

MP-IDSA *Commentary*

Ukraine's Strategic Minerals: Trump's War Alimony

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S*ummary*

President Trump is demanding that Ukraine provide the US with the equivalent of US\$ 500 billion in minerals and rare earths, in return for US assistance to Ukraine in its conflict with Russia.

History suggests that some wars fought between the 17th and 19th centuries were driven by the desire to control natural resources. The rise of industrialism spurred a struggle for raw materials. For instance, Chile engaged in armed conflict with Bolivia and Peru over control of guano mineral deposits during the War of the Pacific (1879–1884). In more recent times, the 1991 Gulf War often gets reflected as a conflict over resources. The United States (US) justified initiation of war by invoking the Carter Doctrine, which stated that the US would use military force to defend its national interests in the Persian Gulf.

However, today the US appears less inclined to fight wars directly over resources. Instead, it is leveraging ongoing conflicts to manage and secure access to vital natural resources. US President Donald Trump wants Ukraine to pay for the military support provided by the US to fight against Russia. In kind, he wants access to Ukraine’s Mineral Resources and Rare Earth Elements (REEs).

President Trump is emerging as one of the most prominent dealmakers in recent history. He has very little respect for traditional allies and hence appears to have sidelined Europe. His method is upfront: he wants the US to engage with the rest of the world based on a cost–benefit analysis. He expects returns on every investment the US makes, whether it is in the strategic, political, technological or economic spheres. Trump has clearly told Ukraine's President Volodymyr Zelensky that he expects the US to receive tangible returns for its assistance in Ukraine's conflict with Russia.

Specifically, he is demanding that Ukraine provide the US with the equivalent of US\$ 500 billion in minerals and rare earths. Today, Trump is openly critical of President Zelensky, calling him a dictator and accusing him of failing to strike a deal with Russia, thus forcing the war on Ukraine. As a result, Zelensky appears to be under a lot of pressure and has even announced that he would consider stepping down from the presidency, if it could help bring an end to the conflict. On the other hand, the US has not voted in favour of the UN resolution condemning Russia for the ongoing war.

At the same time, Zelensky has not totally surrendered. While marking the third anniversary of the ongoing war, he has stated that the US\$ 500 billion mineral deal was not a viable solution, stressing that it is unfair to expect a state to pay for wartime assistance. While he acknowledges the importance of mineral supplies for the US for their aerospace, defence and nuclear sectors, he believes that some negotiations are possible provided there are some guarantees for Ukraine’s security from the US. The Ukrainian President appears increasingly concerned about Trump's approach to resolving the crisis. There is a possibility that Trump could push for an

early peace deal—possibly favouring Russia—to end the war. Following that, he might swiftly begin exploiting Ukraine's mineral resources.¹

Strategic Minerals are those minerals which are essential both for military industry and civilian industry. This is essentially because many technologies in use at present are dual-use technologies. Many of these technologies and finished products from military systems to IT systems/smartphones to electric cars depend on minerals and REEs. There exists a complex nature of the supply chain network and diverse trade practices in regards to the management of critical minerals and REEs. There are very few countries in the world which are rich with critical mineral resources and Russia (and adjoining areas) is one such country. REEs are present mostly in states like China, Brazil, Australia and Russia/Ukraine. Today, there is a major concern about the depletion of mineral resources. The demand is continuously increasing while there are problems with supplies. Worldwide, various mining companies are known to be extracting minerals at an untenable rate.

Ukraine has significant deposits of rare earths. Ukraine has deposits of 21 rare earth elements from the list of 30 substances the European Union defines as “critical raw materials”. This amounts to approximately 5 per cent of the world’s reserves. Today, owing to climate change challenges, green energy has become the need of the hour. Green technology has significant dependence on minerals like lithium, cobalt, scandium, graphite, tantalum and niobium. Ukraine is rich with lithium deposits and this mineral is essential in the production of electric vehicle (EV) batteries. The reserves of this mineral amounts to about 500 thousand tons, and are mainly available at two sites, Shevchenkivske (Donetsk) and Kruta Balka (Zaporiyia), which are currently located in conflict areas.²

Apart from lithium, Ukraine also has the largest deposits of critical minerals like titanium. They have rare earth elements such as lanthanum and cerium which has importance for the TV industry. Then there is neodymium, which is useful for wind turbines and EV batteries. There are some deposits of erbium and yttrium, which are essential for a range of applications from nuclear power to lasers. In addition, Ukraine has scandium reserves but details are confidential. As per some estimates (Forbes), the value of these resources would be more than £12 trillion. Ukraine's reserves of graphite represent 20 per cent of global resources.³

¹ Justin Spike and Illia Novikov, [“Zelensky Says \\$500 Billion Mineral Deal is Off the Table but Ukraine is Open to Negotiations”](#), *TIME*, 23 February 2025.

