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Is an Economic Deal With Russia Good Business for Trump?

By Moscow Times Reporter

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President Donald Trump and Russian President Vladimir Putin. **Susan Walsh / AP / TASS**

Russia and the U.S. have been discussing resuming their economic cooperation, with Moscow touting potential joint projects in metals, rare earth mining and Arctic development.

However, despite the latest U.S.-Russian rapprochement, the economic rationale for such cooperation does not look particularly strong.

Russia-U.S. economic ties were already limited before the invasion of Ukraine, and the two countries remain rivals in trade with China and Europe.

What projects are on the Russia-U.S. agenda?

Russia has highlighted several potential areas of cooperation with the United States in a bid to soften Washington's stance ahead of possible negotiations to end the Ukraine war.

In its latest move, President Vladimir Putin proposed joint projects on rare earth elements and aluminum.

“We would be open to cooperation with our American partners [on joint projects on the extraction of rare earths] — and when I say ‘partners,’ I mean not only administrative and government agencies but also private companies — as long as they show interest in working together,” Putin said.

He added that resuming Russian aluminum exports to the U.S. could help lower prices there.

Russia’s economic focus is also evident in its choice of representatives for official talks with the U.S.

At a high-level meeting in Saudi Arabia on Feb. 18, the Russian delegation included Kirill Dmitriev, a Kyiv-born, Harvard-educated economist who heads the Russian Direct Investment Fund (RDIF).

A skilled technocrat with close ties to Putin’s inner circle, Dmitriev is credited with shaping Russia’s strategy of courting Trump and Elon Musk with promises of lucrative economic deals.

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While the U.S. did not send economic officials to the talks in Riyadh, U.S. Treasury Secretary Scott Bessent later indicated that sanctions relief could be considered once a Ukraine peace deal is reached.

What is the state of U.S.-Russian economic relations?

Trade relations between Russia and the U.S. are nearly nonexistent, with U.S. exports to Russia totaling only about $500 million in 2024, while Russian exports to the U.S. reached $3 billion.

For comparison, in the pre-war year of 2021, these figures stood at $6.4 billion and $29.6 billion, respectively, according to the U.S. Census Bureau.

By contrast, in 2024, the U.S. exported $370.2 billion worth of goods to the EU and imported $605.8 billion from Europe.

Russian-U.S. investment relations, largely frozen since the Kremlin’s invasion of Ukraine, once carried significant weight.

Calculating the exact volume of direct investment is notoriously difficult, as investments are often routed through intermediary countries with favorable tax regimes, such as the Netherlands or Cyprus. This practice makes it appear as though these nations are major investors in non-EU countries like Russia and Georgia.

A study by the UN Conference on Trade and Development (UNCTAD), which adjusted for these

distortions, found that the U.S. was the largest investor in Russia. As of 2017, American investment accounted for 8.9% of Russia's total cumulative foreign investment — about $39.1 billion.

Beyond major American companies that once operated in Russia, U.S. investors previously held stakes in leading Russian firms, including IT giant Yandex, food retailer VkusVill and online marketplace Ozon.

However, this is a small fraction of the estimated $6 trillion in total U.S. investments worldwide. Meanwhile, Russian investment in the U.S. remains minimal, totaling about $3 billion in 2022.

So while a potential Putin-Trump rapprochement could benefit select American businesses seeking favorable access to the Russian market, it is unlikely to be a game changer for the U.S. economy as a whole.

What about Russia's offer of rare earth elements?

On paper, Russia's pitch as a supplier of rare earth elements seems appealing.

The U.S. relies heavily on rare earths for both consumer technology — such as iPhones — and military applications, including the production of its flagship F-35 fighter jet. However, domestic production meets only a fraction of its needs, forcing the country to import the rest, with a significant portion coming from China.

Russia ranks among the top five countries in estimated rare earth reserves, but harsh climate conditions make extraction costly, limiting its share of global production to just 2%.

Moscow would certainly benefit from long-term investment by a major partner like the U.S. However, developing rare earth deposits requires significant capital, and the likelihood of the U.S. committing to expensive, multi-year projects in Russia remains low — especially given the country's unpredictable business climate.

Proposals like Putin's rare earths offer are "all for show," said Maximilian Hess, founder of Enmetena Advisory and a fellow at the Foreign Policy Research Institute.

"There are probably people in the Trump administration who take them seriously, but getting actual Western companies to invest in Russia's most sensitive sectors is just not going to happen anytime soon, even if the Trump administration capitulates to Putin tomorrow," Hess told The Moscow Times.

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Could Russia partner with the U.S. to shape the global economy?

Then there is the question of whether Russia can form an economic partnership with the U.S. to shape global economic rules or complement each other in international trade.

But that scenario does not sound particularly realistic, either.

First, Russia is still a developing country focused on luring foreign investors, promoting its own exports and boosting domestic production of high-value-added goods, such as cars and IT equipment.

This agenda is also accompanied by providing favors to Russian domestic producers and relaxing intellectual property rules. None of this aligns with U.S. priorities, which include safeguarding its dominant position in the technology sector, protecting intellectual property rights and bringing major manufacturers back to American soil.

Second, the Russian and American economies are hardly complementary.

Notably, both are major energy producers and compete for export markets, including China, India and Europe. For example, during his first administration, Trump pushed for Europe to buy more American liquefied natural gas (LNG), which finally happened after Russia's full-scale invasion of Ukraine.

“Both Russia and the U.S. want to export a lot more LNG, so they are competing there,” Hess said.

Even in the Arctic, another potential area of Russian-American cooperation, the two countries are developing competing shipping routes, Hess noted.

Russia aims to transport more LNG via the Northern Sea Route, which connects Europe and Asia, while the U.S. is prioritizing the Northwest Passage, which connects the Atlantic and Pacific oceans through the Canadian Arctic.

In theory, Washington could benefit from Russia cutting its energy exports to China, but even that is a dubious proposition, Hess said.

“Putin isn’t going to do that, and even if he did, those Russian supplies would be redirected to Europe, which would again work against Trump’s interests in selling more American energy to Europe,” Hess concluded.

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