

What to Know About the Signed U.S.-Ukraine Minerals Deal



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Critical Questions by **Gracelin Baskaran** and **Meredith Schwartz**

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On Wednesday, April 30, 2025, the United States and Ukraine signed a long-awaited deal to establish a joint investment fund for the reconstruction of Ukraine. The fund will be capitalized, in part, by revenues from future natural resource extraction. The newly signed agreement is a positive step in U.S.-Ukraine relations following

contentious meetings between U.S. President Donald Trump and Ukrainian President Volodymyr Zelensky. While more favorable to Ukraine than earlier iterations, the deal's effectiveness hinges on long-term peace and stable investment conditions. Key barriers include outdated geological surveys, degraded energy infrastructure, and unresolved security risks. The agreement reflects the Trump administration's transactional approach to mineral diplomacy and may serve as a template for similar deals, such as the emerging U.S.-Democratic Republic of the Congo cooperation framework.

Q1: What are the terms of the signed “Establishment of a United States-Ukraine Reconstruction Investment Fund,” and how does it compare to previous iterations?

A1: The newly signed agreement is more favorable for Ukraine than earlier iterations of the deal. Ukraine will maintain complete ownership over its natural resources and infrastructure, including decisions on what to extract. The United States-Ukraine Reconstruction Investment Fund will be jointly managed by both countries on an equal partnership basis.

Similar to the last iteration, Ukraine will contribute 50 percent of revenues from the exploitation of new minerals, oil, and gas projects. Current projects—such as the country's largest oil and gas producers, Naftogaz and Ukrnafta—are exempt from contributing to the fund. This means the profitability of the fund is dependent on the success of new investments in Ukraine's resources. The investments from the fund intend to spur further private sector interest in investing in Ukraine's resources and attract the necessary capital for Ukraine's reconstruction and development of resources.

The deal also counts any future U.S. military assistance to Ukraine in the form of ammunition, weapons systems, or training as a capital contribution to the fund. Additionally, Ukraine will not reimburse Washington for past military aid that was provided. This is a substantive jump from the first iteration of the deal, which called for Ukraine to repay \$500 billion in military assistance provided. After the agreement was signed, President Trump restarted military support to Ukraine. The White House

approved \$50 million in weapons sales to Ukraine on the same day that the agreement was signed.

The agreement designates the U.S. International Development Finance Corporation (DFC) as the U.S. partner in the deal. The DFC has been the Trump administration's go-to agency to handle many of its new critical minerals initiatives. This largely expands the mandate of an agency that only financed four critical minerals projects in 2024.

Q2: Does the new deal provide the United States access to Ukraine's minerals?

A2: The signed deal does not entitle the United States to billions of dollars in Ukrainian minerals as repayment for military aid, as Trump originally called for. However, the deal does include a provision for U.S. offtake for future mineral resources on competitive terms:

Each Governmental Authority of Ukraine that is authorized to issue a license or special permit for subsoil use for any Natural Resource Relevant Assets shall include in the terms of such license . . . a provision allowing the U.S. Partner (or its designee or assignee) to negotiate for, in accordance with the terms of the LP Agreement, offtake rights on market-based commercial terms.

Q3: Does the new agreement include security guarantees for Ukraine?

A3: While the security guarantee that President Zelensky advocated for is still absent, the agreement affirms a "long-term strategic alignment" between Ukraine and the United States, and U.S. "support for Ukraine's security, prosperity, reconstruction, and integration into global economic frameworks." Additionally, the deal takes a much harsher stance on Russia than the original iterations. For example, it refers to "Russia's full-scale invasion," and the U.S. Department of the Treasury adds that "no state or person who financed or supplied the Russian war machine will be allowed to benefit from the reconstruction of Ukraine."

Q4: Can the deal still be effective without a Russia-Ukraine peace deal, and where do peace negotiations stand?

A4: Just hours after the United States and Ukraine signed the agreement, a series of Russian missile strikes targeted residential buildings in Odesa, resulting in casualties and injuries. This underscores the severe security risks—ranging from threats to land access to broader human safety—that can deter private sector investment. The most resource-rich areas of Ukraine are believed to lie in the country's eastern region, much of the region that is currently under Russian occupation. Two of Ukraine's four lithium reserves are on Russian-occupied land.

