



LAC

## ARGENTINA

Argentina stands as the largest natural gas producer in the Latin American and Caribbean (LAC) region, along with being the second-largest lithium producer. The country is endowed with abundant solar, wind, and biomass resources, offering significant potential for renewable energy development, as well as remarkable critical minerals reserves.

Over the past 5+ years, Argentina has steadily increased its penetration of renewable energies while simultaneously developing the Vaca Muerta unconventional oil and gas field. Vaca Muerta is one of the world's largest shale reserves, crucial for Argentina's energy strategy and economic growth. However, the country's **infrastructure**, particularly natural gas pipelines and transmission grids, poses challenges to the reliability and secure supply of natural gas and the integration of higher shares of renewable energies. In 2022, the top critical uncertainty identified by the country was **investor environment** and **economic growth**. With an inflation above 100%, and a complex macroeconomic context in 2023, attracting investments is still a challenge that the new government must face.

High **capital costs** for renewable energy projects in Argentina, as well as in the broader LAC region, have slowed their deployment despite the availability of high-quality natural resources. These economic barriers highlight the need for substantial investment and financial incentives to spur growth in the renewable sector.

Alongside other LAC countries, Argentina holds high potential for competitive green hydrogen production, mainly driven by the possibility of low renewable electricity costs, for example in the Patagonia with above-average capacity factor wind farms.

The country's action priorities are mainly focused on economic and regulatory prospects essential for advancing the energy transition. Key areas include:

- **Development of Skilled Workforce:** Ensuring the availability of a trained workforce to support new energy projects.
- **Acceptability and Accessibility:** Promoting the social acceptability of cleaner energy alternatives, as well as ensuring accessible energy for all.
- **Trilemma Management:** The definition of a robust regulatory framework capable of managing the energy trilemma (security, sustainability, and equity).

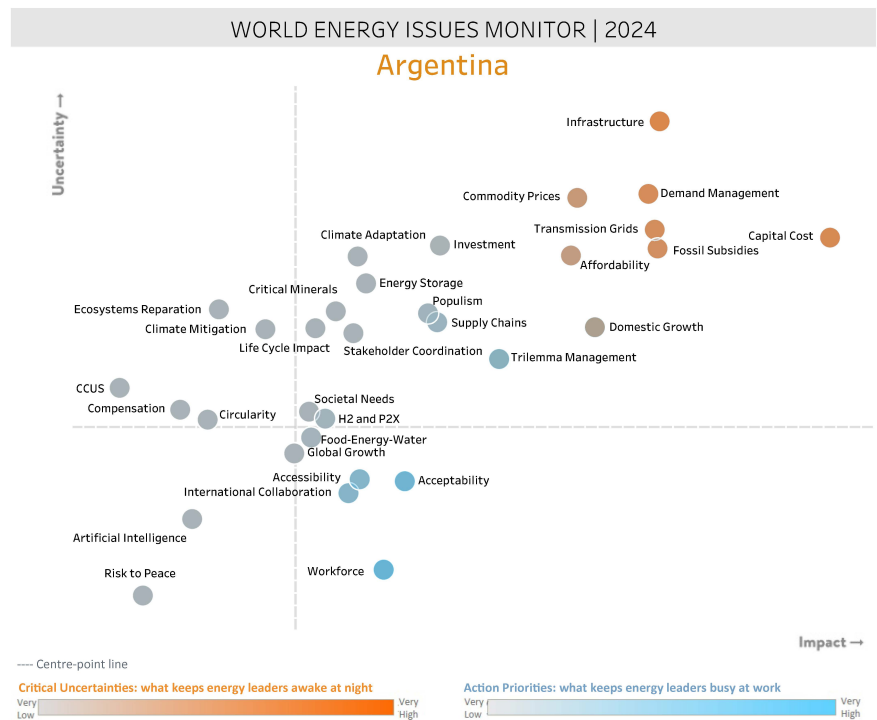
Argentina is one of the first Latin American countries to achieve universal electricity access, with successful rural electrification programs accelerating the connection of remote users to the grid. Despite these achievements, the primary energy mix remains dominated by natural gas (55%) and oil (33%). This dependence on fossil fuels introduces significant uncertainties regarding the impact of reducing or eliminating **fossil fuel subsidies** on the reliability and affordability of energy supply.

The Argentine government plays a crucial role in formulating strategies to implement incentives, regulations, and programs that promote the development of clean energy and local industry.

These strategies need to balance global market connections with local community needs and should encompass **short-, medium-, and long-term plans** to develop key energy transition vectors:

- Natural Gas
- Renewables
- Energy storage and demand management
- Hydrogen
- Critical Minerals

Developing these vectors will ensure a resilient and sustainable energy future for Argentina while addressing economic, environmental, and social dimensions of the energy transition.



**WORLD ENERGY COUNCIL**

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