² [“Rare Earths and Strategic Minerals in Ukraine”](#), Regional Information Centre for Western Europe, United Nations, 20 February 2025.

³ Tom Watling, [“Ukraine’s Rare Earth Minerals Deal: What Are the Details and Why Does Trump Want Them?”](#), *Independent*, 26 February 2025.

Owing to adoption to clean technologies, in coming years, the requirement for minerals like lithium, nickel, copper, etc. is going to increase manifold. There would be a requirement to start making operational new mines for this purpose. Obviously, Trump wants to expand the network of managing mineral resources for his country. It is interesting to observe that the leader who dismisses the concept of climate change is actually trying to grab the minerals, which are required for green technologies!

The Crimean Peninsula, annexed by Russia in 2014, also holds some high-value minerals. Also, the regions like Luhansk, Donetsk and Zaporizhzhia which have been taken under control by Russia around 2022, have more than half of the country’s mineral resources. In 2022, the Canadian think tank SecDev valued the total worth of deposits in occupied Ukraine at over US\$ 12 trillion. In addition to iron ore, key resources such as coal, titanium and manganese are found in Ukraine. Gold, natural gas, oil, kaolinite, salt, gypsum, zirconium and uranium are also present.⁴ Until now, some American companies have expressed interest in mining minerals in the Ukrainian region. However, if the US wants the deal to become profitable, then they would require access to areas which are under Russian control. Obviously, implementing any deal amongst the US and Ukrainian agencies (after a lasting ceasefire or end of conflict) is going to be a complicated process. Ukraine could push the US to ensure that they get their land back and only after that any deal is possible.

President Trump’s desire for acquiring strategic minerals is not new and in the past also he was pressuring another war-torn state for access to minerals. During 2017, Trump is known to have discussed Afghanistan’s mineral deposits with President Ashraf Ghani. Interestingly, even Afghanistan was known to promote mining as an economic opportunity for doing business with the US. From their side, there was an offer about the US getting access to the untapped mineral wealth in their country and investing into the extraction of rare earth minerals. For Trump, it was an opportunity to compensate for a costly war which the US was fighting for two decades. However, political disturbances did not allow any deal to happen.⁵

During 2022–2024, the US imported only some quantities of minerals like aluminium and copper from Afghanistan. Now, being the most disruptive leader in the world, there is an opportunity for Trump to engage the Taliban for a deal in minerals. In May 2024, the Taliban-controlled Ministry of Mines and Petroleum (MoMP) had indicated that they have managed investments worth more than US\$ 7 billion from China, Qatar, Turkey, Iran and the UK. Obviously, no specific details are shared with

⁴ Eugen Theise, “[Russia Plundering Ukraine’s Natural Resources](#)”, *DW*, 28 August 2023.

⁵ Waslat Hasrat-Nazimi, “[Afghan Minerals and New US Policy](#)”, *DW*, 29 August 2017.

the outside world, but the state is known to be having vast reserves of rare earth elements such as lanthanum, cerium and neodymium.⁶

The demand from the US side is for a US\$ 500 billion worth of Ukrainian minerals as compensation for the war assistance, but Zelensky claims that US military aid has totalled nowhere close to US\$ 500 billion. Negotiations are currently ongoing. Knowing the pattern of Trump’s approach, it could be said that he always starts with the maximalist position, but remains ready for some compromises. For Trump, it is important to realise that mining companies would make long-term investments only when security is assured. For mining activities experiences from Afghanistan to Africa (ex. Democratic Republic of Congo) indicates that business can only thrive if states are secure. First, Trump should find a solution to the Russia–Ukraine conflict, which would guarantee long-term peace. It takes years to develop mines for excavation and significant profit could be earned only if the mine remains functional for a few decades. Today, if Trump strikes a deal, then it would take a minimum two decades of time for the US to get substantial financial benefits from it.

Postscript: Ukraine and the United States have reached an agreement on mineral collaboration, though the details are still not made public.

⁶ [“Treasure Hunt: Why is Afghanistan Part of the Great Extractives Race?”](#), Global Initiative Against Transnational Organized Crime, 8 January 2025.

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