Without lasting peace in Ukraine or pledged support to defend assets, the security situation in the country will be too unstable for a long-term investment to establish a mine and all of the supporting infrastructure. On average, developing a mine globally takes around 18 years and requires an investment of between \$500 million and \$1 billion to construct both the mine and a separation facility. Since a mine can operate for more than 50 years, investor confidence in a jurisdiction's political and economic stability is essential due to the scale and long-term nature of the investment.

Q5: What obstacles need to be overcome to establish a more supportive environment for the development of the minerals sector?

A5: First, Ukraine will need to undertake a thorough geological mapping exercise. While Ukraine has a diverse basket of minerals, including titanium, lithium, rutile, iron ore, manganese, rare earths, and uranium, there is a significant lack of data that impedes mobilizing investment in exploration and production. Current geological mapping dates back 30-60 years and was conducted by the Soviet Union using outdated exploration techniques. The former head of the Ukrainian Geological Survey noted that no modern evaluation of Ukraine's rare earth reserves exists. An updated mapping will be key to understanding the commercial viability of mining Ukraine's minerals. Key factors affecting whether deposits can be mined economically include their depth, ore type, grade, and associated by-products. Updated data will be critical for attracting later investments in exploration and production.

Second, major infrastructure investments will be required. Mining ranks among the most energy-intensive sectors globally, accounting for approximately 38 percent of industrial energy consumption and around 15 percent of total global electricity use. Between 2022 and 2023, nearly half of Ukraine's power generation capacity was lost due to Russian occupation, destruction, or damage, and about 50 percent of the country's major substations were hit by missile and drone attacks. Consequently, Ukraine now has only about one-third of its prewar electricity capacity. A substantial reconstruction of energy infrastructure will be essential before mineral exploration or production can begin.

Ukraine's viability as a mining destination will largely depend on the level of support provided by the United States and its allies. Agencies such as the U.S. Geological Survey, Export-Import Bank of the United States, and the DFC have key roles to play in enabling this recovery and development.

Q6: Is the new U.S.-Ukraine deal a blueprint for mineral diplomacy?

A6: The agreement is a strong signal that the Trump administration is embedding minerals into its foreign policy. The investment-for-minerals structure of the deal aligns well with President Trump's foreign policy ethos, which has favored a transactional approach to dealmaking. With one critical minerals deal under his belt, the administration is likely to turn to other mineral-rich regions to secure resources.

The United States is already pursuing a security-for-minerals agreement with the Democratic Republic of Congo (DRC). Home to some of the world's best cobalt, copper, lithium, tin, and tantalum reserves, the DRC has also been deeply affected by conflict. DRC President Felix Tshisekedi offered the United States access to the nation's mineral resources in exchange for military assistance. The M23 rebels, backed by Rwanda, have captured substantial areas of mineral-rich land along the DRC's eastern border and recently took control of Goma, a major regional city with over 2 million inhabitants, after more than 30 years of conflict.

The United States has played a key role in bringing together the DRC and Rwanda to move towards a peace agreement. On April 24, DRC Foreign Minister Thérèse Kayikwamba Wagner and Rwandan Foreign Minister Olivier Nduhungirehe signed the

Declaration of Principles in Washington, D.C., under the auspices of the U.S. Department of State. The agreement outlines a pathway to peace and economic development in eastern DRC, noting that “the Participants mutually acknowledge each other’s sovereignty and territorial integrity and commit to a pathway to resolve their disputes by peaceful means grounded in diplomacy and negotiation rather than hostile force or rhetoric.” The DRC and Rwanda have committed to drafting a formal peace accord by May 2, which includes a mutual commitment to uphold sovereignty and cease any military support to armed groups. The United States and DRC are also in discussions on minerals cooperation, which is expected to lead to increased U.S. investment in the DRC’s mining sector—an important step toward diversification, as Chinese entities currently control or hold stakes in 15 of the country’s largest copper and cobalt mines.

Gracelin Baskaran is director of the Critical Minerals Security Program at the Center for Strategic and International Studies (CSIS) in Washington, D.C. Meredith Schwartz is a research associate for the Critical Minerals Security Program at CSIS.

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Center for Strategic and International Studies
1616 Rhode Island Avenue, NW
Washington, DC 20036
Tel: 202.887.0200
Fax: 202.775.3199

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