

Introduction

In the context of the ongoing economic war between the US and China, there is geopolitical competition focused on building more resilient and diversified supply chains for strategic minerals needed for the energy and digital transition, as well as critical for the defence and aerospace sectors.

The market for critical minerals has doubled to more than \$320 billion in the last five years and is expected to double again in the next five years¹. For this reason, critical minerals play an increasingly strategic role in geo-economics and geopolitics.

Although no country is self-sufficient in the supply chain of critical minerals, China has a dominant position in the production, access and processing of these critical minerals, such as rare earths, lithium or cobalt. And this supremacy is no coincidence.

China's dominant position in the production and processing of critical minerals is the result of a long-term strategy based on the promotion of domestic mining and processing - even if this has led to serious environmental problems - as well as the sourcing of minerals from regions rich in these resources, such as Latin America and Africa, thanks to the involvement of state-owned companies that have displaced private companies, as the latter are unable to cope with the insecurity of investment in the mining sector. This is accompanied by the relocation of the mining industry from Europe and the US to China, due to lower labour costs and less stringent environmental legislation.

Over the last few years, restrictions on trade in critical minerals have increased worryingly. In recent months, both China and the US have been restricting trade in minerals and technology products on security grounds. In this context, it is worth mentioning the risk of to use trade in critical minerals as a geopolitical weapon or coercive tool

There are also countries such as Indonesia or the Philippines that are restricting exports, in this case of nickel, in order to promote value chains in their own territory. Another factor that is affecting trade and investment in the mining sector is the increase in measures

¹ <https://www.weforum.org/stories/2024/07/the-future-of-critical-raw-materials-how-ukraine-plays-a-strategic-role-in-global-supply-chains/>

Note: All hyperlinks in this article are active as of 19 May 2025.

adopted governments aimed at protecting their mineral resources by implementing nationalisation policies, as is the case, for example, in Chile with lithium.

An important factor to highlight is the growing use of the renminbi in China's commercial transactions, particularly in the marketing of mineral resources, which is allowing it to move towards de-dollarisation². In addition, the sanctions imposed by Western countries on Russia are causing some mineral exports to find markets in Asia, specifically in China, where transactions are also carried out in yuan, thereby reducing the influence of the dollar.³

The US is in a hurry to obtain critical minerals, not because of the energy transition but because they are essential for the defence sector. For the US, dependence on China is a matter of national emergency. Technology will determine who will be the world's leading power and for this it is essential to have access to critical minerals.

To this end, the US is trying to displace China in access to critical minerals in regions where China is well established, such as Africa and Latin America. The strategy is based on offering mineral resource exploitation that promotes local development or even using these minerals as barter currency in exchange for security in conflict-ridden countries.

In the case of Ukraine, the US has also shown interest in accessing the mineral wealth found in the country. Since the beginning of the Ukrainian conflict, critical minerals have been at the centre of the conflict's development. In their defence against Russia, Ukrainian politicians sought the support of Western countries in exchange for future concessions for the exploitation of deposits on the territory⁴

Ukraine's mineral reserves

Ukraine possesses 0.4 % of the earth's surface, but approximately 5 % of the world's mineral resources. Due to the geological peculiarities of its territory, Ukraine possesses

