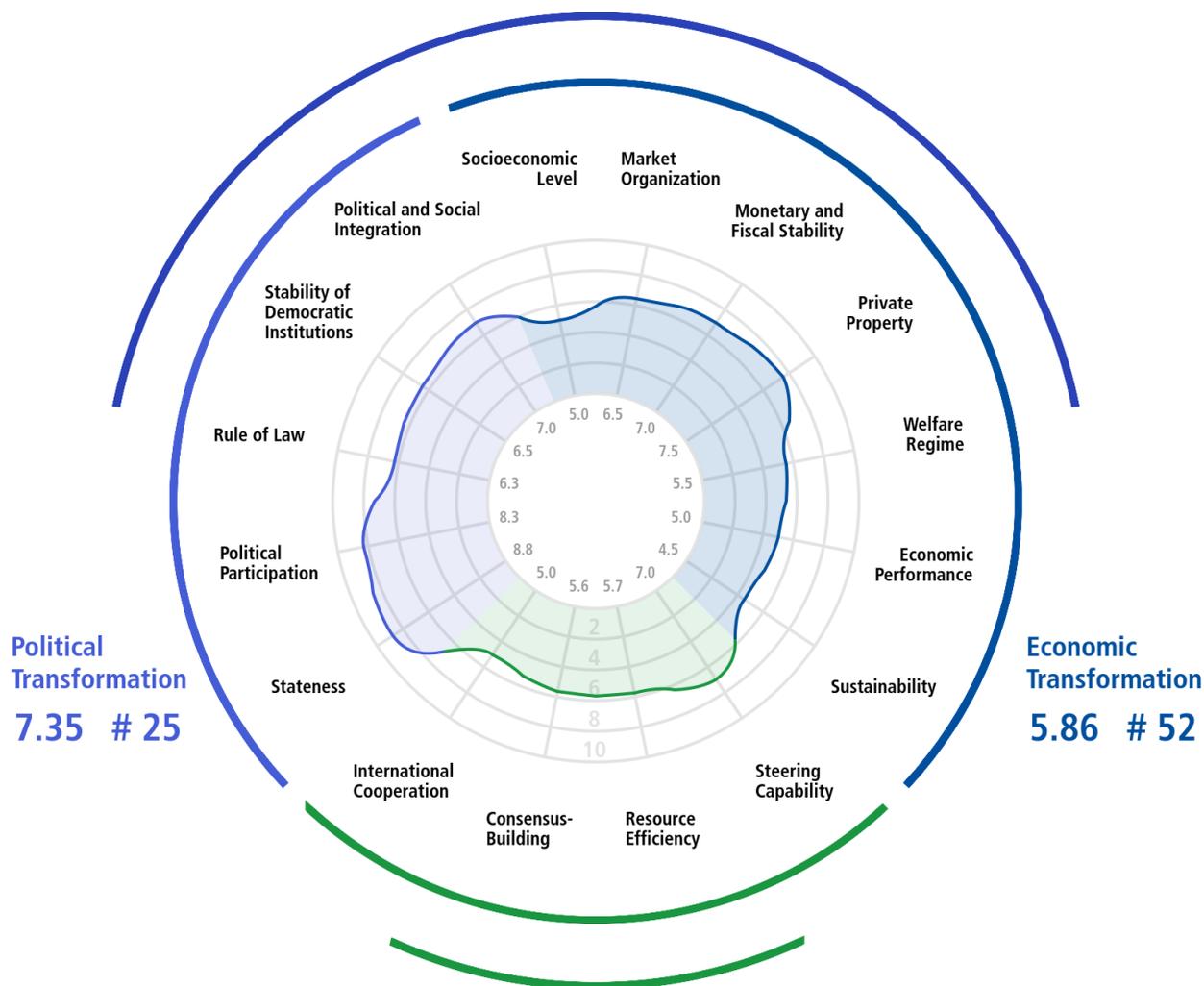


Argentina

Status Index

6.60 # 30

on 1-10 scale out of 137



Governance Index

4.97 # 56

on 1-10 scale out of 137

This report is part of the **Bertelsmann Stiftung's Transformation Index (BTI) 2026**. It covers the period from February 1, 2023 to January 31, 2025. The BTI assesses the transformation toward democracy and a market economy as well as the quality of governance in 137 countries. More on the BTI at <https://www.bti-project.org>.

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Key Indicators

| | | | | | | |
|--------------------------|--------|-------------|--------------------------------|--------------|----------------------|--------------|
| Population | M | 45.7 | HDI | 0.865 | GDP p.c., PPP \$ | 30176 |
| Pop. growth ¹ | % p.a. | 0.3 | HDI rank of 193 | 47 | Gini Index | 42.4 |
| Life expectancy | years | 77.4 | UN Education Index | 0.896 | Poverty ³ | % 2.5 |
| Urban population | % | 92.6 | Gender inequality ² | 0.264 | Aid per capita \$ | 5.7 |

Sources (as of December 2025): The World Bank, World Development Indicators | UNDP, Human Development Report 2025. Footnotes: (1) Average annual growth rate. (2) Gender Inequality Index (GII). (3) Percentage of population living on less than \$3.65 a day at 2017 international prices.

Executive Summary

Argentine President Javier Milei's 2023 rise to power marks one of the most dramatic political shifts in the country's recent history, reflecting deep domestic discontent and broader global trends.

On December 10, 2023, Milei was inaugurated as president. He and Vice President Victoria Villarruel are both members of Liberty Advances (La Libertad Avanza, LLA), a coalition of parties formed only in 2021. That same year, Milei began his political career when he and Villarruel successfully ran for the National Congress and became deputies representing the city of Buenos Aires. Born in 1970 and trained as an economist, Milei is an outsider who became known to the public as a frequent participant on talk shows criticizing the country's prevailing economic policies, first those of the conservative coalition government led by Mauricio Macri (2015 – 2019) and later those of the Peronist center-left government of Alberto Fernández (2019 – 2023).

After leading the compulsory open primaries in August 2023, Milei finished second in the first round of the presidential election in October with about 30% of the vote, behind Economy Minister Sergio Massa, the candidate of the ruling Peronist coalition, who secured about 37%. Patricia Bullrich of the center-right alliance Together for Change (Juntos por el Cambio), representing the party "Republican Proposal" (PRO), came in third. With crucial support from Bullrich's voters, Milei won the November run-off with 55.6% of the vote. His electorate spans all social classes, with a notable overrepresentation of men, particularly those ages 16 to 24, and he finished first in 21 of the country's 24 electoral districts. Despite this broad support, his party coalition, LLA, holds only 37 of 257 seats in the Chamber of Deputies and six of 72 in the Senate. None of Argentina's 24 provincial governors belong to the LLA.

Milei was elected against a backdrop of a disastrous economic situation in the country: an annual inflation rate of 211.4% in 2023, the highest in three decades; a budget deficit of 6.1% of GDP; and a poverty rate of 47.1%. During the election campaign, the ruling Peronists implemented the so-called Plan Platita in an effort to boost support for their candidate, Massa. This program

included subsidies and salary increases intended to boost consumption, a move that further fueled inflation. Moreover, Alberto Fernández's government had poorly managed the COVID-19 pandemic, implementing a prolonged quarantine that left the self-employed vulnerable. The economic legacy and impact of the pandemic are factors that contributed to Milei's rise to power.

