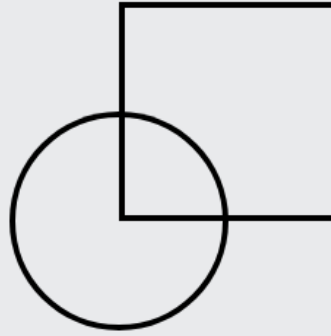




COUNTRY PROFILE N°13 – La Ligne Fine



LA LIGNE FINE

Institut

Republic of Argentina



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Published: 2026-09-29



Official Name: Argentine Republic
Capital: Buenos Aires
Population: 46,234,830 (2022 national census)
Area: 3,761,274 km²
Official language: Spanish
Currency: Argentine Peso
Political system: Federal, representative, republican and federal republic
Head of State: Javier Gerardo Milei, President of the Nation since December 10, 2023
Head of Government: The President of the Nation also exercises the direction of the national executive, within the framework of a presidential system.
Secretary General of the Presidency of the Nation: Karina Milei.
Vice-President: Victoria Eugenia Villarruel.
Ruling party: *La Libertad Avanza* (conservative libertarianism, ultra-liberalism and radical right).
Main opposition: The centre-left Peronist coalition *Fuerza Patria* (formerly *Unión por la Patria*).
Structuring electoral results: Javier Milei won the 2023 presidential election with 55.65% of the vote. The parliamentary elections of October 2025

then strengthened the parliamentary representation of his camp¹.

Current GDP: US\$683.1 billion in 2025².

Projected growth: Projected growth is around 4%.

Projected inflation: Inflation is currently presented at around 30%.

Strategic resources: Argentina has significant energy, mining and agricultural resources. The Vaca Muerta field is a major oil and gas resource. The country also has lithium and copper resources, as well as a particularly competitive agricultural and agri-food sector. Cattle farming, fishing and aquaculture potential complete this natural resource base. Offshore hydrocarbons around the Falklands are also a strategic issue.

Central energy player: The hydrocarbon sector is one of the main levers of the future Argentine energy and export power. Vaca Muerta occupies a central place, while offshore oil projects around the Falklands represent a major energy and geopolitical issue.

Military spending: 0.6% of GDP in 2024³

Geopolitical status: Argentina is engaged in a sovereignty dispute with the United Kingdom over the Falkland Islands, the South Georgia and the South Sandwich Islands. Buenos Aires considers these territories to be an integral part of the national territory and affirms that their sovereignty is a permanent and irrevocable objective. The UN recognizes the existence of this dispute and calls for its settlement through bilateral and peaceful negotiations.

International organizations and frameworks: The UN is the main international framework for the Falklands dispute. The Argentine government claims to have obtained 18 resolutions and statements from international organizations and forums in favor of its position, as well as presented more than 60 formal proposals challenging the unilateral British actions.

¹Directorio Legislativo – Fortalecemos las Democracias de América Latina, *Javier Milei es electo presidente de la Argentina*

<https://directoriolegislativo.org/es/javier-milei-es-electo-presidente-de-la-argentina/>

²World Bank, GDP (current US\$) - Argentina <https://donnees.banquemondiale.org/indicateur/NY.GDP.MKTP.CD?locations=AR>

³World Bank, Military Spending (% of GDP) - Argentina

<https://www.google.com/url?q=https://donnees.banquemondiale.org/indicateur/MS.MIL.XPND.GD.ZS?locations%3DAR&sa=D&source=docs&ust=1790564190376853&usq=AOvVaw3fe2MutKhQOwBtaVTsXzTZ>

Executive Summary

Argentina is a continent-sized power with considerable economic, energy, agricultural and mining potential, but whose recent trajectory remains marked by strong macroeconomic, social and institutional instability. The arrival of Javier Milei as president in December 2023 opened a phase of rupture with some of the previous economic policies, based on the reduction of public spending, the search for a balanced budget, disinflation, deregulation and the attraction of foreign investment⁴.

The country has several structural levers that can strengthen its power: Vaca Muerta (located in the regions of Neuquén, Mendoza and Rio Negro) and its shale oil and gas resources, lithium and copper, extremely competitive agriculture, a developed agri-food sector, knowledge-based services and significant potential in technological fields⁵. The development of these resources can allow Argentina to increase its exports, generate more foreign exchange and reduce some of its financial vulnerabilities. The territorial distribution of these resources also gives the provinces a major role in the country's economic policy and productive transformation.

However, macroeconomic stabilisation is an incomplete process. Inflation has fallen sharply compared to the levels seen at the beginning of Javier Milei's presidency⁶ and the country has returned to budget surpluses⁷. Poverty has also fallen between 2024 and 2025. But the recovery remains socially uneven, while industry, SMEs and part of domestic consumption remain under pressure. The central challenge is therefore to transform financial stabilisation into sustainable, productive and sufficiently inclusive growth.

Argentina also continues to be characterized by significant federalism⁸. The provinces have significant political and economic autonomy and play a direct role in the management of many natural resources. Neuquén for Vaca Muerta, Salta, Jujuy and Catamarca for lithium, or San Juan for copper illustrate the territorial dimension of the economic strategy. The relationship between the federal government and the provinces is thus a determining factor in the implementation of investment, infrastructure, resource exploitation and productive development policies.

Strategically, the Falklands are still a central element of Argentine foreign policy. The dispute with the United Kingdom takes on an additional dimension with the development of offshore hydrocarbon projects around the archipelago. The Sea Lion project⁹, in particular, directly associates the issue of territorial sovereignty with that of the exploitation of energy resources. Buenos Aires now simultaneously uses diplomatic, judicial, economic and regulatory instruments to challenge activities that it considers to be carried out without its authorization.