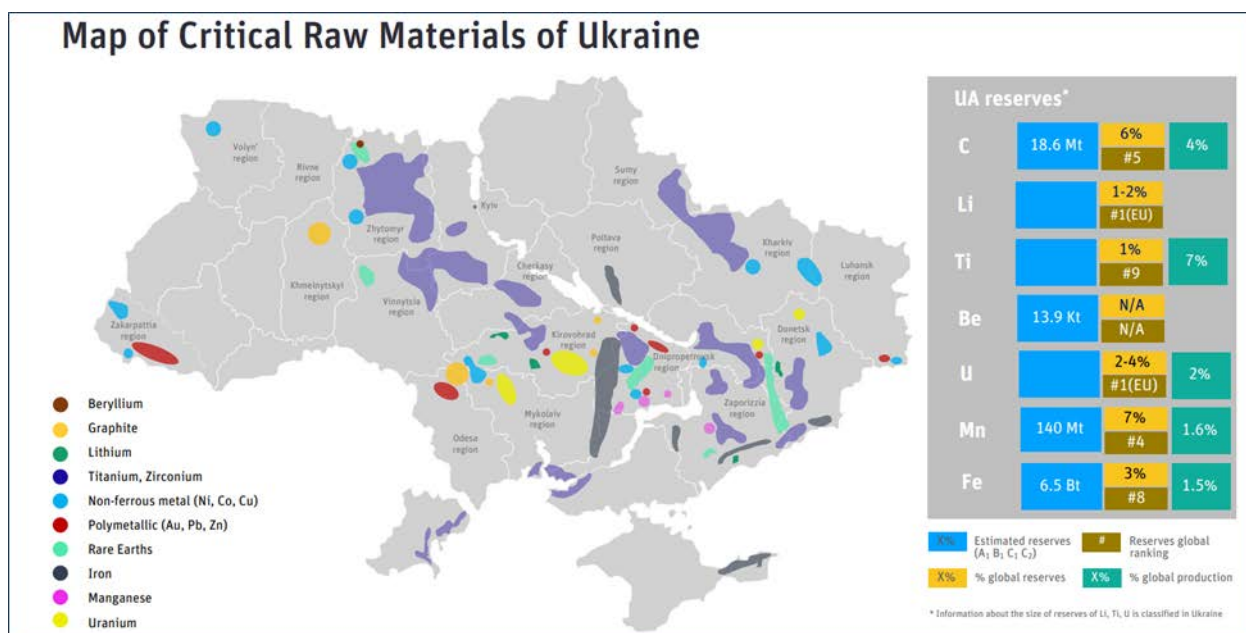
² http://eniwep.cssn.cn/hot_topics/202409/t20240903_5775576.shtml

³ <https://carnegieendowment.org/russia-eurasia/politika/2024/07/china-russia-metal-partners?lang=en>

⁴ In 2022, Ukraine's deputy minister of environmental protection and natural resources declared that help against Russian encroachment would be rewarded with easier access to the country's minerals. <https://unric.org/en/rare-earths-and-strategic-minerals-in-ukraine/>

significant natural wealth, with high concentrations of mineral resources that are compactly located and easily accessible.⁵

As of 2021, more than 20,000 deposits and occurrences of more than 100 different types of mineral raw materials have been identified in Ukraine's subsoil. Currently, the industry has developed around 3,000 of these deposits, approximately 15 % of the total.⁶



Source: <https://www.geo.gov.ua>

The country is among the world leaders in reserves of coal, iron ore, natural gas, manganese, salt, oil, graphite, sulphur, kaolin, titanium, nickel, magnesium, timber and mercury. Nickel and cobalt deposits form a solid base for the battery production sector, essential for electric vehicles and high-tech industries. The development of gold deposits remains an attractive investment opportunity due to the continuing demand for gold. In addition, growing demand for graphite and rare earth elements used in electronics and renewable energy opens up growth prospects in these sectors within Ukraine.⁷

As for lithium, not all of the country's lithium has yet to be exploited. Despite its potential, much of Ukraine's lithium is at the resource estimation stage, requiring further exploration

⁵ <https://www.icog.es/TyT/index.php/2022/05/the-mineral-resources-of-ukraine>

⁶ Ibid.

⁷ <https://ukraineinvest.gov.ua/en/industries/mining/>

and development to make it economically viable, but the war has disrupted the country's ability to capitalise on its lithium resources.