Milei cultivates a populist political style, employs aggressive and discriminatory rhetoric, and adheres to a libertarian ideology with exclusionary features situated within the right-wing political spectrum. His success as a politician can be attributed to the interplay of national and international factors. His rise is the result of a strong demand for political change in his own country while also exemplifying the global trend of right-wing populist gains.

Many Argentines saw the eccentric Milei, nicknamed "The Madman" (El Loco) since his youth, as their last hope for pulling the country out of its chronic economic crisis. Brandishing a chainsaw in public appearances as a symbol of his radical plans, he promised sweeping reforms such as downsizing the state; cutting spending; pursuing fiscal stabilization; fighting inflation; and making the corrupt political elite, which he calls "the caste" (la casta), pay for his austerity policies.

A year after taking office, some macroeconomic stabilization had been achieved, marked by a budget surplus, a slowdown in inflation and improved social indicators. The downside of these achievements has been a temporary sharp increase in the poverty rate, a decline in real wages and a deep recession. The impact of the government's security policy has also been ambivalent. On the one hand, the homicide rate has fallen. On the other hand, the adoption of a protocol that restricts traffic disruption caused by protests and demonstrations, together with a resolution that extends the use of firearms by the security forces, has led to fewer piquetes (street blockades) but more repressive actions against demonstrators.

President Milei and members of his cabinet have used hostile rhetoric to stigmatize independent journalists and media outlets while also making offensive remarks about same-sex marriage, gender identity and comprehensive sexuality education. This aggressive discourse, coupled with the elimination and defunding of programs supporting marginalized groups, has heightened these groups' vulnerability. It reflects what Milei describes as a "cultural battle" against "gender ideology," which he labels the "cancer" of progressivism and "woke" culture. This is where the exclusionary, anti-pluralist and Manichean attitudes and stances taken by Milei and members of his government and party are most evident, potentially endangering democracy and the rule of law.

History and Characteristics of Transformation

Argentina has a long history of economic and political crises. It has defaulted on its foreign debt nine times since independence in 1816. Frequent changes in the system of government, irregular regime changes and crises within the dominant power cartels have hindered the development and implementation of coherent policies. This lack of long-term stability culminated in a harsh military dictatorship that remained in power from 1976 to 1983, collapsing after the disaster of the Falkland/Malvinas War. The return to democracy was followed by hyperinflation and political stalemate under the presidency of Raúl Alfonsín (1983 – 1989) from the Radical Civic Union (UCR) party. Alfonsín left office early, ceding power to the already elected Carlos Menem (1989 – 1999) of the Justicialist Party (PJ), which is usually called the Peronist party. After 10 years of neoliberal reforms, however, Peronism lost power in democratic elections for the first time in Argentine history in 1999, when Fernando de la Rúa from the UCR was elected president.

In 1999, the Argentine economy fell into recession because of a series of international financial crises and Brazil's currency devaluation. De la Rúa (1999 – 2001) and the ruling center-left party alliance proved unable to solve the nation's economic and social problems, not least because of the intransigence of a Peronist majority in the Senate and among provincial governors. In December 2001, Argentina defaulted on its debt and sank into a deep crisis. A wave of protests and violence brought the nation to the brink of chaos, leading to De la Rúa's resignation in December 2001 and the return of Peronism to power for the following 12 years. After a brief period under the leadership of Eduardo Duhalde, the country was governed by Néstor Kirchner (PJ), the former governor of Santa Cruz province, from 2003 to 2007, then by his wife, Cristina Fernández de Kirchner (PJ), from 2007 to 2015.

After 12 years of left-wing Peronist rule, the 2015 presidential election produced a surprising political shift. For the first time, a non-Peronist center-right coalition, "Let's Change" (Cambiamos), led by Mauricio Macri of the Republican Proposal party (Propuesta Republicana, PRO), won the presidency. In addition, a non-Peronist candidate, María Eugenia Vidal, took office as governor of the province of Buenos Aires. Macri began his presidential term with a combination of economic shock therapy and gradualism, reversing some of Cristina Kirchner's populist policies. But these measures, while necessary, proved painful. The devaluation of the Argentine peso and subsidy cuts exacerbated an already high inflation rate, severely impacting purchasing power and fueling growing social discontent and protests. In 2018, Macri reached a significant milestone when he signed a historic agreement with holdout bondholders that ultimately allowed the country to regain access to international capital markets. He also secured a \$50 billion financial assistance program from the International Monetary Fund (IMF). Nevertheless, the economy continued to slump during this period.

In the 2019 election year, political polarization in Argentina spiked because of the country's deteriorating economic situation and ongoing financial volatility. In October 2019, Alberto Fernández of the center-left coalition Everyone's Front (Frente de Todos, FdT) won the

presidential election in the first round, defeating Macri. The election also marked the return of former President Cristina Fernández de Kirchner to the executive branch as vice president (elected on a double ticket with Alberto Fernández).

A unified Peronist ticket (which included the different, sometimes combative wings) and Argentina's economic deterioration, marked by high inflation and increasing poverty rates, were the main factors in Macri's defeat. From the beginning of Fernández's term, the real power struggle was not between the government and the parliamentary opposition but within the government itself, between the moderate wing, represented by the president, and the more leftist and radical wing of Peronism, represented by his vice president. In his first year in office, Fernández had to deal with the economic crisis inherited from Macri as well as the drastic consequences of the pandemic. Immediately after taking office, he pushed an emergency fiscal consolidation package through Congress. But instead of closing Argentina's huge budget deficit, which had been at the root of many of the country's problems, the government reverted to an economic model based on government spending and subsidies to boost domestic consumption. It also expanded the money supply, which ran counter to the government's stated goal of fighting inflation and put further pressure on Argentina's economic stability. The result was triple-digit inflation, a further rise in poverty rates and economic decline. Coupled with rampant corruption during the Kirchner and Fernández administrations, these outcomes were why the electorate turned its back on Peronism and opted for radical change.

The BTI combines text analysis and numerical assessments. The score for each question is provided below its respective title. The scale ranges from 1 (worst) to 10 (best).

Transformation Status

I. Political Transformation

1 | Stateness

The state's monopoly on the use of force prevails throughout most of the country's territory. It faces no serious challenge from functional organizations such as guerrillas or paramilitary groups. A certain "porosity" in the state's monopoly on the use of force results from the entanglement of politics, public security, the judiciary and illegal markets. In the poorer provinces, shortages of funds and personnel have limited the state's ability to act effectively and, in some cases, have even undermined it by exposing security personnel to the temptations of corruption. "Gray zones" can be found in border regions, slums or informal settlements (barrios precarios/villas miseria), and urban areas.

In parallel with increases in global drug consumption and regional drug production (mainly cocaine in Colombia, Peru and Bolivia), drug-trafficking in Argentina has expanded significantly over the past decade. This is linked to Argentina's growing role as a consumer market and as a transit country for shipments bound to West Africa and Europe. The northern and central regions of the country are most affected by drug-trafficking, with a stronghold located in Rosario (Santa Fe Province), Argentina's third-largest and most violent city on the basis of homicide rates, where criminal gangs have expanded for years. These gangs unleashed a wave of violence in March 2024, indiscriminately killing citizens working as bus drivers, taxi drivers and gas station attendants. Money-laundering activities related to drug-trafficking, especially in the Triple Frontier (the area where Argentina, Brazil and Paraguay meet), have also contributed to the erosion of the state's monopoly on the use of force, as has the use of private security services. Nevertheless, the overall homicide rate in 2024 was the lowest since reliable statistics began being kept in 2000, with 3.5 homicides per 100,000 inhabitants (compared to peaks of 9.5 in 2002 and 7.6 in 2014).

