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How close are the US and Ukraine to a mineral deal?



Donald Trump and Volodymyr Zelenskyy are now competing to take the lead in announcing and swiftly signing a mineral agreement that sparked considerable controversy and discontent during the last weeks.

The U.S. president is **pushing** to finalise the deal this Thursday, while the Ukrainian president said last Thursday he was ready to sign a memorandum of intent following meetings of the Ukrainian delegation in Washington.

A memorandum of intent was signed to finalise and sign the agreement, laying the groundwork for establishing a fund for investment and reconstruction of Ukraine post-war. The memorandum emphasises the "highly productive technical discussions" held in Washington in mid-April.

In private discussions, the Ukrainian side confirmed that the Americans have adopted a very friendly stance and are no longer making any demands. At last week's meeting, the U.S. delegation was determined to finalise the agreement.

From 2020 to 2023, the United States **depended** on China for 70% of its imports of rare earth compounds and metals.

Subsequently, China imposed export restrictions on strategic materials, including gallium, germanium, antimony, graphite, and tungsten, to the U.S. and, after the new tariffs, **stopped** sending the rare earths at all.

While Ukraine cannot fully replace China's supply, this development could spur Washington, D.C., to diversify its sources of critical rare minerals.

Realistic concerns

Taras Kachka, Ukraine's Deputy Minister of Economy and head of the Ukrainian delegation to Washington, announced that the forthcoming Ukraine-U.S. joint investment fund will have the authority to invest in both mineral resource development and

infrastructure projects.

Kachka is also a former vice president of the American Chamber of Commerce in Ukraine, which he led during the leadership transition about a decade ago. This makes him well-positioned to understand both Ukrainian realities and economic conditions as well as American businesses and their interests.

Behind the bold "positive" statements, there are subtle but realistic concerns that Ukraine may struggle to attract American interest in mineral extraction.

The war further damaged Ukraine's mining infrastructure, which was already underdeveloped

Data on resource deposits is outdated, based on Soviet-era methods reliant on manual labour, while modern Western approaches use satellites and advanced technologies to accurately identify mineral locations and types.

Moreover, the war further damaged Ukraine's mining infrastructure, which was already underdeveloped. As a post-Soviet state, Ukraine has not yet streamlined its bureaucracy to facilitate fast, transparent, and efficient processes.

In this regard, Ukraine risks falling behind more developed Western nations. As a result, Ukrainians are now focused on sparking genuine American interest in investments by highlighting the country's commercial potential.

Infrastructure projects

To broaden the scope of investments, the initiative goes beyond mineral resources to encompass infrastructure projects, which are likely to be more accessible and quicker to implement for American businesses while also bringing significant benefits to war-ravaged

Ukraine. These projects include road, port, and energy infrastructure.

The agreement does not mandate that Ukraine transfer ownership of these assets to the investment fund, as many of the facilities targeted for reconstruction are state-owned.

The United States has abandoned its earlier demand that Ukraine pay back an unrealistic \$300 billion

The gas transport system of Ukraine that is causing a lot of interest from the American side will not be included in the mineral deal, according to President Zelenskyy.

The United States has **abandoned** its earlier demand that Ukraine pay back an unrealistic \$300 billion purportedly provided as aid since 2022.

That amount has reportedly been reduced to \$100 billion, closer to what Ukraine estimated at \$90 billion, and my contacts say that in the latest negotiations, the debt was removed from the document altogether.

Security guarantees

But the security guarantees, as Ukraine sees them, are still missing from the new draft document. Trump's team has already **emphasised** that "the very best security guarantee is to give Americans economic upside in the future of Ukraine."



The security guarantees, as Ukraine sees them, are still missing from the new draft document - Volodymyr Zelenskyy

A new round of negotiations regarding mineral resources will begin in the United States on 24 April, focusing on resolving technical details and refining the language governing the operations of the future investment fund.

From day one of independence, Ukraine has struggled to attract American investment.

Many in the government and business community see this deal as an opportunity to finally achieve this goal. To achieve this, it would be important to build meaningful private sector participation into the agreement.

Obtaining preliminary commitments from at least some major American companies will also go a long way towards bringing American investors into Ukraine in a big way. If this happens, we will see if this investment can also serve as a security guarantee against Russian aggression.