Ukraine's lithium wealth, concentrated in regions such as the *Ukrainian Shield*, includes important lithium deposits such as Shevchenko in the Donetsk region where heavy fighting is ongoing. As of 15 January 2025, Russian forces control most of the city and Ukraine has only a small fraction.⁸

The Shevchenko deposit covers an area of 39.84 hectares and is one of the most valuable sites in the country. Discovered in 1982, the deposit contains 90 % lithium in its total reserves, with an average lithium oxide content of 1.24 % .⁹

By capturing Ukraine's lithium-rich territories, Russia gains influence in the global lithium market and, at the same time, disrupts Europe's efforts to secure a stable local supply. The threat to the Shevchenko deposit further undermines Ukraine's access to this vital economic resource and halts mining operations. It also deters foreign investment, stalling Ukraine's integration into Europe's critical supply chains.¹⁰

Despite the challenges posed by war and economic instability, Ukraine's mining sector remains a vital component of the national economy. However, current extraction of most critical minerals remains very limited.

Before Russia's full-scale invasion, Ukraine's mining industry was centred on iron, manganese, titanium and coal, along with significant uranium and gallium production (and it was a major steel exporter). Although lithium mining was small, Ukrainian titanium accounted for more than 70 % of the USSR's total supply; mercury and certain kaolin clays accounted for about the same percentage.¹¹

Critical battery metals such as lithium, cobalt and nickel were not yet being extracted: exploration was underway, and licences had been issued, but commercial production had not started¹² . According to rough estimates, every third licence in Ukraine is "inactive", i.e. permission for subsoil use has already been granted but extraction has not yet taken

⁸ <https://ubn.news/es/la-perdida-de-los-depositos-de-litio-de-ucrania-a-manos-de-rusia-amenaza-la-independencia-energetica-de-europa/>

⁹ <https://ilbolive.unipd.it/it/news/scienza-ricerca/ukraines-critical-minerals-between-politics>

¹⁰ <https://united24media.com/war-in-ukraine/russias-seizure-of-ukraines-lithium-threatens-europes-green-future-5155?form=MG0AV3>

¹¹ <https://ilbolive.unipd.it/it/news/scienza-ricerca/ukraines-critical-minerals-between-politics>

¹² <https://english.nv.ua/business/ukraine-to-inspect-dormant-mining-licenses-inactive-for-10-years-50511175.html>

place. In the future, in order to solve the problem of "inactive licences", a new mining code is being drafted which, among other improvements, proposes to introduce a new subsoil use tax based on the "extract or pay" principle.¹³

An important step towards the implementation of mining projects is the promotion of privatisation of the country's mining industry. Since independence, little progress had been made in privatising companies. Today, the Ukrainian government has considerably improved and liberalised the system of granting permits for mineral extraction. Proof of this is that the State Geological and Subsoil Service of Ukraine presented an *Investment Atlas of Subsoil Management*, which includes more than 140 fields that will be subject to electronic auctions in the near future.¹⁴

Ukraine's extractive industry remains underdeveloped due to lack of investment, outdated infrastructure and ongoing war risks. This lack of modernisation has created barriers to increased mineral extraction, which makes it difficult to capitalise on the country's vast reserves of critical minerals. Many deposits require significant exploration and feasibility assessments¹⁵ before commercial production can begin. Moreover, a portion of these critical minerals such as graphite, lithium, uranium, rare earths, nickel and manganese are located in Russian-occupied areas such as Donetsk, Kherson, Luhansk, Zaporihia and Crimea, which cover almost 20% of Ukrainian territory.

With the right financing and technology, projects to produce strategic minerals could be realised, assuming peace and security in the regions of interest. The most feasible projects in the short term would be lithium and graphite. Ukraine may also have a greater capacity to rebuild some of its former scandium and gallium production.¹⁶

Ukraine has begun auctioning exploration permits for minerals such as lithium, copper, cobalt and nickel, presenting attractive investment opportunities. These initiatives are part of a broader plan to advance Europe's ecological transition and boost Ukraine's economic recovery.