Question
Score

Monopoly on the
use of force

8

'06 '26 10



1

The legitimacy of the state is not called into question. Access to citizenship is not denied to any particular group. Nor is the dominant conception of the nation-state, including its republican form, its secular basis, its federal organization or its presidential form of government, contested by any relevant group. There is no widespread denial of citizenship or naturalization based on race, ethnicity, national origin, religion, gender or political beliefs. However, political polarization has deepened, and exclusionary rhetoric has challenged the principles of pluralism and social inclusion. Despite this, institutional legitimacy and access to citizenship remain largely intact.

In Argentina, religious dogma does not significantly influence the legal system or political institutions. The population is predominantly Catholic (and Pope Francis was Argentine), but public education is secular, and religious minorities are free to practice their beliefs. Religion is practiced within the framework of the freedom of worship, guaranteed by Article 14 of the national constitution. The constitution also recognizes that the state is secular but has a duty to support the Roman Catholic Church. Although the 1994 constitutional reform abolished the requirement that the president be Catholic, the Catholic Church continues to enjoy a special legal status (as a public corporation) distinct from that of other churches or denominations (private corporations), as well as a series of privileges (such as public funding) granted by laws passed by the National Congress and decrees of the executive branch. The Secretary of Worship in the Ministry of Foreign Relations has traditionally been responsible for the state's relationship with and regulation of religious organizations.

Although the Catholic Church is highly institutionalized and historically influential, it is losing ground to new evangelical denominations. However, both share a commitment to a morally conservative agenda and joined in opposing Law 26,150 (2006) on Integral Sexual Education (Ley de Educación Sexual Integral, ESI) and Law 27,610 (2020) on the Voluntary Termination of Pregnancy (Interrupción Voluntaria del Embarazo, IVE), which allows abortion up to the 14th week of pregnancy.

Evangelical groups hold significant influence that is further facilitated by Presidential Secretary Karina Milei, the president's powerful sister. Argentina recently celebrated its first Day of Evangelical and Protestant Churches at the Palacio Libertad cultural center in Buenos Aires. This was organized by the Alliance of Evangelical Churches of the Argentine Republic (ACIERA) and attended by Vice President Victoria Villarruel. Evangelicals make up an estimated 15.3% of the population, or more than 6 million people.

State identity

10



1

No interference of religious dogmas

10



1

The Argentine state apparatus does not fully carry out its administrative and regulatory functions, nor does it provide basic civil services. There are serious shortcomings and asymmetries due to a lack of territorial coverage and resources, limited quality, low levels of professionalism, widespread corruption and state capture. The state administration and political parties manage public funding, but distribution often follows particularistic, patronage-based and nontransparent criteria, especially at the provincial and municipal levels. Overall, there are large regional disparities and social inequalities.

Argentina is a federal state. Although it has a low population density (17 inhabitants per square kilometer), population and wealth are highly concentrated in the metropolitan area of Buenos Aires (Area Metropolitana de Buenos Aires, AMBA), which is home to 13 million people. In other regions, access to basic public services is limited, and public education and health care often fail to meet minimum quality standards.

According to 2023 data from the National Institute of Statistics and Census of Argentina (INDEC), 51% of the total population across 31 urban agglomerations – that is, 29.51 million people – and 45.6% of the households in this universe (4.58 million) lacked access to a public service network (running water, natural gas and sewerage). Extrapolating these data to the national population of 46.72 million suggests that at least 23.8 million people lack some of these essential services in their homes (owned, rented or occupied). In contrast, the share of the population with access to electricity in Argentina is high, at almost 100%.

In general, public oversight and audit institutions are plagued by corruption and state capture (not only by corporations and wealthy individuals but also by unions) and resist professionalization and reform.

Javier Milei won the 2023 presidential election on a platform focused on reducing the state apparatus, cutting spending and fighting corruption. In its first three months, Milei's government halted more than 2,000 public works projects funded by the federal state (a decrease of 87%). In November 2024, Minister of Deregulation and State Transformation Federico Sturzenegger announced that more than 33,000 public employees had been dismissed from the state administration and state-owned companies. It remains to be seen whether these substantial cuts will lead to a more efficient and agile state or a more limited and precarious national infrastructure and public service delivery framework.

Basic
administration

7



1

2 | Political Participation

General elections, including the most recent presidential and parliamentary elections in 2023, are free and fair and accepted as a legitimate means to fill leadership positions and transfer power. There is universal, equal and secret suffrage and the right to run for office. All parties and candidates have free access to the media. Voting is compulsory: All eligible voters 16 or older on the date of national elections have the civic right and duty to vote in both the primary and general elections. Unlike in many other Latin American countries, the electoral authority – the Cámara Nacional Electoral (National Electoral Chamber) – is an integral part of the judiciary, not an autonomous body. It is nominally independent in its decisions. Nevertheless, the system suffers from significant electoral competition shortcomings, primarily due to inconsistent enforcement of electoral laws and campaign finance regulations, as well as corruption and clientelism.

Democratically elected political representatives generally have the power to govern. However, in Argentina’s political system, distinct power groups can carve out their own spheres and exert strong influence over the design and implementation of policies that affect their interests, albeit with varying success across political cycles. Five corporate actors have historically wielded some degree of veto power: agribusiness, industry, labor unions, the financial sector and the military.

The military, once the most powerful veto power, has been unable to influence political affairs since the early 1990s, but it may gain influence under Milei’s government. In particular, Vice President Victoria Villarruel – in a benign reinterpretation of the era of military dictatorship (1976 through 1983) – is demanding greater recognition for the role of the armed forces in the fight against terrorism.

The constitution provides for freedom of peaceful assembly and association, as well as the right of workers to engage in collective bargaining. The government generally respects these rights. Organized labor is dominated by Peronist unions, and union influence remains strong, though it has declined in recent years. Internal opposition to union leadership is often limited by fraud and intimidation. In addition to traditional forms of interest representation such as trade unions and business associations, there is a wide range of grassroots organizations, NGOs, self-help groups, and national and international human rights groups. These organizations usually operate without legal restrictions or political pressure from the state.

Other forms of articulation and protest, such as demonstrations, spontaneous protests or roadblocks by piqueteros (literally “picketers,” generally referring to poor, unemployed workers demonstrating for better conditions), were numerous but began to wane during Alberto Fernández’s presidency, and have declined drastically in frequency since Milei became president.

Free and fair elections

9



1

Effective power to govern

8



1

Association / assembly rights

9



1

In December 2023, Security Minister Patricia Bullrich announced the adoption of an Anti-Piquete Protocol (official name: Protocol for the Maintenance of Public Order in the Event of Roadblocks, RESOL-2023-943-APN-MSG), which authorizes federal security forces to intervene in protests that disrupt the movement of people and means of transportation. Security forces may act without a court order but are not allowed to carry “lethal weapons.” This new resolution has opened a legal and political debate between those who believe it guarantees transit and freedom of movement and those who believe it limits and restricts the right to protest.

