

Donald Trump makes Ukraine an offer it can't refuse

A proposed economic deal would be punitive. Saying “no” could be worse



Photograph: AP

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UKRAINIAN OFFICIALS are locked in talks with America whose brinkmanship is dizzying even by [Donald Trump's](#) standards. He and his team are demanding Ukraine sign over profits from its mining, ports and other industries in return for any backing from Uncle Sam. Speaking in Kyiv on February 23rd, after a night of crippling Russian drone attacks in the city, [Volodymyr Zelensky](#) rejected the “unfair” terms of the latest proposal and insisted that any agreement include military support. The talks are continuing. One question is how badly Ukraine is squeezed if there is a deal: an official says it is “not negotiation, but extortion”. The other is the retribution Mr Trump will inflict if [Ukraine](#) refuses to sign on the dotted line. There are growing fears in Kyiv that he might try to strangle the flow of military support, cut-off access to the Starlink satellite communications service, or accelerate his bilateral peace talks with Vladimir Putin.

Ukrainian officials say their encounters with Mr Trump's team are so confusing that they have been watching documentaries for clues about his negotiation style. The only thing that is clear is the level of MAGA aggression. Since February 12th there have been three versions of a deal: a “bad” one, a “better” one, and a “disastrous” one, pushed by a rotating cast of interlocutors from Team Trump, some of them Wall Street types. The idea originated in September with the Ukrainians when Mr Zelensky offered to grant mineral rights in exchange for future security assistance and an invitation to NATO. But Mr Trump has turned the concept on its head, claiming Ukraine's resources and infrastructure as recompense for aid America has already donated.

Under the latest, “disastrous”, version of a deal, say Ukraine's officials, it would be asked to transfer 50% of future state profits from natural resources and infrastructure like ports to a new investment fund owned by the United States government. The contributions will continue until the fund hits \$500bn, a figure that corresponds to Mr Trump's wildly inflated claims of how much America has spent on aid to Ukraine since the start of the war. At current rates of state income, that would take hundreds of years. Speaking on the 23rd, Mr Zelensky said under the latest terms the fund looked like a vehicle to repay debt, not one to encourage investment. And he would not accept that debt, he said: the American aid was furnished by Joe Biden as a grant. A Ukrainian official says: “If we sign this as it stands, tomorrow we'd be thrown out of office, and lynched by an angry mob.”

Mr Trump's team has been dialling up the pressure for weeks. Scott Bessent, the treasury secretary, presented Mr Zelensky with the first, “bad”, proposal on February 12th in Kyiv and gave him an hour to sign it. Mr Zelensky asked for more time. The “better” deal was then presented at the Munich Security Council a week ago by Keith Kellogg, Mr Trump's special representative for Ukraine, and J.D. Vance, his vice-president. Like the first offer it contained no promise to aid Ukraine's defence, apart from a clause about protecting the actual resources extracted. But, a Ukrainian government source says, “there was not the same explicit attempt to portray this as a payment for the imaginary debt.” After that Ukraine presented a counter-proposal. But on

February 20th it was stunned to receive another, the “disastrous”, draft. The process had been taken over by Howard Lutnick, the freshly installed commerce secretary. Disregard all previous negotiations, Ukraine was told, and get used to the idea of transferring resources with little tangible in return. Take it, or leave it—and lose the war.

The Ukrainians deny talks have reached a dead end. But it is not always clear which of the three American negotiating teams they should be talking to. The American Treasury was still insisting it had responsibility even as Mr Lutnick was laying out his version, the Ukrainians say. They worry that accepting Mr Lutnick’s version may alienate Mr Vance, and would prefer to return to the fairer Kellogg-Vance draft. “We had real, productive talks then, moving towards an agreement.”

Another problem is that there is a fundamental lack of clarity about the fund’s purpose. For example, writing in the *Financial Times* on February 22nd, Mr Bessent insisted it would only have a claim on government revenue and that it would finance long-term reconstruction. It was an “economic partnership” that would benefit both countries, prevent adversaries from profiting from a building-boom, and drive post-war growth. But Ukrainian officials counter that while the latest version would keep money in the country, America would claim ownership of both assets and investments, which looks more like a grab than an investment pact.

Likewise the sums mooted in the latest round of talks do not make sense. America says its military and economic assistance so far amounts to \$500bn. In fact Uncle Sam has transferred less than a quarter of that amount in weapons and direct budget support. The Trump team has yet to offer an explanation for the figure of \$500bn and may have invented it to please the boss. In any case it would be a gargantuan burden for a small, poor country, more than double Ukraine’s entire GDP. Mr Zelensky has insisted he needs something tangible in return for giving away mineral wealth. “I defend Ukraine, I can’t sell our country,” he said on February 19th.

One theory is that Mr Lutnick’s draft terms have been made more punitive as punishment for not caving in immediately. The Ukrainian’s push back has irritated the American president. “Once he saw that we didn’t sign with Vance and Kellogg, he sent a very senior guy who speaks only with figures and no emotions, no empathy, nothing,” says a Ukrainian source. There were implicit threats made and the tone was patronising. “The Americans said: This is a transaction of love. We are caring for you, but you don’t want to be in trouble.”

Mr Trump may react with fury to Mr Zelensky’s rejection of his terms on February 23rd. There is a fear that the Trump administration could resort to even cruder sources of leverage, for example cutting off access to Elon Musk’s Starlink satellites, the lifeblood of Ukraine’s frontline communications. Such drastic actions might leave Ukraine with little choice but to sign an unpopular deal. A senior Ukrainian official says that the negotiation is “rude”, but “it’s not the worst that could happen”. “Everything else that happens later will be worse.” ■