This development is part of a broader desire to strengthen Argentina's presence in the South Atlantic and to reconstitute defence and national security capabilities. In particular, the government is considering strengthening military and logistical infrastructure in Tierra del Fuego, as well as a more integrated approach combining defence, intelligence, diplomacy, the

⁴Annexo, Plataforma Electoral la Libertad Avanza

<https://www.electoral.gob.ar/nuevo/paginas/pdf/plataformas/2023/PASO/CABA%20501%20LA%20LIBERTAD%20AVANZA%20ADHIERE%20PLATAFORMA%20ON.pdf>

⁵Argentine State, *Argentina Nuestro país* <https://www.argentina.gob.ar/pais>

⁶BBVA RESEARCH: August 2026 inflation <https://www.bbvaresearch.com/publicaciones/argentina-inflacion-de-agosto-17-mm-la-mas-baja-en-14-meses/>

⁷Directorate-General of the Treasury (France): Indicators and Economic Conditions (of Argentina) <https://www.tresor.economie.gouv.fr/Pays/AR/indicateurs-et-conjoncture>

⁸Argentine Constitution Article 1 <https://servicios.infoleg.gob.ar/infolegInternet/anexos/0-4999/804/norma.htm>

⁹Navitas Petroleum: *Sea Lion* <https://www.navitaspet.com/project/sea-lion/>



economy and the protection of critical infrastructure¹⁰.

At the same time, Javier Milei's foreign policy is characterised by a marked rapprochement with the United States and Israel, a desire to deepen economic relations with Western investors and a favourable orientation towards free trade agreements. Argentina thus seeks to reposition itself as a strategic supplier of natural resources and as a privileged economic and political partner of the Western powers. However, this orientation does not eliminate economic interdependencies with China, which remains an important trading partner and investor in several strategic sectors.

Regional integration also remains a structural component of the Argentine economy. Mercosur, and in particular the relationship with Brazil, plays a central role in trade and in certain industrial chains, particularly in the automotive sector. Argentina must therefore articulate several economic areas: the South American regional market, the American and European markets, Chinese and Asian outlets, and international financial institutions.

The main strategic issue for the next few years will therefore be Argentina's ability to convert its geographical advantages and natural resources into sustainable economic power, while avoiding a new over-dependence on debt, foreign capital or commodity cycles. The social question, institutional stability, foreign exchange reserves, the future of industry, relations between the federal state and the provinces and the management of the Falklands dispute will be the main tests of this transformation.

¹⁰Speech by President Milei (September 03, 2026), *Cadena Nacional del Presidente Javier Milei sobre la Causa Malvinas* <https://www.caserosada.gob.ar/slider-principal/51360-cadena-nacional-del-presidente-javier-milei-sobre-la-causa-malvinas>

Strategic historical landmarks

Argentina is a federal state¹¹ of continental dimension whose contemporary trajectory is profoundly marked by the construction of national sovereignty, cycles of economic crisis, periods of political instability and relations with the great powers.

Argentine territory was previously occupied by many originary peoples with different forms of political organization and modes of subsistence. The colonial period then integrated the territory into the Spanish imperial space. Independence in the nineteenth century opened a long phase of state construction and territorial organization¹².

Argentina is gradually developing an economy strongly focused on agriculture and livestock, thanks in particular to the immensity of its productive land. Agriculture, cattle breeding and agri-food exports are thus becoming structuring elements of the national economic power.

Contemporary history is then marked by a succession of political and economic cycles. The decades of the twentieth century are characterized by alternation between civil and military governments, the influence of Peronism, periods of significant state intervention, inflationary crises and recurrent difficulties related to debt and foreign exchange reserves.

The military dictatorship of 1976-1983 was a major turning point¹³. It was associated with a period of political repression and massive human rights violations. Since the return to democracy in 1983, transitional justice and the memory of this period have been important elements of Argentine political life. Since 2006, 1,202 people have been convicted and 213 acquitted for crimes against humanity committed during the dictatorship, according to the data provided in the sources.

The Falklands War of 1982 was another structuring event. The conflict with the United Kingdom lasted 74 days and resulted in the deaths of 649 Argentines and 255 Britons. The Argentine defeat contributed to the fall of the military dictatorship and remains a central element of Buenos Aires' sovereignty policy today.

The Argentine claim also has its origins in the British occupation of 1833, which constitutes the historical basis for Buenos Aires' claim to sovereignty. The Argentine Constitution enshrines this claim as a permanent and irrevocable objective concerning the Falklands, the Georgias del Sur, the Sandwich del Sur and the associated maritime areas.

Recent history has been dominated by a succession of economic crises. Before Javier Milei came to power in December 2023, Argentina was experiencing a situation characterized by extremely high inflation, a large budget deficit, a shortage of foreign exchange and high financial fragility.

The election of Milei in November 2023, with 55.65%¹⁴ of the vote, marks a significant political break. His government undertook a rapid transformation of economic policy: reduction of public spending, deregulation, state reform, disinflation and the search for foreign investment.