¹³ https://ieu-monitoring.com/editorial/strategic-raw-materials-in-ukraine-a-new-pillar-for-eu-supply-chain-resilience/612467?utm_source=ieu-portal

¹⁴ <https://www.geo.gov.ua/en/>

¹⁵ Preliminary studies are used to establish the feasibility of a given mining project in its four aspects: technical, economic, commercial and environmental.

https://oa.upm.es/70265/3/ESTRUCTURA_PROCESO_EVALUACION_DE_UN_PROYECTO_MINERO_DPMB1T2_R6-20180924.pdf

¹⁶ <https://www.sciencemediacentre.org/expert-reaction-to-us-ukraine-minerals-deal/>

For example, on 11 October 2024, the Ukrainian government approved the privatisation auction of the state-owned United Mining and Chemical Company, one of the world's largest producers of titanium raw materials. The winner of the auction offered about UAH 4 billion (about 92.2 million euros). It will also be obliged to invest at least UAH 400 million (about EUR 9.2 million) in the technical modernisation of the company. The company has a 4 % share of the world market and is among the top 10 producers of titanium ore concentrates and rare metal concentrates .¹⁷

Main aspects of the agreement signed between the US and Ukraine on the exploitation of mineral resources

After several negotiations, a shattering meeting at the White House on 25 February and a cordial meeting in the serenity of the Holy See, Trump and Zelenski reached an agreement on the exploitation of Ukraine's mineral resources.

On 30 April, Ukraine's First Deputy Prime Minister and Minister of Economy Yulia Svyrydenko and US Treasury Secretary Scott Bessent signed in Washington the Ukraine Critical Matters Agreement¹⁸ , which differs in some important respects from the earlier proposal¹⁹ that Zelenski rejected at the White House.

The process of getting the deal signed has been complicated. Earlier versions of the deal presented by Donald Trump's negotiators put pressure on Ukraine to repay the aid the US had given it during the last three years of war. Initially this estimate was \$500 billion in profits from minerals mined as compensation for its wartime support.²⁰

Subsequently, the US reduced its estimate of aid provided to Ukraine to \$300 billion and then to \$100 billion. However, Zelenski expressed concern over the lack of security guarantees and asserted that Ukraine would not recognise previous US military aid as debt, insisting on an equal partnership in the management of an investment fund²¹ .

¹⁷ <https://www.ensecocoe.org/publications/ukraines-resources/?form=MG0AV3>

¹⁸ <https://kyivindependent.com/the-full-text-of-the-us-ukraine-minerals-agreement/>

¹⁹ <https://kyivindependent.com/exclusive-the-full-text-of-the-final-us-ukraine-mineral-agreement/>

²⁰ <https://www.euronews.com/my-europe/2025/05/08/ukraines-parliament-unanimously-ratifies-mineral-exploitation-deal-with-the-us>

²¹ <https://euromaidanpress.com/2025/04/18/ukraine-and-us-sign-memorandum-of-intent-on-critical-minerals-cooperation/>

These conditions are the ones that are finally included in the signed agreement. Thus Ukraine is not obliged to reimburse the US for previous military support²²

Following these complicated negotiations, the signing of the agreement has been seen as a tactical victory for Zelenski²³ in the Ukrainian war and a triumph for Ukrainian diplomacy²⁴ as a balance has finally been found that satisfies Ukraine's national interests, its sovereignty over its resources and its commitments already made for future EU membership, and not least the fact that the US formally recognises Russia as an aggressor in the war. For the US, this agreement will also strengthen the US-Ukraine strategic partnership for long-term reconstruction and modernisation in response to the "large-scale destruction caused by Russia's full-scale invasion"²⁵. This explicit statement in the agreement reaffirms US positioning vis-à-vis Russia and is a sign of support for Zelenski. US Treasury Secretary Scott Bessent has referred to the agreement as a 'historic economic partnership' that demonstrates that the US has an "economic interest in securing a free, peaceful and sovereign future for Ukraine"²⁶.