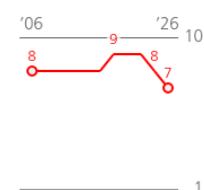
Under the Milei government, public forces have repeatedly intervened in demonstrations. For example, in October 2024, the Public March in Support of the State University (in favor of public funding for the Universidad de Buenos Aires) was met with a massive police intervention and an unusual number of arbitrary arrests. Human rights activists complain of a climate of intimidation fueled by the president’s aggressive and insulting rhetoric.

The freedoms of information and expression are guaranteed by law and largely protected by the judiciary. Direct government interference and restrictions have been rare. However, the country has slipped in the latest Reporters Without Borders (RWB) press freedom rankings, and local press organizations have also expressed concern about the erosion of press freedom. In RWB’s 2024 World Press Freedom Index, Argentina was ranked 66th out of 180 countries, 26 places lower than in 2023. Its score on the index also deteriorated, falling from 73.36 to 63.13 in one year (the higher the score, the better). Among the main threats to press freedom in the country, RWB cites highly concentrated and opaque media ownership patterns, political polarization, a lack of government policies to ensure media pluralism, and job insecurity for journalists. These factors make the press landscape vulnerable to government and corporate pressure through private and public advertising. Moreover, the state-owned media are subject to partisan and clientelist use at all levels of government.

President Milei’s open hostility toward the media, pluralism and dissent poses a serious threat to freedom of expression and the right to information. He frequently slanders journalists, portraying them as enemies and subjecting them to daily insults and verbal attacks. His administration imposed controversial restrictions on press accreditation at the Casa Rosada, the president’s workplace. Since the introduction of the Anti-Piquete Protocol, journalists have also faced physical aggression by police, with 50 injuries recorded in 2024. In November, the government further targeted the media by eliminating value-added tax (VAT) exemptions on newspapers, magazines and digital media subscriptions.

Freedom of expression

7



3 | Rule of Law

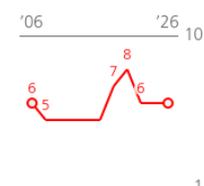
Since the 1990s, the balance of power between the three branches of government has shifted significantly toward the executive branch, leading to a growing presidential hegemony. Successive economic crises have accelerated this development through the issuance of executive orders known as “necessity and urgency” decrees. The widespread use of these decrees has marginalized Congress in the formulation, consideration and passage of legislation while undermining trust between the executive and legislative branches. Presidents tend to rely more heavily on executive orders when they lack a majority in the National Congress.

The judiciary serves as a check on both the legislative and executive branches through judicial review. The five Supreme Court justices are selected through an indirect process in which the executive branch proposes candidates and the Senate approves the appointments, which requires a two-thirds vote. Before the Senate’s review, there is a process for public endorsements and challenges to the nominations, as established by Decree 222/03 issued by Néstor Kirchner in 2003. The Supreme Court can overturn laws and executive branch decisions if it concludes that they violate the constitution. This occurred several times during the previous presidency. Conversely, parts of the judiciary have faced constant criticism from the government, with the government accusing them of engaging in “lawfare” through corruption charges against the vice president.

There has been much criticism of Milei’s relations with Congress, in which he lacks a majority, and with the judiciary. In December 2023 – aiming to advance a comprehensive reform package – the government launched a legislative offensive built on two pillars that, due to their scope and impact, were referred to as the “Omnibus Law” (Ley Bases y Puntos de Partida para la Libertad de los Argentinos) and the “Mega-Decree” (Decreto de Necesidad y Urgencia, DNU). The Omnibus Law contained no fewer than 664 articles covering a wide range of policy areas, and sought to expand the powers of the executive branch at the expense of the legislative branch. The Omnibus Law was passed by Congress in July 2024 after being scaled down by the president and subsequently reformed by the legislature, while the Mega-Decree remains in effect. In December 2024, given the lack of consensus in the Senate, Milei said he was willing to appoint two new judges (Ariel Lijo and Manuel García Mansilla) by decree to the vacant positions on the Supreme Court if the Senate did not approve these nominations. Civil society organizations criticized not only the president’s nominations and threat but also the fact that the Supreme Court, which has had only three female justices in its history, would once again be without a woman on the bench.

Separation of powers

6



In principle, the Argentine judiciary is independent and institutionally differentiated into federal and provincial judiciaries, and includes additional channels of appeal. However, it remains subject to influence from political authorities. It continues to be hampered by corruption, delays and inefficiency in some areas. It is also burdened by a large number of tenured but incompetent judges, particularly at the provincial level.

The system is vulnerable to political manipulation, particularly at lower levels, and allegations of corruption are frequent, further undermining confidence in the judiciary. Moreover, the quality of legal education has deteriorated over time, paralleling the decline of the education system as a whole. According to the 2024 WJP Rule of Law Index, Argentina ranks 57th among 142 assessed countries with regard to the functioning of the civil justice system (score 0.56) and 85th for the functioning of the criminal justice system (score 0.40). It also draws relatively low scores in the categories of “effective investigations” and “effective prison system.”

Government and opposition parties have traditionally accused each other of politicizing the judiciary, and they have often campaigned on promises to guarantee unprecedented judicial independence. However, Argentina’s judiciary has historically been more active in investigating corruption cases against former presidents and the opposition than against incumbents, regardless of who is in power.

Corruption scandals are relatively common in Argentina, and the lack of transparency, the weakness of institutions and the fact that the judicial system is often ineffective and politicized together undermine systematic attempts to curb corruption. Several members of the political class, including former presidents, have been indicted. In the peripheral provinces of the north and Patagonia, a culture of submission to power and of impunity for the powerful persists. Those with the closest ties to local governors tend to win competitions to become federal judges in the provinces, and cases of abuse by public officials tend to go unpunished.

Civil rights and liberties such as equality before the law, due process and access to justice are constitutionally guaranteed in Argentina, but their enforcement is undermined by politicization, corruption, inefficiency and poorly paid police forces. Endemic police misconduct, up to and including torture and brutality, further weakens protections, as do prison overcrowding and the inadequacy of basic services. Despite long-standing calls for reform, national and provincial governments have failed to address the issue of criminal activity within police forces, allowing a harmful institutional culture to persist.

While national and local ombudspersons exist to support citizens whose rights have been violated, marginalized groups, especially those with low incomes, face significant barriers to accessing these mechanisms. Discrimination against Indigenous communities persists. Although previous administrations advanced minority protections, President Javier Milei’s government has reversed course, most notably by formally dissolving the National Institute against Discrimination,

Independent judiciary

6



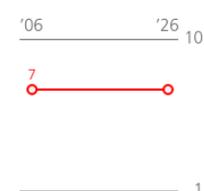
Prosecution of office abuse

6



Civil rights

7



Xenophobia and Racism (INADI) in August 2024. Incidents of antisemitism and xenophobia, particularly against immigrants from Andean countries, Asia and more recently Venezuela, have been on the rise.

