

Ukraine's Buried Treasure: Geopolitical Interest in Ukraine's Mineral Resources from a Current Perspective

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On April 30, 2025, the United States and Ukraine signed an agreement establishing the "United States-Ukraine Reconstruction Investment Fund," also known as the Ukraine Mineral Deal. This agreement formalizes the USA's commitment to the sovereignty and economic stability of Ukraine in exchange for a share of the income from all future governmental projects that exploit Ukraine's mineral resources.

Context of the Deal

Since the beginning of the war in Ukraine, its government has been highly dependent on foreign aid to sustain military expenditures to keep the Russian aggressor at bay and support the suffering civilian population. The European Union and the United States are the main supporters of the war effort, with respective contributions of €170 billion and \$175 billion. Since his return to office in early 2025, American President Donald J. Trump has heavily promoted the idea of America getting "paid back" for the aid it has provided in past years. Talks about a deal including a share of the mineral resources in exchange for financial and military

support had already been going on since late 2024, when President Volodymyr Zelenskyy proposed his "victory plan" to the Ukrainian parliament. As a result, preliminary negotiations led to Zelenskyy travelling to Washington on February 28th to discuss and sign the deal. However, during the discussion, which was live in front of the press, the situation escalated when Zelenskyy and Vice President Vance disagreed about Putin. Trump subsequently criticized Zelenskyy's handling of the war, which led to the meeting's ending. The Ukrainian delegation was thus promptly asked to leave the White House, and the deal was not signed.

Ukraine's Mineral Wealth

Ukraine's territory is estimated to harbor 5% of global deposits of so-called "critical minerals". This term groups resources that are in short supply worldwide but are highly sought after.

Figure 1: Critical Mineral Deposits Across Ukraine



Source: BBC 01.05.25

Such critical minerals include, but are not limited to, rare earths, lithium, uranium, and a wide range of rare metals, such as titanium. All of these minerals find many applications and are indispensable for military equipment, high-tech components, and energy production.

Extent of the Damages in Ukraine

According to a report from the World Bank, estimated costs for the reconstruction and recovery of Ukraine lie somewhere north of €500 billion over the next decade, representing almost three times the nominal GDP of Ukraine. Current damages are estimated at €81 billion for the housing sector, affecting approximately two and a half million households. The transport sector suffered €75 billion in damages, with over 26,000 km of roads destroyed (as of November 2024), 10,000 km of railway tracks rendered unusable, and countless bridges collapsing. The main issue for the population since the start of the war has been the energy supply as it was one of the most heavily targeted networks by the Russian aggressor. Material damages amount to €66 billion. But even more important than the future electricity needs of a thriving modern society is the heating capacity for citizens during the freezing winters to come. The eastern part of Ukraine, where the war rages on, is primarily composed of farmland. The mines and unexploded artillery shells in the fertile plains of the Danube River will require extensive efforts to be cleared of any remaining dangers. The damages to farmland and cleanup costs from debris across all of Ukraine are estimated at €53 billion and €13 billion, respectively. These massive costs will require substantial foreign investment sustained over a long period. This is where the investment fund comes in.

The Ukraine Mineral Deal

After the setback on February 28th, the two parties reconciled and reconnected following an announcement by Zelenskyy during the London-Ukraine Summit, which was reciprocated by Trump a few days later. On April 30th, 2025, the “United States-Ukraine Reconstruction Investment Fund” was established. The agreement formalizes the creation of an investment fund, co-managed by representatives of both nations. The resources of the fund will be available to Ukraine for repairs, reconstruction, and, in the future, for modernization. Contributions by the USA, however, are not limited to financial support. The provision of military equipment, weapons, and training will be considered American contributions to the fund. The agreement thereby intends to create a long-term commitment by the USA to security and military assistance in the country.

Contrary to previous iterations of the deal, in this final agreement, Ukraine will not be required to reimburse all previous assistance provided by Washington up to that point. The fund intends to also attract private investors to Ukraine. The security provided by the American government significantly reduces the risk, thereby increasing the attractiveness of Ukraine for investment and reconstruction efforts. Ukraine, on its part, will retain sole ownership of the natural resources on its territory. To repay the investments, Ukraine will pay a 50 percent share of all future governmental revenue from new exploitations. This means that current mining operations remain solely profitable for Ukraine, and the government retains complete authority over decisions regarding new exploitations. It is worth noting that oil and gas are included in this provision. For private investors, shares with no voting rights are going to be available.

The Cabinet of Ministers of Ukraine announced that the dividends of the fund will be reinvested for the first 10 years and will only then be distributed to partners.

Current State and Future Outlook

As of September 2025, the fund has not been inaugurated. However, Ukrainian officials have stated that they are in continued discussions with their American counterparts in an effort to implement the agreement. A key problem is the dependence on a Ukrainian victory for any future returns. As can be seen in Figure 1, a significant portion of the resources is located in the currently occupied territory. As this area has been under occupation for about two years, it is uncertain if it will ever be reconquered or, even worse, if more land will be lost. Currently, no official agencies have commented on this issue. The USA and Europe remain strongly involved in efforts to ensure victory and the future independence of a politically and economically stable Ukraine. The last point of contention is the mandate of Zelenskyy. As Russian leader Putin has pointed out, Zelenskyy’s mandate ended in 2024, and the Ukrainian constitution offers no way to keep a president in office longer than their mandate, other than through state elections. Peace deals might therefore be rendered invalid if Zelenskyy is retroactively declared not to have been an official representative of the state.

Sources

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