The ultimate goal of this agreement is to establish long-term strategic alignment between the US and Ukraine and is a tangible demonstration of US support for Ukraine's security, prosperity, reconstruction and integration into global economic frameworks. The agreement also mentions Ukraine's contribution to maintaining world peace by dismantling its nuclear programme inherited from its Soviet era

Ratification by the Verkhovna Rada was necessary for the agreement to enter into force. Although there were initially doubts about the Ukrainian opposition's support for the agreement, it was finally approved unanimously with 338 members voting in favour, well above the 226 votes required.²⁷

²² <https://www.independent.co.uk/news/world/europe/ukraine-minerals-deal-details-map-trump-b2743507.html>

²³ <https://www.channelnewsasia.com/commentary/us-ukraine-minerals-deal-ceasefire-end-war-russia-5110321>

²⁴ <https://www.iiss.org/online-analysis/online-analysis/2025/05/the-us-ukraine-minerals-deal-a-triumph-for-ukrainian-diplomacy/>

²⁵ Ibid.

²⁶ <https://www.reuters.com/world/us-ukraine-minerals-deal-is-economic-partnership-signal-russia-bessent-says-2025-05-01/>

²⁷ <https://www.euronews.com/my-europe/2025/05/08/ukrains-parliament-unanimously-ratifies-mineral-exploitation-deal-with-the-us>

However, in the US it has not been necessary to vote on it because it a binding agreement that falls within the president's constitutional authority to make single executive agreements²⁸

Regarding the need to make changes to legislation, the Agreement does not impose any specific obligations on the US government, as the BUILD Act of 2018 already provides mechanisms for the DFC to implement the agreements without the need for new legislation. However, for Ukraine, the implementation of the agreement and the LP Agreement will require harmonisation with Ukraine's international commitments, in particular to the EU and international financial institutions. The operation of the Fund requires only limited amendments to the Budgetary Code of Ukraine .²⁹

The Agreement is of indefinite duration and will remain in force until such time as the United States and Ukraine mutually agree to terminate it.

What to extract

Although Trump has sometimes referred to this agreement as "The Rare Earth Deal", the text of the agreement lists 55 mineral commodities including rare earths along with other critical minerals such as titanium, lithium and uranium. It also includes natural gas and oil and the development of the necessary infrastructure for the exploitation of all these critical resources³⁰ and leaves open the possibility that others may be included in the future. ³¹

The agreement excludes all resources that currently generate revenue for the Ukrainian state. In other words, the profit depends on the success of new investments and the viability of the extraction of new mining projects.

Ukraine retains exclusive ownership of all subsoil, territorial waters and natural resources. Only Ukraine determines the conditions and locations for the development of resources.

²⁸ <https://www.lawfaremedia.org/article/the-u.s.-ukraine-agreement--legality-and-transparency>

²⁹ <https://me.gov.ua/News/Detail/91af98f8-9ae6-49ba-99ae-adb847fe493a?lang=en-GB&title=UkraineAndTheUnitedStatesSignEconomicPartnershipAgreementAndEstablishTheReconstructionInvestmentFund>

³⁰ Ibid.

³¹ The natural resources covered by the agreement are: sites, reserves and deposit on the territory of Ukraine of aluminium, antimony, arsenic, barite, beryllium, bismuth, cerium, caesium, chromium, cobalt, copper, dysprosium, erbium, europium, fluorite, fluorite, fluorite, gadolinium, gallium, germanium, gold, graphite, hafnium, holmium, indium, iridium, lanthanum, lithium, lutetium, magnesium, manganese, neodymium, nickel, niobium, palladium, platinum, potash, praseodymium, rhodium, rubidium, ruthenium, samarium, scandium, tantalum, tellurium, terbium, thulium, tin, titanium, wolfram, uranium, vanadium, ytterbium, yttrium, zinc, zirconium, petroleum, natural gas (including liquefied natural gas) and such other minerals and hydrocarbons as the parties may agree.

Ukrainian state-owned enterprises remain state property. Moreover, the agreement does not affect privatisation processes.

