Argentina's Trilemma scores show a particularly strong Energy Equity performance though its Energy Security and Environmental Sustainability scores remain relatively low considering the country's significant resource potential. The Security Index has dipped below the baseline because of higher import dependence in recent years though other security indicators have improved. The Sustainability index fell below the baseline mainly because of the suspension of renewables projects due to financing difficulties. The country gets a balanced grade of BAB and its global ranking is 30.

Trends and Outlook
Argentina was facing an economic crisis before the COVID-19 pandemic with inflation of over 50%, a high level of debt and a weakened currency. The October 2018 presidential election brought in a center-left party, whose first challenge was to renegotiate the country's debt repayments with private creditors. A deal was reached in August 2020 to restructure the debt and it is due to be completed by the end of the year. The delay in reaching an agreement affected large energy projects as investors were waiting for negotiations to conclude before making final investment decisions.

The new government implemented a set of policies to stabilize the economy and tackle rising poverty including introduction of higher taxes, partly financed increased social spending. However, it has yet to present an energy policy document. Hydrocarbons represent 80% of total primary energy consumption, of which gas makes up 56%. Despite its importance, the energy sector has been and continues to be highly regulated, making it unattractive for long term investments. Crude oil production has declined over the past two decades because some producing fields have reached maturity. According to the US Energy Information Agency, domestic demand for energy has grown rapidly over the past decade while production of petroleum and other liquids has declined, making Argentina a net hydrocarbon importer. The country has the second-largest unconventional gas reserves in the world, but they have not yet been fully developed given the need for sustained investments of about $7 billion per year over the next 5 to 7 years. Argentina will also need another $3 billion a year to upgrade and build new storage facilities, pipelines and other energy infrastructure.

Natural gas remains the predominant fuel in electricity generation while oil is primarily used for transportation. Hydropower is the third-largest energy source. The country has abundant wind and solar resources but renewable energy accounts for just 2% of power generation capacity. It had set a target of producing 20% of its electricity from renewables by 2035 but the programme appears to have stalled. The last projects planned under the 2016-2019 renewable energy programme RenovAr have been completed and no new auctions are planned.

A higher generation of renewables would lessen reliance on fossil fuels and improve the sustainability index. Given the lack of clarity on the new government's energy policy, it is not known whether there are plans to step up climate policies, which are currently not on track to meet the targets of the NDC submitted under the Paris climate agreement.

The COVID-19 pandemic and the lockdowns imposed by the government exacerbated already weak economic and social conditions. The UNDP expects Argentina to be hit hard by the expected slump in foreign trade since most of its exports are agricultural commodities and it lacks the ability to diversify exports in the short term. Travel and tourism, a significant source of foreign exchange, have also been affected. The slump in international oil prices will have a positive impact on the consumer price index as it lowers the cost of imported fuel but it also has a negative effect on investment flows into the energy sector, particularly in unconventional fields such as Vaca Muerta.