Argentina enters the current period with a dual legacy. On the one hand, it has considerable territorial, agricultural, energy and mining depth. On the other, its history of economic crises,

¹¹Argentine Constitution (Articles 1, 5, 121-129) <https://servicios.infoleg.gob.ar/infolegInternet/anexos/0-4999/804/norma.htm>

¹²Larousse: *Argentina: history*
https://www.larousse.fr/encyclopedie/divers/Argentine_histoire/186995

¹³Larousse: *Argentina: political life since 1945*
https://www.larousse.fr/encyclopedie/divers/Argentine_vie_politique_depuis_1945/187451

¹⁴Directorio Legislativo – Fortalecemos las Democracias de América Latina, *Javier Milei es electo presidente de la Argentina*
<https://directoriolegislativo.org/es/javier-milei-es-electo-presidente-de-la-argentina/>



debt, political instability and confrontation over the Falklands continues to structure its perception of sovereignty and power.

Current political structure

Argentina is a representative, republican, and federal republic. Power is organized around three branches: the executive, headed by the President of the Nation, the legislative branch composed of the Senate and the Chamber of Deputies, and the judiciary¹⁵.

Javier Milei has been president since December 2023. His arrival in power was a break with the main traditional political forces. He advocates a significant reduction in the economic role of the state, a policy of budgetary austerity and a transformation of the regulatory framework in order to increase private investment.

The government has gradually strengthened its parliamentary position. The parliamentary and senatorial elections of October 2025¹⁶ strengthened the presidential camp, giving it an increased capacity to support its agenda and secure some presidential vetoes. The adoption of the Milei government's first budget in December 2025, after two years without an adopted budget¹⁷, is also an important element of this development.

The relationship between the executive and the oversight institutions nevertheless remains a major issue. Several important institutional positions remain vacant. The post of Ombudsman has been vacant since 2009¹⁸ and a significant number of federal and national judicial posts also remained vacant in 2025.

The Supreme Court is another point of tension. In February 2025, Milei used a presidential decree to appoint two people to the Supreme Court. The Senate rejected these appointments in April 2025. The government then changed the system for choosing judges to limit the number of steps in the election¹⁹.

The relationship between the executive branch and Congress is also contentious over certain public policies. The president has used his veto power against several bills concerning pensions, university funding and people with disabilities, among others. In some cases, Congress has then succeeded in overturning these vetoes²⁰.

Domestic politics is therefore characterized by a paradox. The government has increased political capacity to implement its agenda, but its relations with some oversight institutions remain strained. The ability of checks and balances to function effectively is thus an important element of medium-term political stability.

The federal nature of the State is an essential dimension of Argentina's political and economic functioning. The provinces have significant autonomy and play a major role in the implementation of public policies, particularly in the areas of education, health, infrastructure and productive development. The financial relations between the national and provincial governments have been a subject of negotiation and conflict for several decades.

¹⁵Argentine State, *Argentina Nuestro país* <https://www.argentina.gob.ar/pais>

¹⁶Dirección Nacional Electoral: Resultados electores 2025 <https://resultados.elecciones.gob.ar/>

¹⁷Oficina de Presupuesto del Congreso: ANÁLISIS DE LA EJECUCIÓN PRESUPUESTARIA DE LA ADMINISTRACIÓN NACIONAL – DICIEMBRE 2025

<https://opc.gob.ar/ejecucion-presupuestaria/ejecucion-mensual-base-devengado/analisis-de-la-ejecucion-presupuestaria-de-la-administracion-nacional-diciembre-2025/>

¹⁸Defensoría del Pueblo: <https://www.dpn.gob.ar/>

¹⁹Decreto 467/2026 <https://www.argentina.gob.ar/normativa/nacional/norma-426662>

²⁰La Nación, *Qué leyes vetó Javier Milei?* <https://www.lanacion.com.ar/politica/que-leyes-veto-javier-milei-nid11092025/>



The system of fiscal co-participation is one of the main instruments of redistribution between the federal government and the provinces. This organization creates interdependence between the different levels of government: the national state retains significant fiscal capacity while the provinces are partly dependent on transfers and have significant responsibilities for the provision of public services.

Federalism also has a strategic dimension because of the geographical distribution of natural resources. The Argentine Constitution recognizes that the provinces have the original ownership of the natural resources present in their territory. This provision gives the provincial governments a decisive role in the negotiation and management of many mining and energy projects.

This dimension is particularly visible in sectors considered strategic. Neuquén occupies a central position for Vaca Muerta, while Salta, Jujuy and Catamarca concentrate a large part of the lithium-related activity. San Juan also plays a major role in the development of copper. National investment policies must therefore be articulated with provincial policies and with local capacities in terms of infrastructure, taxation, environment and productive development.

Federalism is thus both a constraint and a lever for Argentina's economic strategy. The national government can define the macroeconomic and regulatory framework, but the transformation of resources into investments, jobs and exports also depends on the ability to coordinate the different levels of government.

The social issue is also a central political factor. Poverty reduction between 2024 and 2025 is a positive development, but poverty levels remain high, especially among children and informal workers. Public spending reduction measures have also led to social mobilizations and tensions.

The Argentine system is undergoing a phase of profound transformation around the Milei presidency. The main political issue is not only the government's ability to impose its reforms, but its ability to sustainably maintain institutional and social stability during a rapid economic transformation.

Economic structure

Argentina is the third largest economy in Latin America behind Brazil and Mexico. It is a member of the G20 and Mercosur and has a relatively diversified economy, based on agriculture, livestock, fisheries, industry, energy, mining, tourism and services.

The Milei government's economic policy is mainly based on macroeconomic stabilization. Reducing public spending, stopping monetary financing of the deficit, the initial devaluation of the peso, restrictive monetary policy, and deregulation are the main instruments used.

