

US-Ukraine Minerals Deal

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US-Ukraine Minerals Deal: Strategic Resource Pact and Geopolitical Implications

Context: The US and Ukraine signed a landmark minerals deal after intense negotiations, including a heated Trump-Zelenskyy Oval Office meeting. The US secures preferential access to Ukraine's critical mineral resources, while Ukraine gains financial and military aid for post-war rebuilding. This deal is highly relevant for UPSC aspirants, illustrating global geopolitics, resource diplomacy, and security dynamics amid the Russia-Ukraine conflict, with implications for international relations and resource security.

Ukraine's Strategic Mineral Wealth

- **Global Significance:** Ukraine holds 5% of the world's critical raw materials, vital for modern industries.
 - **Critical Minerals:** Deposits of 22 out of 34 EU-identified critical minerals, including:
 - **Graphite:** 19 million tonnes, among top 5 global suppliers (used in EV batteries).
 - **Titanium:** 7% of Europe's supply (key for aerospace, infrastructure).
 - **Lithium:** One-third of Europe's deposits (essential for batteries).
 - Others: Rare earths (all 17 elements), uranium, copper, lead, zinc, nickel, cobalt.
 - **Geographic Distribution:**
 - Titanium: Northwestern and central Ukraine.
 - Lithium: Central, eastern, and southeastern regions.
 - Graphite: Central and western Ukraine, 20% of global reserves.
 - Coal: Mostly in Russian-occupied areas.
 - **UPSC Relevance:** Ukraine's resources underscore global supply chain dynamics, relevant to India's Critical Minerals Mission and energy transition strategies.
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Impact of Russian Occupation

- **Economic Loss:** \$350 billion worth of minerals in Russian-occupied territories.
- **Resources Controlled by Russia (2022):**
 - 63% of coal mines.
 - 50% of manganese, caesium, tantalum, rare earths.
 - Lithium sites seized: One in Donetsk, one in Zaporizhzhia.
- **Ukraine's Control:** Retains lithium reserves in Kyrovohrad region.
- **UPSC Relevance:** Highlights vulnerabilities in resource-rich conflict zones, pertinent to

India's stance on territorial integrity and resource security.

Key Features of the US-Ukraine Minerals Deal

- **Signatories:** US Treasury Secretary **Scott Bessent** and Ukraine's Vice Prime Minister **Yulia Svyrydenko**.
 - **Scope:** Covers minerals, oil, natural gas; Ukraine retains **full ownership**, US gets **joint access**.
 - **United States-Ukraine Reinvestment Fund:**
 - Jointly managed on an **equal partnership basis**.
 - Profits reinvested in Ukraine's development for **first 10 years**.
 - **Contributions:**
 - US: Direct funding or military assistance.
 - Ukraine: **50% of revenues** from new licenses for minerals, oil, gas.
 - **Military Support:** Focus on future aid (e.g., air defense systems), no debt for past assistance.
 - **UPSC Relevance:** Exemplifies resource-for-aid frameworks, relevant to India's resource partnerships (e.g., with Australia, Japan).
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Security and Strategic Implications

- **No Security Guarantees:** Deal lacks explicit defense commitments for Ukraine.
 - **Zelenskyy's Position:** Rejects peace talks with Russia without security assurances.
 - **Military Aid:** Signals continued US support, possibly including advanced systems.
 - **US Troop Involvement:** Ruled out; deal is economic, not a defense pact.
 - **Deterrence Factor:** US investment may deter Russian aggression via sanctions or military aid.
 - **UPSC Relevance:** Critical for understanding global security dynamics, NATO's role, and India's non-aligned stance in the Russia-Ukraine conflict.
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Geopolitical and Economic Dimensions

- **US Perspective:** Trump calls it "payback" for **\$350 billion** in claimed support, though official figures show **\$182.8 billion**.
- **Global Supply Chains:** Secures US access to critical minerals, reducing reliance on China.
- **Ukraine's Leverage:** Mineral wealth strengthens its global strategic position.
- **UPSC Relevance:** Highlights interplay of geopolitics, resource security, and economic aid, relevant to India's strategic autonomy and critical mineral policies.