How to obtain mineral resources

The agreement constitutes an unique partnership for the reconstruction and long-term economic success of Ukraine³² in the form of a limited partnership. It provides for the establishment of a Reconstruction Investment Fund. The fund will be capitalised, in part, with revenues from the future extraction of natural resources, thereby promoting the exploitation of Ukraine's mining potential.

Under the agreement, the Reconstruction Investment Fund is established through a legal architecture comprising a sovereign-level treaty and a business partnership contract: the former is the intergovernmental agreement itself, and the latter is the Limited Partnership Agreement (LP Agreement), concluded between the US Development Finance Corporation (DFC) and the State Agency of Ukraine in Support of Public-Private Partnership.³³

This fund is intended to facilitate the attraction of capital and technologies from investors in the US, the EU and other allied countries. Once signed, the LP Agreement will be unprecedented for Ukraine and will provide a framework for effectively integrating US economic interests in Ukraine's natural resource sector, while establishing a structured mechanism for post-war economic recovery.

The fund will be jointly managed by both countries on equal terms. As in the previous version, Ukraine will contribute 50 % of the revenues from the exploitation of new mineral, oil and gas projects. Existing projects, such as those of the country's largest oil and gas producers, Naftogaz and Ukrnafta, are exempt from contributing to the fund. This means that the fund's profitability depends on the success of new investments in Ukraine's resources.³⁴

The fund's investments are intended to boost private sector interest in investing in Ukraine's resources and attract the capital needed for the reconstruction and

³² <https://www.whitehouse.gov/fact-sheets/2025/05/fact-sheet-president-donald-j-trump-secures-agreement-to-establish-united-states-ukraine-reconstruction-investment-fund/>

³³ <https://pulaski.pl/en/strategic-and-geo-economic-implications-of-the-2025-united-states-ukraine-reconstruction-investment-fund-a-critical-analysis/>

³⁴ <https://www.csis.org/analysis/what-know-about-signed-us-ukraine-minerals-deal>

development of Ukraine's resources. Also under this agreement, no money will be used to develop mineral extraction in the Russian-occupied areas of Ukraine.³⁵

The agreement states that the US or its designated buyer will have priority in the acquisition of critical minerals, so that state or person who financed or supplied material to Russia in the Ukrainian war will be allowed to benefit in the reconstruction. This is intended to prevent countries such as China from accessing Ukraine's mineral resources.

The agreement also specifies that the sale of minerals will be on market terms. The US will contribute to the Fund either through direct financial inputs or through new military assistance but does not specify initial capital contributions. Ukraine will contribute 50% of future revenues from new royalties (i.e. newly issued licences for the exploration of critical minerals, oil and gas). The Fund's resources will be invested exclusively in Ukraine, either in extractive projects or in infrastructure reconstruction

During the first ten years, profits will be fully reinvested in the Ukrainian economy. After this period, profits may be distributed to the partners. Contributions to the fund and income will be exempt from taxation in both Ukraine and the United States³⁶. The agreement also regulates currency transfers and foreign exchange issues in commercial transactions.

The agreement includes a commitment by the Ukrainian government to put in place the necessary measures to adopt, maintain and enforce the legislation necessary for the implementation and application of the agreement, effectively providing a stabilising legal framework for future investor confidence. In this regard, Ukraine commits to respect the terms of the agreement over and above any conflicting national legislation, ensuring that the association and its partners are not treated less favourably despite any future legal changes. Furthermore, Ukraine cannot use national legislation as a justification for non-compliance. The agreement also contains a number of caveats concerning the commitments of Ukraine in the context of its accession to the European Union, which must be taken into account in the implementation of the agreement.³⁷

³⁵ <https://www.csis.org/analysis/what-know-about-signed-us-ukraine-minerals-deal>

³⁶ <https://me.gov.ua/News/Detail/91af98f8-9ae6-49ba-99ae-adb847fe493a?lang=en-GB&title=UkraineAndTheUnitedStatesSignEconomicPartnershipAgreementAndEstablishTheReconstructionInvestmentFund>

³⁷ <https://www.mayerbrown.com/en/insights/publications/2025/05/us-ukraine-minerals-deal-unlocking-ukraines-mineral-potential>

And... security?