One of the most important results is the dramatic drop in inflation. The data provided indicate that annual inflation has risen from 236.7% in 2024 to 33.6% in 2025²¹. The decrease in inflation is therefore a major change from the situation observed at the beginning of the Milei presidency.

The government has also recorded budget surpluses. In 2024, Argentina would have recorded its first annual budget surplus since 2008. In the first four months of 2026, the primary balance was still positive, at around 0.5% of GDP, while the financial balance reached around 0.2% of GDP²².

However, this stabilization comes at a significant economic and social cost. The adjustment has been mainly based on spending cuts rather than a general increase in taxes. The measures cited include the elimination of public programs, the reduction of subsidies, the reduction of public investment, and the reduction of the size of government.

Industry retains an important structural role in the Argentine economy. The country has an industrial base in the automotive, metallurgy, chemical, agri-food, agricultural machinery and various manufacturing sectors. Part of this industry is strongly integrated into regional trade, particularly with Brazil. The challenge is therefore to determine whether trade opening up and the arrival of new investments will allow the modernization of the productive fabric or whether certain sectors exposed to international competition will remain under pressure.

SMEs and micro-enterprises also appear to be exposed. The increase in restructuring procedures and the difficulties of access to financing are indicators of the fragility of the productive fabric.

The social situation has nevertheless improved on several indicators. Poverty fell from 54.8% in June 2024 to 31.6% in June 2025, while extreme poverty reached 6.9%. However, this progress must be seen in relation to the persistence of high social vulnerability: 45.4% of children under the age of 14 were living below the poverty line in June 2025 and 37.7% of workers were employed in the informal sector²³.

Agriculture and agribusiness are a historical pillar of Argentina's economic power. The country has significant capacities in cereals, oilseeds, cattle breeding and agri-food processing. The agro-export complex is a key source of foreign exchange and remains highly integrated into international markets.

²¹Fondo Monetario Internacional: *Argentina mira hacia el futuro* <https://www.imf.org/es/blogs/articles/2026/07/31/argentina-looks-forward>

²²Trading Economics, *Value of Government Budget in Argentina* <https://fr.tradingeconomics.com/argentina/government-budget-value>

²³International Finance, *Argentina's chainsaw budget record at a crossroads* <https://www.google.com/url?q=https://internationalfinance.com/fr/magazine/argentinas-chainsaw-balance-sheet-at-a-crossroads/&sa=D&source=docs&ust=1790565069656622&usg=AOvVaw10MrGzDFZWUKYJPwuWtjSe>



Cattle farming is another lever for moving upmarket. The potential strategy is not necessarily to compete with Brazil on volumes, but to strengthen specialization in quality meats with high added value. The transformation of cereals such as corn into animal products also increases domestic value added.²⁴

The relative decline in domestic beef consumption in favour of chicken and pork could free up more production for external markets²⁵.

However, agriculture remains exposed to several structural vulnerabilities: dependence on international prices, climatic conditions, infrastructure needs and export taxation. Relations between the federal government and the agricultural sector are also an important political issue, particularly with regard to export levies and the distribution of revenues generated by the sector.

Agriculture and agribusiness therefore constitute a second pillar of economic power, alongside energy and mining. Argentina also has a knowledge-based services sector with exports estimated to be worth around \$18 billion in 2025²⁶.

The labour market is another structural dimension of the Argentine economy. The high level of informality²⁷ limits the access of a significant part of the population to social protection mechanisms and reduces the economy's ability to generate formal employment and a sustainable increase in productivity.

At the same time, the trade union movement retains an important institutional role. The General Confederation of Labour (CGT), as well as the various trade union federations, are historical players in the Argentine political and social system. The trade unions have a significant capacity for mobilization and play a role in wage negotiations, collective agreements and social conflicts.

This configuration contributes to making the labour market a space for negotiation between the State, employers' organisations and workers' organisations. The economic reforms undertaken since 2023 must therefore be analysed not only through their budgetary and regulatory effects, but also through their consequences on industrial relations and social protection.

The formalization of employment thus represents a long-term structural challenge. It conditions income, productivity, the financing of social protection and the State's ability to reduce poverty in the long term.

Finally, the RIGI (Régimen de Incentivo para Grandes Inversiones - Incentive Scheme for Major Investments)²⁸ is a central instrument of economic strategy. It aims to attract large foreign investments in sectors considered strategic. The projects concern in particular energy, mining and infrastructure.

²⁴La Nación, "Estamos triplicando": el boom de la carne certificada argentina apunta a superar las 20.000 toneladas exportadas <https://www.lanacion.com.ar/economia/campo/estamos-triplicando-el-boom-de-la-carne-certificada-argentina-apunta-a-superar-las-20000-toneladas-nid17092026/>

²⁵Asociación Argentina de Angus: Informe mensual <https://www.angus.org.ar/finder/files/informes/Informes%20Mensuales%202026/Informe%20Mensual%20Angus%20-%20Junio%202026.pdf>

²⁶Ministerio de Relaciones Exteriores, Comercio internacional y Culto, "Análisis del Comercio de Servicios de la Argentina" <https://cancilleria.gob.ar/en/cie/news/analysis-argentinass-trade-services-2025>

²⁷Ministerio de Economía, *Mercado de trabajo. Indicadores de informalidad laboral (EPH)* https://www.indec.gob.ar/uploads/informesdeprensa/informalidad_laboral_eph_04_26798CEA49F8.pdf

²⁸Ministerio de Economía, RIGI <https://www.argentina.gob.ar/economia/rigi>



Argentina has achieved a significant improvement in its major macroeconomic balances, but the transition from stabilization to sustainable growth remains to be demonstrated. The challenge is to ensure that natural resources, agricultural exports, and foreign investment also finance productive diversification and industrial upgrading.

