US supports a sovereign, peaceful and resilient Ukraine. It clarifies Russia's role as the aggressor state and continues the US commitment to Ukraine's territorial integrity and long-term security.

In essence, the Agreement isn't just a framework for future economic cooperation – it's a strategic bet on Ukraine's peace, sovereignty and post-war recovery. As developing extraction and processing capacity in Ukraine will require significant financial investments and time, the Agreement can bring profits only in the long-term.

And ultimately, the Agreement's success depends on one fundamental condition: a lasting peace and full Ukrainian control over its territory.

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