The Milei government’s approach to human rights does not distinguish between de jure and de facto equality. It holds that everyone in Argentina is equal before the law and therefore no affirmative action is needed. Any policies intended to protect and empower minorities (e.g., Indigenous, LGBTQ+ people) or women are seen not as compensating for actual marginalization and discrimination but as creating new privileges based on identities. Milei denies the existence of unjust structural asymmetries along with the state’s duty to reduce or compensate for them. In his view, any state intervention is harmful, and so-called inequalities are an invention. This approach is part of what he calls the “cultural battle” against “wokeism” and “progressive politics” and is used to justify the dismantling of institutions, the elimination of programs and the abolition of legal instruments designed to protect vulnerable groups. All of these processes have been taking place since Milei took office. Many members of the government have adopted rhetoric that is homophobic, stigmatizes gender diversity, and opposes sexual and reproductive rights. In January 2025, the Milei government announced its intention to remove gender-based violence as an aggravating factor in the penal code, arguing that it creates legal inequality between men and women and stigmatizes men.

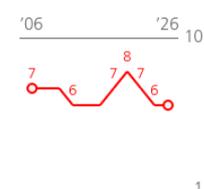
For years, including during the Fernández and Milei presidencies, Congress failed to appoint not only a Supreme Court justice but also an attorney general and an ombudsperson, all of which are highly relevant to human rights and require a two-thirds vote in Congress for confirmation.

4 | Stability of Democratic Institutions

The political system is marked by strong presidentialism and a significant concentration of executive power. This concentration has been exacerbated by successive economic crises and the COVID-19 pandemic. This is evident in the widespread use of decrees, which has continued under the presidency of Milei, who lacks a parliamentary majority. A system of formal and informal incentives often makes it more profitable for the opposition to obstruct the government than to cooperate with it. Politics has been both localized and decentralized without the simultaneous development of a robust national party system or the institutional mechanisms that typically counterbalance these centrifugal tendencies. Moreover, informal rules allow a systemic bias in favor of privileged incomes, nepotism and outright corruption. Additionally, the relationship between the economic and political spheres is characterized by a significant degree of state capture and rentierism. The judicial system in Argentina functions, but is hindered by politicization, inefficiency and corruption, which undermine its independence and erode public trust.

Performance of democratic institutions

6



Since Argentina's return to democracy, the constitutional order has remained intact. The relevant actors accept democratic institutions as legitimate, but there are growing signs that the substance of these institutions is being eroded by power-political interests. Elections are mostly fair and accepted, civil liberties are largely protected, and traditional veto powers are comparatively weak. The military, which was responsible for six coups between 1930 and 1976, has withdrawn from politics. Corporate actors, such as unions and employers, respect their legal limits, as do civil society organizations. Despite a tradition of protest and mobilization, the political culture since redemocratization has been one of moderation. Today, Milei is a representative of the anti-systemic radical right who won elections, however, amid an economic crisis – that is, not because all his voters fully agree with his ideology or program.

There is tension between President Milei's views and the recognition of democratic institutions. He sees himself as an enemy of the state and politics. His populist political style, the presentation of his political agenda as a divine mission, his personalistic elevation and his authoritarian rhetoric all put pressure on pluralism, consensus and democratic institutions.

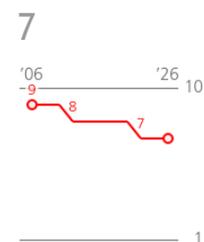
5 | Political and Social Integration

Argentina's party system has traditionally been relatively stable and socially rooted, with moderate levels of fragmentation, polarization and volatility, although both fragmentation and volatility have increased in the past decade. Deeply rooted in party dynamics, patronage is used to secure political support through social welfare measures. In 2021, however, a new radical right-wing party emerged, marking a break with established patterns of party competition.

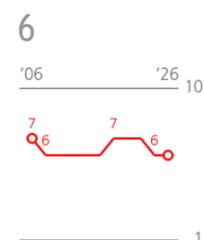
The moderate stability of the party system over recent decades was due to a bipolar dynamic based on competition between the Peronists (Partido Justicialista, PJ) and the Radicals (Unión Cívica Radical, UCR). These parties have been highly institutionalized and socially well rooted, and they held the presidency throughout the 1983 – 2015 period, after which Mauricio Macri of the center-right PRO party became Argentina's president. Since then, two coalitions with changing names have structured party competition, not without intense polarization (referred to as the “la grieta,” or the rift): one center-right (Cambiamos/Juntos por el Cambio), dominated by the PRO and including the UCR, and the other center-left (Frente para la Victoria/Frente de Todos/Todos por la Patria), dominated by the PJ. This political polarization has often led to democratic dysfunction and policy reversals when a new government comes to power.

The inability of either coalition to resolve Argentina's prolonged economic crisis and the numerous corruption scandals over the years have left the electorate open to radical projects such as those presented by Javier Milei, who employs a populist style

Commitment to democratic institutions



Party system



and uses aggressive rhetoric against the political elite (which he calls “casta”), the “parasitic state” and the “dirty business” of politics. He promised to fight inflation, dismantle the “parasitic state,” restore citizens’ purchasing power and make the streets safe. His party, LLA, was founded in 2021 as a coalition of minor parties, and won two seats in the National Congress and five in the Buenos Aires City Council (Legislatura) that year. Two years later, Milei won the presidential election with the support of the PRO, whose presidential candidate, Patricia Bullrich (currently the minister of security), came in third in the first round. This led to the collapse of the Juntos por el Cambio coalition. In the 2023 legislative elections, LLA gained 34 additional seats in the lower house and seven seats in the upper house (Senate). In April 2024, LLA began its organizational expansion as a national party.

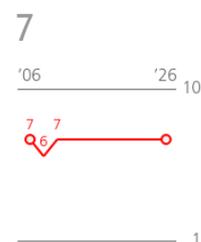
The existing network of associations reflects most social interests and can, to some extent, mediate between society and the political system. However, it is relatively fragmented and dominated by a few strong interest groups, particularly business associations and trade unions, creating a latent risk of conflict and limiting cooperation. Both groups have strong bargaining power and align with one of two political camps: the Peronists on the union side and the right-wing and liberal forces on the business side. As a result of this historical dichotomy, cooperation between the two interest groups has been limited, and the aggregation of social interests in the political system is inherently politicized.

According to 2019 data, one in four workers in Argentina (both formal and informal) is a member of a labor union. If only registered work is considered, almost 39% of workers are members of a labor union. In the public sector, 46% of workers are unionized, compared with 35% in the private sector. Argentina has the second-highest union membership rate in South America, after Uruguay at 30%. Additionally, a diverse range of interest groups focuses on occupational, social, environmental, human rights and gender issues.

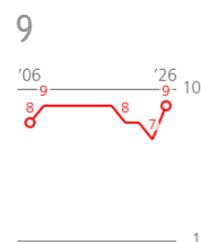
There is a significant gap between the general acceptance of democratic norms and the population’s assessment of specific national democratic institutions as influenced by factors such as inflation, corruption, unemployment, poverty, growing insecurity and the handling of the COVID-19 pandemic. In terms of support for democracy, Argentina remains one of the leading countries in Latin America, according to Latinobarómetro. In its 2024 edition, 75% of respondents said democracy was preferable to any other form of political regime. This represents a 13-point increase in support for democracy in Argentina from the previous year, placing the country at the top of the regional ranking. At the same time, only 10% said it did not matter whether the political regime was democratic or authoritarian, which was the lowest level of indifference in the region. Meanwhile, 12% of respondents said that under certain conditions, an authoritarian regime would be preferable to a democratic one.