Zelenski's claims about the inclusion of the US contribution to Ukraine's security in the agreement were not explicitly included in the signed text. The interpretation of the agreement by both the US and Ukraine is that US investment and the presence of US companies in Ukraine will make Washington more interested in Ukraine's security. Indeed, Trump has stated that since other important depots are located close to the frontline, US investments there could deter Russian advances.³⁸

The agreement further states that the value of any future military assistance provided by the US to Ukraine will be treated as US contributions to the investment fund for the exploitation of critical minerals

Ukraine is a clear example of how a strategic sector can be ceded to a foreign power in exchange for security. This model of exchanging security for minerals is also taking place in the Democratic Republic of Congo (DRC), where the US has offered its support to the DRC government in its fight against Rwanda's M23 group in exchange for the exploitation of cobalt and copper³⁹. It should be borne in mind that this manoeuvre has a very important geopolitical value because it is a way of trying to displace China from countries such as the DRC, where it has a monopoly on cobalt mining.

Main challenges of the agreement

While the agreement is presented as a mutually beneficial economic partnership for the US and Ukraine, it has very relevant strategic and geopolitical implications. From the EU's point of view, the first concern that arises is that, if Ukraine eventually becomes a member state in 2029, raw materials would also be European and therefore subject to the legislation in force at that time and that which develops thereafter.

The agreement makes clear that the US has first rights to buy or resell Ukrainian resources, which could give it significant control over Ukraine's market for critical minerals and the ability to sell them to other countries. In this context, potential violations of EU

³⁸ <https://www.iiss.org/online-analysis/online-analysis/2025/05/the-us-ukraine-minerals-deal-a-triumph-for-ukrainian-diplomacy/>

³⁹ <https://www.mining.com/trump-ally-prince-strikes-mineral-security-deal-with-congo/>

competition rules could occur if the agreement disproportionately favours US companies over European ones.

In 2021 Ukraine and the EU signed a Strategic Partnership on Critical Minerals⁴⁰ aimed at aligning mining regulations, joint development of Ukrainian mining projects and building sustainable value chains. Under this partnership, Ukraine joined EU industrial partnerships and benefited from technical assistance and investment support (including EU-funded digital geodata platforms and funding from the EIB and the EBRD European Bank for Reconstruction and Development). However, it has not been possible to make much more progress in the implementation of this Partnership due to the war⁴¹. Most of the European companies involved are mid-tier and focused on exploring mainly small projects in more secure regions

The EU acts as if Ukraine were a member of the EU. There is a growing interest in further integrating Ukraine into European industrial and supply chains and enhancing opportunities for sustained economic growth, opening up economic opportunities beyond the extraction of raw materials⁴². Indeed, for the fulfilment of the objectives of the Critical Raw Materials Act (CRMA), the EU is mindful of the contribution of Ukraine's mineral resources.⁴³

Ukraine possesses 22 of the 50 strategic materials identified by the US as critical and 25 of the 34 recognised by the EU as critically important. In particular, Ukraine holds a very competitive position in five key raw materials: graphite, lithium, titanium, beryllium and uranium.⁴⁴

The European Commission signalled in early 2025 that it would designate Ukrainian mining projects as "strategic" and accelerate their development. Joint EU-Ukraine projects, in particular on graphite and lithium, are expected to be announced on the basis

⁴⁰ <https://ec.europa.eu/docsroom/documents/46300>

⁴¹ <https://www.chathamhouse.org/2025/03/trump-may-not-listen-us-should-cooperate-eu-ukraines-minerals>

⁴² <https://euobserver.com/eu-and-the-world/arf019c50d>

⁴³ The CRMA sets targets to boost domestic and EU supply (extraction, processing by 2030) and diversify supply so that no more than 65% of any strategic material comes from any one country.

