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United States-Ukraine Minerals Deal: Unlocking Ukraine's Mineral Potential

By Marina Besignano, Rachel Speight, Ian Coles, Gabriela Sakamoto, Matthew (Mac) Bernstein, Jose L. Valera, Volodymyr Yaremko, Vladlena Lavrushyna and Kseniia Kolontai[*]

In this article, the authors review the agreement between the governments of the United States and Ukraine that, among other things, aims to facilitate the joint development and monetization of Ukraine's natural resources, including minerals, oil, gas, and related infrastructure.

Several months ago, the governments of Ukraine and the United States signed an Agreement on the Establishment of a United States-Ukraine Reconstruction Investment Fund (the Agreement). The official final draft of the Agreement in English and Ukrainian was published[1] by the Cabinet of Ministers of Ukraine on 1 May 2025.

The Agreement aims to facilitate the joint development and monetization of Ukraine's natural resources, including minerals, oil, gas, and related infrastructure, and to establish a foundation for future investments in Ukraine's post-war reconstruction and economic development.

The Agreement also provides a framework for a more detailed governing document of the future Reconstruction Investment Fund, which will be jointly owned and managed by Ukraine and the United States in the form of a limited partnership (the Partnership). The terms of the Partnership will be set forth in an agreement (the LP Agreement) that is expected to be developed later this year.

KEY TERMS

The Agreement sets out a broad framework for the Partnership, which will focus on the monetization and development of Ukraine's government-owned natural resources, leaving key details to be determined in the LP Agreement. Key provisions of the Agreement include the following:

- The Partnership will be jointly owned and managed by Ukraine through the State Organisation "Agency on Support Public-Private

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[1] https://www.kmu.gov.ua/npas/pro-pidpysannia-uhody-mizh-uriadom-ukrainy-ta-uriadom-spoluchenykh-shtativ-ameryky-pro-t300425.

Partnership" and by the United States through the United States International Development Financial Corporation (DFC) (together, the Partners). The exact governance structure, decision-making authority, and ownership percentages will be determined in the LP Agreement. U.S. laws will determine the U.S.'s maximum percentage of ownership of the Partnership's equity and decision-making authority, potentially limiting its participation in the Partnership.

- Ukraine will allocate to the Partnership 50% of revenues generated from the issuance of new licences, permits and other instruments with respect to the exploration, development, extraction, processing and refining of minerals, hydrocarbons, oil, natural gas (including liquified natural gas), and other extractable materials.
- Ukrainian state authorities undertake to include in all natural resource extraction licenses or special permits provisions requiring potential investors to notify the Partnership of investment opportunities and engage in negotiations with it. They must also include similar provisions in contracts for major infrastructure projects.
- The Partnership is granted a priority right of investment and purchase of products extracted in Ukraine, and Ukraine commits to ensure that third parties do not receive significantly more favorable terms than the Partnership.
- It is not entirely clear whether relevant investment opportunities and market-based offtake rights, such as those granted to the Partnership under the Agreement, may potentially apply to licences/special permits or infrastructure contracts issued/concluded prior to the effective date of the Agreement. However, it is directly stated in the Agreement that, in addition to new licences or special permits, it also covers renewals of licences or special permits, including those which have been already issued but not industrially exploited prior to the effective date of the LP Agreement.
- The Partnership is expected to be used to finance projects related to natural resources and infrastructure.
- The Agreement provides for tax guarantees that exempt all contributions and payments to the Partnership from taxation, and regulates currency transfer and exchange issues.

The Agreement is silent on several critical points, including the U.S. military security guarantees. The Agreement also does not specify initial capital contributions from the U.S. (apart from new military assistance in any form

(Article VI(5)), which may include funds, financial instruments, or other assets that will be subject to U.S. laws and budgetary decisions.

Once signed, the LP Agreement will be unprecedented for Ukraine and provide a framework for effectively integrating U.S. economic interests into Ukraine's natural resource sector, while establishing a structured mechanism for post-war economic recovery.

UKRAINE'S GROWING ROLE IN GLOBAL SUPPLY CHAINS

Ukraine possesses significant reserves of various natural resource assets. According to the data[2] reported as originating from the State Enterprise "Geoinform of Ukraine," as of 2021, the country has identified over 20,000 deposits and occurrences of more than a hundred different types of mineral raw materials within its subsoil. Currently, the industry has developed around 3,000 of these deposits, approximately 15% of the total. Additionally, there remains a significant number of discovered deposits that hold potential for future development.

Despite this potential, Ukraine's extractive industry remains underdeveloped due to the lack of investment, outdated infrastructure, and ongoing war risks. Many deposits require significant exploration and feasibility assessments before commercial production can begin. Additionally, a portion of these resources is located in the occupied territories, further complicating access.

The Partnership aims to attract investment and accelerate resource development, but questions remain over its operational structure, financial commitments, and revenue-sharing mechanisms.

LEGAL AND REGULATORY CONSIDERATIONS

In Ukraine, to become legally binding, the Agreement must be formalised as an international treaty and ratified by the Ukrainian Parliament in accordance with the Law of Ukraine "On International Treaties."

Under Article 9 of the Constitution of Ukraine, once ratified, an international agreement becomes a part of the national legislation. Ratified international agreements also take precedence over national legislation, meaning Ukraine's domestic laws and regulations may need to be amended to ensure compliance with the Agreement.

The Agreement includes a commitment by the Ukrainian government to take steps to adopt, maintain and enforce legislation necessary for the execution and implementation of the Agreement, effectively providing a legal stabilisation framework for future investor confidence.

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[2] https://epravda.com.ua/columns/2021/04/14/672962/.

In this respect, Ukraine agrees to uphold the terms of the Agreement over any conflicting national laws, ensuring the Partnership and its Partners receive no less favorable treatment despite any future legal changes, and may not use domestic law as a justification for non-compliance. However, the Agreement also contains a number of caveats relating to Ukraine's commitments in the context of its accession to the European Union, which should be duly taken into account in the implementation of the Agreement.

Beyond ratification, the implementation of the Agreement, as well as the LP Agreement, will entail significant legislative and regulatory reforms, including adoption of secondary legislation, to, among other things, regulate budgetary constraints, investment priorities, financial oversight, and reporting mechanisms, as well as to reflect the Partnership's governance structure, revenue management, and decision-making process. The implementation of the Agreement and the LP Agreement will also require alignment with Ukraine's international commitments, particularly to the EU and international financial institutions.

From the U.S. perspective, the Agreement does not impose any concrete obligations on the U.S. government as the 2018 BUILD Act already offers mechanisms for DFC to implement the Agreement without requiring new legislation.

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

CONCLUSION

If ratified by the Ukrainian Parliament, the Agreement will likely create a legally binding framework for the joint development of Ukraine's natural resources, marking a new phase in U.S.-Ukrainian economic cooperation. However, its success will depend on resolving key governance and financial uncertainties, geopolitical challenges, as well as Ukraine's ability to implement the necessary legal and regulatory reforms.