Energy and strategic rent

Energy is one of the main levers for the transformation of Argentine power. Vaca Muerta occupies a central place. The field has significant shale oil and gas resources and represents a major potential for increasing energy production and exports.

The construction of new hydrocarbon transport infrastructure is a testament to the objective of increasing export capacity²⁹. The development of Vaca Muerta can enable Argentina to reduce some of its historical constraints related to the lack of foreign exchange and to transform a national resource into external revenues.

The provincial dimension is essential to this strategy. Neuquén is the main development centre for Vaca Muerta, while Mendoza and Rio Negro are also involved in hydrocarbon-related activities. The growth of the sector therefore involves investment in infrastructure, transport, business services and local capacity, as well as coordination between national and provincial authorities.

The mining sector is a second pillar. Argentina has significant lithium and copper resources³⁰. The data provided show that Argentina is the world's fourth largest producer of lithium and has significant reserves.

The development of lithium and copper is particularly strategic in the context of the global energy transition. These resources can attract considerable investment and give Argentina a more prominent place in value chains related to batteries, power grids and electrification.

Lithium also has an important geopolitical dimension. The provinces of Catamarca, Jujuy and Salta concentrate the main Argentine projects and must therefore articulate their mining policies with national development strategies and with the interests of foreign companies. The presence of Chinese, American, Canadian, Australian and European investors gives the sector a dimension directly linked to international competition for critical minerals.

However, the risk is to limit this strategy to the export of raw materials. The local processing of minerals is therefore an important issue. The ability to develop industrial chains around lithium, copper and hydrocarbons would determine a significant part of the value actually captured by the Argentine economy.

The projects submitted to the RIGI illustrate this dynamic. The data provided show several tens of billions of dollars in commitments, particularly around lithium in Salta and copper in San Juan.

²⁹Gobierno argentino, *Infraestructura de soporte para la economía del hidrógeno*

<https://www.argentina.gob.ar/asuntos-estrategicos/estrategia-nacional-para-el-desarrollo-de-la-economia-del-hidrogeno-9>

³⁰Business France, Team France Export, *The mining sector in Argentina* <https://www.teamfrance-export.fr/fiche-marche/infrastructures/mines/AR>



However, energy is not limited to the economy. It is directly linked to the Falklands dispute. The Sea Lion project, led by Navitas Petroleum and Rockhopper Exploration³¹, concerns the exploitation of offshore hydrocarbons in an area located about 220 kilometres north of the islands and claimed by Argentina.

The project would aim to produce around 50,000 barrels per day from 2028 according to projections. However, this is a projection and not current production. Sea Lion gives an additional dimension to the territorial dispute. Offshore resources can now be a source of income that could economically strengthen the British presence in the archipelago. Buenos Aires therefore considers the exploitation of these resources as a question of sovereignty but also as an economic and strategic issue.

The Argentine government has taken legal action against companies involved in resource exploitation and is seeking to tighten sanctions against actors involved in projects deemed unauthorized.

Argentina has a rare opportunity to transform its energy and mining resources into an economic powerhouse. But this opportunity is linked to three conditions: investment capacity, export infrastructure and the ability to retain a sufficient share of the value added on the national territory.

³¹Navitas Petroleum: *Sea Lion* <https://www.navitaspet.com/project/sea-lion/>

International positioning

Argentina's foreign policy underwent a major reorientation under Javier Milei, with priority given to rapprochement with the United States and Western partners, while maintaining structuring economic relations with China, Brazil and the country's other trading partners.

The relationship with the United States is now one of the main axes of Argentina's international positioning. Javier Milei seeks to deepen economic, political and strategic relations with Washington and to position Argentina as a reliable Western partner. The rapprochement with Donald Trump reinforces this orientation and is part of a political convergence between the two governments. This relationship also has an important economic and financial dimension, notably through American support for Argentina and the \$20 billion swap line³². At the same time, Buenos Aires is seeking to attract more American capital, strengthen bilateral trade and promote greater openness in its economy³³. However, this proximity to Washington does not mean that Argentina's interdependencies with the other major powers have disappeared.

China is also a structural economic partner of Argentina³⁴. It is a major trading partner and plays an important role in agricultural exports, imports of manufactured goods, as well as energy and mining investments. Chinese companies have a presence in the lithium, energy and certain infrastructure sectors. Lithium is a particularly important area of this relationship, with Chinese investments in several producing provinces. This situation also illustrates the role of provincial governments in Argentine international economic relations, as the provinces have significant jurisdiction over their natural resources. The Western repositioning of the Milei government and the political distance taken from Beijing do not therefore eliminate the trade and productive interdependencies between the two countries. Argentina must therefore maintain a balance between its rapprochement with Washington and the need to preserve its economic relations with Beijing³⁵.

At the same time, Mercosur remains a structural element of Argentina's international integration³⁶. The organisation enables Argentina to maintain privileged economic integration with its South American neighbours, and in particular with Brazil, which is a major partner for trade. This relationship has a particularly important industrial dimension: the automotive production chains, trade in intermediate goods and several manufacturing sectors are based on a strong complementarity between the Argentine and Brazilian economies. Mercosur is therefore not only an export market but also a framework for regional production. The relationship with Brazil also has a political dimension. Differences between governments can affect trade negotiations and Mercosur's orientations, but economic interdependence limits the possibility of a complete break. Argentina's desire to strengthen free trade agreements must therefore be placed in this regional context: the challenge is to reconcile the opening up to new markets with the preservation of regional value chains and Argentine industrial interests.