⁴⁴ <https://www.geo.gov.ua/wp-content/uploads/presentations/en/investment-opportunities-in-exploration-production-strategic-and-critical-minerals.pdf>

of the 2021 Memorandum of Understanding⁴⁵, but so far, the published list of 47 strategic projects does not include any on Ukrainian territory.⁴⁶

Despite the existence of more than reasonable concerns, the EU has opted for a cautious position by approaching access to critical minerals as cooperation with Ukraine and not as competition with the US and justifying that the US-Ukraine agreement is non-exclusive and does not affect the 2021 Memorandum of Understanding.⁴⁷

As mining projects become viable, it will become clear whether Ukraine is capable of sharing its resources between the US and the EU in a way that satisfies all parties. Several scenarios are open, ranging from the more collaborative one of a tripartite agreement to the more confrontational one that would pit the EU and the US against each other over access to Ukrainian minerals.

For the time being, progress needs to be made in exploiting Ukraine's mineral resources. War and the destruction of energy infrastructure are serious impediments to starting exploitation in the short term. It is estimated that it will take at least a decade to increase mining capacity in Ukraine. Studies will need to be completed to assess and determine the best way to extract deposits, process ores and produce concentrates⁴⁸

In addition to these technical drawbacks, it is necessary to give a reality check on the geopolitical risks that investors in the Fund created by the Agreement will face. Given that investments are already risky in Ukraine and that some of the country's mineral assets are under Russian occupation, there may be widespread scepticism and doubts about the possibility of the Fund under the US-Ukraine Reconstruction Agreement actually incentivising investment in the mining sector. This will have to take into account both the risks and benefits involved.⁴⁹

⁴⁵ https://ieu-monitoring.com/editorial/strategic-raw-materials-in-ukraine-a-new-pillar-for-eu-supply-chain-resilience/612467?utm_source=ieu-portal

⁴⁶ <https://www.mining.com/eu-unveils-47-strategic-projects-to-secure-critical-minerals-access/#:~:text=The%20European%20Union%20%28EU%29%20has%20published%20its%20first,deems%20critical%20for%20its%20energy%20transition%20and%20security>

⁴⁷ <https://censor.net/en/n3537817>

⁴⁸ <https://www.sciencemediacentre.org/expert-reaction-to-us-ukraine-minerals-deal/>

⁴⁹ CSIS.

Conclusions

Given its resource wealth and strategic geographic location, Ukraine has significant potential to attract investment in its mining and processing industries, which could play a key role in revitalising economic growth in the future.

Ukraine's mineral wealth is critical to the EU's energy independence and to the US's success in the technology battle with China. Ukraine can become a strategic partner for the US in critical material supply chains to make them more secure, resilient and diversified.

The Reconstruction Agreement signed between the US and Ukraine on 30 April creates a legally binding framework for the joint development of these natural resources in Ukraine. Control of these resources is therefore a decisive factor in the development of the Ukrainian conflict and will influence the resolution of the conflict

With the signing of this Agreement, a new phase in US-Ukraine economic cooperation begins. It is an equal agreement that creates an opportunity for significant investment in Ukraine. However, its success will depend on the resolution of key financial and governance uncertainties, geopolitical challenges, and Ukraine's ability to implement necessary legal and regulatory reforms

The financial rewards of a new Ukraine-US minerals deal are likely to take a decade or more, as investors face many obstacles to bringing new mines into production in the war-torn country. In addition, the intersection of interests between the US, the EU and Ukraine, particularly in the area of critical mineral reserves, could be a growing concern.

Finally, the agreement strengthens Ukraine's position, but does not necessarily bring an end to the war, as negotiations with Russia are on a parallel track. For the time being, the agreement has ensured that Ukraine maintains some level of US support for its war against Russia.

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