On a scale of 1 to 10 (nondemocratic to fully democratic), citizens rate Argentina’s democracy at 6.5. About 45% said they were very or fairly satisfied with the functioning of the country’s democracy (compared to 37% in 2023), while only 17%

Interest groups



Approval of democracy



said they were convinced that the government acted in the best interest of all. When it comes to trust in political institutions, the president was the most trusted (37%), followed by the National Congress (25%), the judiciary (22%) and political parties (18%).

Argentina has a vibrant civil society and a robust network of organizations, including NGOs and associations, across the country. Over the past two years, Argentina’s civil society has remained strong, defending rights and mobilizing against government measures.

However, levels of solidarity and trust among the population, and of overall trust in the institutions of social and political representation, have declined since 2012. The level of interpersonal trust is chronically low. Basic social norms are poorly developed, and Argentina has been described as an “anomic society.” Formal institutions are undermined by informal rules, personal connections (“amiguismo”) and loyalties. In the Latinobarómetro 2024 survey, only 24% of respondents in Argentina said the majority of people could be trusted. However, this was the second-highest such rate among the 17 countries surveyed (with Mexico at the top at 26%) because low levels of interpersonal trust are widespread in the region.

II. Economic Transformation

6 | Level of Socioeconomic Development

Argentina remains a country with notably high levels of human development, though it continues to face enduring challenges related to poverty and inequality. In 2022, Argentina’s Human Development Index (HDI) score was 0.849, ranking it 48th out of 193 countries and territories (compared to 0.844 in 2021). The human development loss due to inequality was 12.0. Argentina was assigned a Gini Index coefficient of 40.7% in 2022 (compared to 42.3% in 2020). In 2022, the World Bank calculated that 2.5% of the population lived on less than \$3.65 per day.

However, according to the Catholic University of Argentina’s 2024 Social Debt Observatory, between the second half of 2023 and the first half of 2024, the share of the population living in indigence rose from 12.3% to 18.1%, and the share living in poverty rose from 41.9% to 52.9%. This occurred amid the effects of the devaluation, a shock policy the Milei government applied in December 2023. Subsequently, between the first and second quarters of 2024, a slowdown in the rate of price increases for goods and services, together with a slight recovery in real incomes, led to a reduction in the share of the population in indigence from 20.1% to 16.1%, and in the share living in poverty, from 54.8% to 51%. The Ministry of Human Capital

Social capital

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Question

Score

Socioeconomic barriers

5

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allocates the most resources to the food card and the Universal Child Allowance (AUH) programs, and has been adjusting benefit amounts above the inflation rate to alleviate the situation of the poor.

The country's Gender Inequality Index (GII) score improved slightly, decreasing by 0.004 to 0.292 in 2022 compared with the previous year. It remains to be seen whether the government's campaign against gender-affirmative action and women's empowerment, as well as its anti-rights agenda, will negatively affect the GII score in the coming years.

| Economic indicators | | 2021 | 2022 | 2023 | 2024 |
|---------------------------|----------|----------|----------|----------|-----------------|
| GDP | \$ M | 486564.1 | 632790.1 | 646075.3 | 633266.7 |
| GDP growth | % | 10.4 | 5.3 | -1.6 | -1.7 |
| Inflation (CPI) | % | 48.4 | 72.4 | 133.5 | 219.9 |
| Unemployment | % | 8.7 | 6.8 | 6.1 | 7.9 |
| Foreign direct investment | % of GDP | 1.4 | 2.4 | 3.8 | 1.8 |
| Export growth | % | 8.5 | 4.6 | -7.5 | 23.2 |
| Import growth | % | 18.6 | 17.8 | 1.7 | -10.6 |
| Current account balance | \$ M | 6624.8 | -3964.1 | -20751.3 | 5701.4 |
| Public debt | % of GDP | 81.0 | 84.3 | 154.6 | 84.7 |
| External debt | \$ M | 266759.9 | 266900.4 | 266167.3 | - |
| Total debt service | \$ M | 27959.3 | 35523.1 | 45837.5 | - |
| Net lending/borrowing | % of GDP | -4.4 | -4.4 | -3.6 | - |
| Tax revenue | % of GDP | 11.3 | 11.1 | 10.0 | - |
| Government consumption | % of GDP | 15.9 | 15.8 | 16.4 | 15.0 |
| Public education spending | % of GDP | 4.7 | 4.8 | 5.9 | - |
| Public health spending | % of GDP | 6.1 | 5.8 | - | - |
| R&D expenditure | % of GDP | 0.5 | 0.5 | - | - |
| Military expenditure | % of GDP | 0.6 | 0.7 | 0.5 | - |

Sources (as of December 2025): The World Bank, World Development Indicators | International Monetary Fund (IMF), World Economic Outlook | Stockholm International Peace Research Institute (SIPRI), Military Expenditure Database.

7 | Organization of the Market and Competition

For the most part, the foundations of a competitive market economy are in place, but the rules governing market competition are inconsistent and are not applied uniformly to all market participants. The consistency of the market order is continually undermined by power struggles among political, economic and social forces. This lack of stable, agreed-upon rules is perhaps the biggest problem in the Argentine economy as a whole. Despite a decline since the early 2000s, Argentina's informal sector remains substantial, accounting for 50.4% (2023) of the total employed population. In the second half of 2024, the informality rate among wage earners was 36.4%, according to the latest available information from the Permanent Household Survey of the INDEC statistics office.

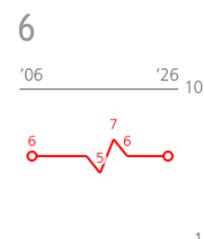
In an effort to attract foreign direct investment (FDI), the Milei government introduced the Incentive Regime for Large Investments (Régimen de Incentivos para Grandes Inversiones, RIGI), which includes 30-year tax holidays and foreign trade facilities for investments over \$200 million in selected sectors of the economy (including energy, raw materials, infrastructure and technology). Argentina's country risk in international markets has declined significantly compared with its status under the previous Peronist presidency.

The creation of monopolies and oligopolies in the 1990s, along with increasing market concentration, led to the adoption of a new antitrust law in 1999. This law sets standards for restrictive agreements, market abuse and dominance, as well as mergers. However, the implementation of an effective antitrust policy has faced serious obstacles over time. Until 2018, antitrust policy was implemented within a weak institutional framework, enforced inconsistently and occasionally abused for political purposes. In some cases, crony capitalism has favored the creation of new monopolies.

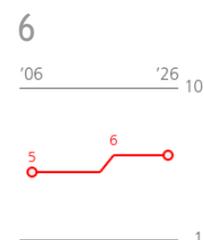
In the 2024 IMD Global Competitiveness Ranking, Argentina's overall score was 35.9, ranking it 66th of 67 countries, ahead of only Venezuela. Argentina is a member of the International Competition Network through the National Commission for the Defense of Competition (CNDC), a decentralized body attached to the Secretariat of Industry and Trade (SDT). However, the National Antitrust Authority (Autoridad Nacional de la Competencia, ANC) provided for in law has not yet been established (as of January 2025). Some of its functions are currently delegated to the CNDC.