Beyond these three axes, Argentina is seeking to strengthen its integration into international economic and diplomatic structures. The country has refused to join the BRICS and has expressed its desire to become a "global partner" of NATO³⁷. The application to join the

³²US Congress, U.S. Financial Support to Argentina <https://www.congress.gov/crs-product/R48780>

³³US Department of State, HOJA INFORMATIVA: Estados Unidos y Argentina crean el Corredor Andes-Atlántico <https://www.state.gov/translations/spanish/hoja-informativa-estados-unidos-y-argentina-crean-el-corredor-andes-atlantico/>

³⁴XinhuaNet, *Argentina's relations with China are in a "very good" situation* (Argentina's MFA)

<https://french.xinhuanet.com/20260918/f9f29987b48d4ea88cedd3a89352b424/c.html>

³⁵France 24: *For Milei, a balancing act between trade with China and allegiance to Trump*

<https://www.france24.com/fr/info-en-continu/20260205-pour-milei-un-exercice-d-%C3%A9quilibre-entre-le-commerce-avec-la-chine-et-l-all%C3%A9geance-%C3%A0-trump>

³⁶Ministerio de Economía, *Qué es el MERCOSUR?* <https://www.argentina.gob.ar/economia/asuntosinternacionales/mercotur>

³⁷France 24, *Argentina: el Gobierno de Milei le dice no a los BRICS*

<https://www.france24.com/es/minuto-a-minuto/20231229-argentina-formaliza-su-renuncia-a-integrar-los-brics>

OECD³⁸ is also part of the desire to further integrate Argentina into Western economic structures. Argentina is thus seeking to attract international investment, promote free trade agreements and strengthen its trade integration. In particular, it supports the EU-Mercosur agreement³⁹ and seeks to develop its relations with European investors. The relationship with the IMF is also a structural dimension of the country's international integration. The agreement reached with the Fund in 2025 provides for a program of \$20 billion over four years⁴⁰. It is part of a longer relationship between Argentina and the IMF, marked by recurrent balance of payments difficulties, the need for foreign exchange, the level of reserves and debt servicing. International financial programs are thus associated with macroeconomic stabilization and structural reform objectives, making external financing an important element of Argentina's economic trajectory and international room for manoeuvre.

At the same time, the question of the Falklands remains at the centre of Argentine diplomacy. Buenos Aires is seeking to maintain its claim to sovereignty while using international law and multilateral organisations to obtain a peaceful settlement of the dispute. The issue now has an energy dimension, with the development of oil activities around the islands leading Buenos Aires to combine territorial claims, legal disputes, economic measures and diplomatic pressure. The position of the United States is an element to be monitored; Donald Trump's statements may suggest a change in the American position, but this element must be distinguished from established diplomatic facts and considered as an announced political position as long as it is not confirmed by official acts⁴¹.

Argentina's international positioning is therefore based on several complementary but sometimes difficult to reconcile relationships: political and strategic rapprochement with the United States, economic interdependence with China, regional integration through Mercosur and maintenance of relations with European partners and multilateral institutions. The objective is to transform the country's resources and economic potential into more international influence, while maintaining room for manoeuvre between its various partners. This diversification of relations is both a lever for Argentina and a source of constraints, particularly because of its external financing needs, its dependence on international markets and the divergent interests of its main partners.

³⁸OECD: Argentina <https://www.oecd.org/es/countries/argentina.html>

³⁹Bolsa de Comercio de Rosario: *Implementación del acuerdo UE-MERCOSUR: Implicancias y oportunidades para Argentina* <https://www.bcr.com.ar/es/mercados/investigacion-y-desarrollo/informativo-semanal/noticias-informativo-semanal/implementacion>

⁴⁰Ministerio de Economía, *Argentina anuncia un programa de facilidades extendidas con el Fondo Monetario Internacional por USD20.000 millones* <https://www.argentina.gob.ar/noticias/argentina-anuncia-un-programa-de-facilidades-extendidas-con-el-fondo-monetario>

⁴¹CNN World, *Argentina ratchets up Falklands tensions after Trump casts doubt on support for Britain* <https://edition.cnn.com/2026/09/04/americas/argentina-oil-sanctions-falkland-islands-hnk-intl/>



Security, defence and conflict

Argentine security is now structured around several dimensions: territorial defence, the South Atlantic, the Falklands, strategic resources, energy security, infrastructure protection and new forms of conflict⁴².

The Falklands dispute remains the country's main territorial dispute. The 1982 war remains a structuring element of Argentine political doctrine and the national perception of sovereignty.

The energy issue now gives a new dimension to the issue. Offshore exploitation around the islands directly associates the disputed territory with resources that are likely to generate significant revenues.

The Milei government wants to strengthen the instruments for defending sovereignty. The announced projects include the construction of an integrated naval base in Tierra del Fuego, the development of telecommunications infrastructure and the strengthening of the southern region's role as a logistics hub for the South Atlantic.

A more integrated approach to national security is also envisaged. The draft National Security Council must notably involve Foreign Affairs, Defence, Intelligence and the Economy.

This evolution reflects a broader conception of power. The protection of Argentine interests is no longer based solely on the armed forces, but on the combination of diplomatic, judicial, economic, regulatory and military means.

The protection of critical infrastructure and the maritime and aerospace domains is part of this logic. Internal security is another issue. The measures taken since 2023 to strengthen police capacity in the face of protests have caused tensions with certain social movements and international concerns about civic space. This aspect must be distinguished from external defence: it is mainly concerned with the management of internal social and political conflict.

Argentina must also take into account the South Atlantic and Antarctica. Its geographical position gives it a particular strategic interest in this region, where maritime, energy, scientific, logistical and territorial issues intersect.

Argentina's strategy is evolving towards a more comprehensive conception of national security, in which defence, natural resources, intelligence, diplomacy, infrastructure and the economy are increasingly interconnected.

⁴²Speech by President Milei (September 03, 2026), *Cadena Nacional del Presidente Javier Milei sobre la Causa Malvinas* <https://www.caserosada.gob.ar/slider-principal/51360-cadena-nacional-del-presidente-javier-milei-sobre-la-causa-malvinas>

Risks and vulnerabilities

The first vulnerability is financial. Despite the improvement in public accounts and the decline in country risk, Argentina remains dependent on its foreign exchange reserves, external financing and market confidence.

The second vulnerability is monetary. The stability of the peso remains a central issue. Further pressure on reserves or on the foreign exchange market could weaken the progress made on inflation.

The third vulnerability is social. The reduction in poverty is a significant improvement, but nearly 32% of the population remained below the poverty line in June 2026⁴³. The situation of children, informal workers and households facing rising essential costs remains particularly sensitive⁴⁴.

The fourth vulnerability is industrial. A prolonged contraction of industry and SMEs could lead to relative deindustrialization if the expansion of the extractive sectors is not accompanied by a reconstruction of productive capacities.

The fifth vulnerability is dependence on raw materials. The development of oil, gas, lithium, copper and agriculture can greatly increase export earnings, but also exposes the country to fluctuations in world prices and international demand.

The sixth vulnerability concerns local resource processing. An economy that is primarily focused on the export of raw resources could generate foreign exchange without producing sufficient skilled jobs, complementary industries, and domestic value addition.

The seventh vulnerability is territorial and institutional. Development gaps between provinces, the dependence of some jurisdictions on national transfers, and the need to coordinate federal and provincial policies can complicate the implementation of a coherent national strategy. The concentration of strategic resources in some provinces also reinforces the importance of their participation in energy and mining policies.

The eighth vulnerability is institutional. Tensions between the executive and certain oversight institutions, judicial vacancies and controversies over appointment procedures are elements to be monitored.

The ninth vulnerability is social and political. Adjustment policies can lead to long-term conflict if macroeconomic gains are not translated quickly enough into improvements in living standards. The historical weight of trade unions and social organizations is also an important factor in the government's ability to implement labor market and social protection reforms.

The tenth vulnerability is geopolitical. The strengthening of Argentina's policy around the Falklands and offshore resources may increase tensions with London. The simultaneous use of judicial, economic and diplomatic instruments, however, reduces the risk of a direct military confrontation and puts the conflict back mainly in the legal, economic and diplomatic spheres.

⁴³INDEC, Instituto Nacional de Estadísticas y Censos: Pobreza <https://www.indec.gob.ar/indec/web/Nivel3-Tema-4-46>

⁴⁴Human Rights Watch, *Argentina, Events of 2025* <https://www.hrw.org/world-report/2026/country-chapters/argentina>

The main risk for Argentina is not the lack of resources, but the difficulty of converting these resources into lasting stability. The success of the transformation will therefore depend as much on the quality of institutions and investments as on the quantity of oil, gas, lithium, copper or agricultural products available.

Opportunities and dynamics to follow

The first opportunity is energy. The development of Vaca Muerta can sustainably transform Argentina's energy balance and create an important source of foreign exchange.

The second is mining. Lithium and copper can place Argentina at the heart of certain value chains associated with the global energy transition.

The third is agricultural. Argentina has a structural advantage in agriculture, livestock and agri-food. The challenge now is to increase added value rather than just looking for additional volumes.

In particular, cattle farming can be repositioned in premium segments. The development of cattle genetics, the improvement of livestock productivity, investments in animal feed and infrastructure can strengthen export competitiveness.

The American, Chinese and European markets are strategic opportunities to follow. The development of quality meat exports can complement the energy and mining strategy.

The fourth opportunity concerns knowledge-based services. Argentina has significant human capital, recognized universities and a developed entrepreneurial sector. Exports of services already represent an important source of foreign exchange and can be developed in technology, digital technology and services related to artificial intelligence.

The fifth opportunity is industrial. The development of the energy, mining and agri-food sectors can create complementary value chains in equipment, processing, industrial services and infrastructure. The challenge is to ensure that investments in natural resources also contribute to strengthening the national productive fabric.

The sixth opportunity is foreign investment. RIGI can help attract significant capital in energy, mining, infrastructure, and other strategic sectors.

The seventh opportunity is geopolitical. An increase in energy, mining and agricultural exports could give Buenos Aires more leverage in its relations with the United States, Europe, China and other trading partners.

The eighth opportunity concerns regional integration. Maintaining and deepening trade with Brazil and the other members of Mercosur can enable Argentina to maintain regional industrial opportunities while simultaneously developing its exports to world markets.

The ninth opportunity concerns the South Atlantic. The strengthening of logistical and military



capabilities in Tierra del Fuego can enable Argentina to consolidate its presence in a region where maritime, energy and Antarctic issues intersect.