While the Milei government has abolished several market regulations seen as state intervention, the president denies in his speeches that the state is the guardian of fair competition. He argues that monopolies and oligopolies can be a natural result of market dynamics and therefore should not be regarded as market failures.

Market organization



Competition policy



Argentina has been a member of the World Trade Organization (WTO) since January 1995. Foreign trade is liberalized in principle, but significant exceptions remain, including state interference, special rules and tariff and non-tariff barriers. The simple-average applied most-favored nation (MFN) tariff was 13.4% in 2023.

After one year in office, the Milei government adopted more than 150 measures related to domestic and foreign trade. Not all of them had a deregulatory effect, as some regulations were expanded or simplified. Certain technical or export certifications were withdrawn in some sectors, while criteria for other procedures were standardized. This led to a reduction in the pre- and post-nationalization processing times for some goods. In October 2024, the government announced it would dissolve the Federal Administration of Public Revenue (AFIP) and create the Agency for Revenue Collection and Customs Control (ARCA) to replace it.

The government also eliminated import taxes. For example, staple foods benefited from suspended import duties, while micro, small and medium-sized enterprises benefited from the suspension of income and value-added taxes on products such as plastics, chemicals and food. In addition, changes in the Common External Tariff, differential extra-zone import duties and refunds were applied to hundreds of tariff lines. In January 2025, the government introduced a temporary reduction in withholding taxes on key agricultural exports until midyear.

Argentina has a relatively small financial system. The government exercises strong control over financial activity. The banking system and capital markets are relatively well differentiated, but foreign banks are the only ones that are internationally competitive and meet international standards. Twelve state-owned banks account for over 40% of total assets. The central bank (BCRA), the Superintendency of Financial and Foreign Exchange Institutions (SEFyC) and the Superintendency of Insurance (SSN) supervise the financial sector. During the last Peronist presidency, the financial sector remained exposed to government influence. According to the World Bank, the ratio of bank capital to assets was 14.7% in 2022. However, the share of non-performing loans, which had been below 2% of total gross loans since 2011, has increased in recent years, and stood at 3.1% in October 2022 (2018: 3.0%; 2019: 5.7%; 2020: 4.2%; 2021: 4.3%).

Javier Milei campaigned on a platform of dollarizing the Argentine economy and “burning down” the central bank. One year into his presidency, neither of these promises has been fulfilled. As of the time of writing, the currency restrictions (the “cepo”) he sought to eliminate were still in place. However, major financial sector reforms are on the agenda: the accumulation of reserves, the reorganization of the central bank and a future abolition of exchange controls are among the priorities. The ultimate goal is to eliminate the three existing channels of monetary emission: the financing of the Treasury deficit (which has already been deactivated), the purchase of dollars and, finally, the financing of the banking system in the event of a run on deposits. It is hoped that overall credit will finally start to expand after the reforms, as it is currently at an all-time low of about 5% of GDP.

Liberalization of foreign trade

7



Banking system

7



8 | Monetary and fiscal stability

From Alberto Fernández’s administration (2019 – 2023), President Milei inherited an inflation rate of 25.5% a month, or more than 200% a year. When he took office, capital controls were in place and the official exchange rate was unsustainable. The currency gap was approximately 200%, meaning the market rate (also known as the blue dollar) was twice the official rate. In December 2023, the Milei administration devalued Argentina’s currency by approximately 50% relative to the official exchange rate and took steps to control inflation.

One year later, in December 2024, the monthly inflation had fallen to 2.7% (compared with 25.5% in December 2023), and the year ended with an annual inflation rate of 117.8% (compared with 211.4% in 2023). Experts attribute the decline in inflation to the predictability created by currency devaluation and the fiscal correction (resulting in a government primary surplus). However, some indicators suggest that the battle against inflation has not yet been won, and that the central bank has yet to gain full independence from the government.

Amid low levels of external liquidity and persistently high inflation, exchange-rate regulations have not yet been lifted. By January 2025, the blue dollar had fallen to 115% of the official dollar, significantly reducing the gap between market and official exchange rates. Nonetheless, the Argentine peso remains overvalued. Aside from the official and blue dollar rates, more than a dozen exchange rates remain in place, with a set of six the most widely used.

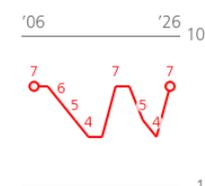
In 2023, when Milei took office, Argentina’s current account balance showed a deficit of about \$21.0 billion (World Bank, 2023). Public debt amounted to 155.4% of GDP (IMF, 2023). External debt totaled \$266.2 billion (World Bank, 2023), and total debt service amounted to \$45.8 billion (WB, 2023). The net borrowing ratio was -4.4% of GDP (WB, 2023). Government consumption amounted to 16.4% of GDP. Total reserves amounted to \$19.0 billion (WB, 2023).

During Macri’s presidency (2015 – 2019), Argentina became the IMF’s largest borrower, with outstanding loans of \$31.1 billion (as of January 30, 2025). In June 2024, the central bank successfully postponed a swap payment to China, and the Milei government also reached a compromise with the IMF. The IMF approved the eighth review of its agreement with Argentina and authorized the transfer of \$800 million to the country, part of which was used to settle outstanding payments to the organization. At the beginning of 2025, Milei and his finance minister, Luis Caputo, again engaged in negotiations with the IMF over payment modalities and additional loans.

According to official data, Argentina posted its first budget surplus in more than a decade in 2024. The country’s overall budget surplus for the year was ARS 1.76 trillion, or 0.3% of GDP. Meanwhile, the primary budget balance, which excludes

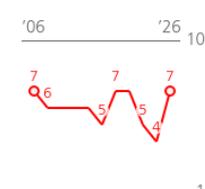
Monetary stability

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Fiscal stability

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debt payments, rose to a surplus of ARS 10.41 trillion, or 1.8% of GDP. Fiscal stability has currently been achieved through spending cuts, but an increase in tax collection, based on economic reactivation, is still needed.

9 | Private Property

Property rights and the regulation of property acquisition, benefits, use and sale are defined in principle, but practical enforcement consistent with the rule of law is problematic because of deficiencies and delays in the judicial and administrative systems, government interference, and corruption. Despite advances in protecting property rights and reducing state intervention, patent protection remains a persistent issue. The International Property Rights Index 2024 (IPRI 2024) ranks Argentina 94th out of 125 countries (2022: 91st; 2021: 97th; 2020: 79th) and 14th out of 20 in the region. On a scale of 0 to 10, its score is 4.181 (2022: 4.299; 2021: 4.702; 2020: 5.111), compared with a world average of 5.18.

It remains to be seen how regulations in this policy area will develop under Milei's government. According to his ideology, life, liberty and property are the most precious values and rights. Therefore, privatization of numerous state enterprises is to be expected, whereas the expropriation of private companies is not expected. The government also abolished rent control laws that had discouraged property rentals. However, Milei's understanding of private property is narrow, and does not recognize the ancestral rights of Indigenous peoples to their traditional lands.