Finally, the peaceful settlement of the Falklands dispute remains a long-term diplomatic dynamic. The issue should continue to combine sovereignty, international law, offshore resources and military presence.

Argentina has an exceptional set of resources that can sustain a new phase of economic strength. The challenge will be to transform this abundance into sustainable capabilities: infrastructure, industry, high-value-added exports, financial reserves, human capital, territorial development, and international influence.

Points of vigilance

Economic developments will depend in particular on the path of inflation and the exchange rate, as well as on the level of the Central Bank's international reserves. The debt trajectory and relations with the IMF will also remain crucial, as will the government's ability to maintain budget surpluses. On the social front, changes in poverty, informal employment, and real wages will make it possible to measure the effects of macroeconomic stabilization on the population.

The situation of industry and SMEs will be another important indicator. The investments made under the RIGI will make it possible to assess Argentina's ability to attract foreign capital on a sustainable basis. The development of Vaca Muerta and the infrastructure necessary for the export of hydrocarbons will also be a major challenge, as will investments in lithium and copper. The country's ability to develop local processing of these resources will be particularly important in order to increase their added value in the territory.

In the agricultural sector, exports of agricultural and agri-food products will continue to play an important role. Particular attention can be paid to the development of premium beef, access to the American, Chinese and European markets, as well as to improving livestock productivity and developing cattle genetics.

The relationship between the federal government and the provinces will also be an important indicator. The evolution of financing mechanisms, territorial investments and the governance of natural resources will make it possible to assess the country's ability to coordinate its economic policy at the national level.

At the international level, the evolution of Argentina's relations with the United States, the European Union and China will be a structuring element of its external positioning. The relationship with Brazil and the future of Mercosur will also have to be monitored, notably because of their importance for industrial and commercial exchanges. The application to join the OECD and the rapprochement with NATO will also make it possible to assess the evolution of the international anchorage sought by Javier Milei's government.

Strategically, the development of the Sea Lion project and other hydrocarbon projects around the Falklands will be a major point of tension between Argentina and the United Kingdom. The

legal proceedings initiated by Buenos Aires against the companies involved, as well as the possible sanctions and restrictions adopted by the Argentine authorities, may contribute to changing this confrontation. The British position and any official evolution of the American position on the Falklands issue will also have to be taken into account.

Finally, the strengthening of military and logistical capabilities in Tierra del Fuego will be an important indicator of the evolution of Argentina's strategic posture in the South Atlantic. The policy pursued in Antarctica and the development of strategic infrastructure in this region will also make it possible to assess Buenos Aires' desire to strengthen its presence and capabilities in its southern environment.

Final strategic reading

Argentina is entering a new phase in its strategic history. The Milei government is seeking to break with an economic model characterized by inflation, deficits and strong state intervention, replacing it with a model based on fiscal discipline, private investment, exports and the development of natural resources.

This strategy has a significant material base. Argentina has Vaca Muerta, considerable lithium and copper resources, competitive agriculture, recognized cattle breeding, a developed agri-food sector, significant human capital and a strategic geographical position in the South Atlantic.

However, this material basis must be placed in the institutional and territorial structure of the country. Federalism, the role of the provinces, fiscal redistribution mechanisms and the territorial distribution of natural resources directly condition the ability of the Argentine State to transform its potential into investments and exports. The relationship between the national State and the provincial governments will therefore be decisive in the development of Vaca Muerta, lithium, copper and the infrastructure necessary for their exploitation.

The Argentine economy also maintains a diversified productive base, with a large industry, competitive agriculture and agro-industry, and a knowledge-based service sector. The transformation of the economic model is therefore not limited to an opposition between State intervention and the exploitation of natural resources. It also raises the question of the articulation between extractive resources, industry, agriculture, services and regional value chains.

But this material base does not automatically guarantee a rise in power. The country still has to resolve several contradictions: stabilizing its currency in the long term, rebuilding its reserves, maintaining social cohesion, avoiding deindustrialization, attracting capital without becoming excessively dependent on it, and transforming extractive resources into national added value.

The relationship with the IMF also remains indicative of structural vulnerability. Recurrent external financing needs are linked to Argentina's historical difficulties in accumulating sufficient reserves and maintaining a sustainable balance of payments trajectory. The current stabilization must therefore be assessed not only by the decline in inflation or the improvement



in the fiscal balance, but also by the country's ability to sustainably generate the foreign exchange necessary for its financial autonomy.

International positioning adds another dimension. Argentina is seeking to strengthen its relations with the United States and Western partners, while remaining strongly integrated into Mercosur and dependent on important economic relations with China. This diversification of partners is an essential element of Argentina's power strategy, but also creates trade-offs between political orientations, commercial interests and investment needs.

The question of the Falklands adds a geopolitical dimension to this transformation. The potential exploitation of offshore hydrocarbons now directly intersects territorial sovereignty, energy, international law, diplomacy and security. Argentina's strategy is increasingly to simultaneously use economic, legal, diplomatic and military instruments to defend its interests.

The main challenge for the 2026-2030 period will therefore be the conversion of potential into effective power. Argentina has the necessary resources to significantly increase its exports and strengthen its financial autonomy. The question will be whether these resources will also make it possible to rebuild an industrial base, sustainably improve living standards, strengthen producing territories and consolidate the state's strategic capacities.

Argentina is not facing a lack of resources, but a problem of transforming its resources into sustainable power. Its energy, mining, agricultural and human potential can considerably strengthen its international weight, provided that macroeconomic stabilization is reflected in productive investment, economic diversification, better coordination between the federal government and the provinces and institutional consolidation.