Although the Mapuche are not denied legal recognition of their land rights de jure, the application of those rights shows several de facto inconsistencies. Many Indigenous peoples have been evicted from the places they live in and use because they could not prove their ancestry. In December 2024, the government repealed the Territorial Emergency Law 26,160 (approved by Congress in 2006 for a period of four years and subsequently extended by executive decrees) by decree. The law suspended evictions of all communities until surveys of their ancestral lands were completed. Companies or individuals often seek to enter communities' territories to develop various businesses, including in the mining, hydrocarbons, real estate and tourism sectors. Some of these sectors are now benefiting from the new system of incentives for large investments, known as the Régimen de Incentivos para Grandes Inversiones (RIGI). On the other hand, violent land occupations by the armed group Mapuche Ancestral Resistance (RAM) have discredited the Mapuche cause.

Private companies are viewed in institutional terms as important drivers of economic activity but may not always be adequately protected by current legal safeguards because legal procedures are lengthy. Starting and closing a business in Argentina is relatively straightforward. In an effort to limit the outflow of funds, several foreign exchange regulations have been implemented in response to repeated devaluations of the Argentine peso; however, some of these restrictions have been relaxed, particularly since Milei became president. Despite its reputation as a high-tax

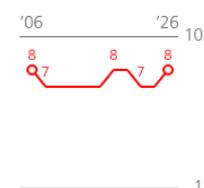
Property rights

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Private enterprise

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country, Argentina offers incentives in certain sectors. These have been strengthened by the introduction of the Incentive Regime for Large Investments (RIGI) for the forestry, tourism, infrastructure, mining, technology, steel, energy, oil and gas sectors. In December 2024, the government approved the first project (a photovoltaic park by YPF Luz in Mendoza) under RIGI, which was adopted as part of a law in July 2024 and regulated by decrees in August.

In 2023, the industrial sector accounted for 25% of the country's GDP, with prominent industries including food processing, automobile manufacturing, textiles, energy production and mining. The service sector is the largest component of the Argentine economy, accounting for 52.8% of GDP.

With Milei in office, there has been a shift toward less government intervention and a more business-friendly climate. As the president said in his first Davos speech in January 2024, he sees entrepreneurs as the heroes of development. His advocacy of a small state and free trade has led him to criticize the protectionist industrial policies of previous Peronist governments, which he believes have come at the expense of the agribusiness sector and created a state-dependent industry. Meanwhile, growing trade with China, which imports raw materials and exports manufactured goods, is encouraging deindustrialization and fierce competition in domestic markets in South America. Argentina joined China's Belt and Road Initiative (BRI) in February 2022.

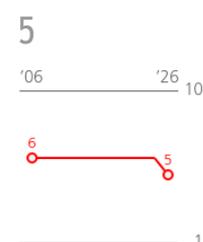
10 | Welfare Regime

Social safety nets are developed to some degree but do not cover all risks across all strata of the population. Argentina has a mixed and rather fragmented welfare system that includes public, private and corporate entities, with a strong corporate sector (the trade unions' "obras sociales"). Since the renationalization of the private system in 2008, the pension system has been a public pay-as-you-go system. There are also basic provisions for unemployment, disability, sickness and maternity. Public health expenditure in 2021 amounted to 6.1% of GDP. Per capita health expenditure was \$1,045 (2015: \$1,525). Life expectancy at birth was 76.1 years in 2022.

According to official figures, social services as a whole accounted for 67.8% of the total public budget in 2024. The share of total public spending devoted to social services has consistently exceeded 60% since 1990. Social services include education, health and social security. Social security is the most important function, accounting on average for 10.3% of GDP and 36.4% of total social services. On average, 79.4% of this function is performed by the national government, while the rest corresponds to the provincial social security funds.

As part of an austerity policy, pension increases under Milei's presidency have been below the inflation rate (a 17% reduction). To reduce spending and combat what he calls "the hunger business," Milei's government also cut public funding by 50% for

Social safety nets



social intermediary organizations such as the “piqueteros” and by 40% for social programs. In 2024, because of the country’s widespread poverty, a regressive tax system and patronage structures, 35% of urban households in Argentina received direct or indirect economic assistance from the national, provincial or municipal government. Although foreigners have traditionally had access to public social services, the Milei government plans to require payments from non-resident foreigners who use health services and study at public universities.

In January 2025, the government also abolished the intermediary role of social welfare organizations (mostly run by Peronist unions), which had collected contributions from employees and companies and then transferred those funds to a prepaid medical company that provided health services for employees who opted to enroll. For this transaction, the social welfare organizations kept a small portion of contributions as a commission. From now on, employee and company contributions will go directly to the prepaid medical companies. According to official data, nearly 6.8 million people are enrolled in prepaid medical plans, and the top 10 companies in this space account for 83% of enrollees.

Article 37 of the Argentine constitution states that genuine equality of opportunity for men and women in access to elective and party positions shall be guaranteed through positive measures in the regulation of political parties and the electoral system. The Law on Gender Parity in Political Representation (2017) requires all party lists for national deputies and senators, as well as Mercosur parliamentarians, to alternate women and men from the first candidate to the last alternate candidate (the so-called zipper formula).

After the 2023 parliamentary elections, women hold 43.1% of seats in the lower house and 45.8% of seats in the upper house. Victoria Villarruel, a woman, is vice president, elected on a double ticket with Milei. After the executive branch was reduced to only eight ministries, initially three, then two, have been headed by women. The Ministry of Women, Gender and Diversity was abolished. Milei’s sister Karina is secretary-general of the Presidency. Men dominate the judiciary (there are no women on the Supreme Court) and national politics. Only two of the 24 provinces have female governors.

In the 2024 Global Gender Gap Index, Argentina was ranked 36th among 146 countries and fifth in the Latin America and the Caribbean region. Its overall score of 0.76 indicates that women are 24% behind men with regard to opportunity. Argentina ranks first in educational attainment (score 1) but 95th in economic participation (score 0.64). Women make up 42.7% of the labor force, with literacy rates (99%) nearly equal to those of men, and higher tertiary education enrollment rates (ratio of 1.5). Despite progress, machismo persists, as reflected in a 2023 femicide rate of 1.1 per 100,000 women (250 cases).

Equal opportunity

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Institutions and programs exist to address significant social inequalities and assist victims of discrimination, but their effectiveness depends heavily on political cycles, and their scope and quality are limited. The Milei government has additionally discontinued or dismantled many such programs based on the ideology that all citizens are equal before the law and that therefore no affirmative action by the government is needed.

Furthermore, any state intervention aimed at addressing the lack of equal opportunity is viewed by the current government as creating privileges for special groups. Milei, his government and his LLA party use discriminatory rhetoric against women, homosexuals, gender diversity, legal abortion, same-sex marriage and other rights, asserting that they are engaged in a “cultural battle” against what they call “gender ideology” and “the cancer of wokeism.”

Many Indigenous peoples, including the Mapuche in Patagonia and the Tobas and Kollas in the north, are largely neglected by the government and suffer disproportionately from disease, extreme poverty and the effects of COVID-19.

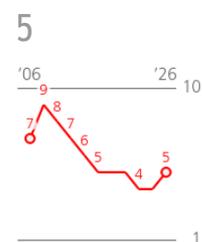
11 | Economic Performance

The country’s economic performance in 2024 reflected the legacy of the Fernández government and the shock policy implemented by President Milei. That year, the Argentine economy’s contraction deepened in the first two quarters as a result of an economic program aimed at correcting fiscal and external imbalances. After the economy emerged from recession in the second quarter of the year, third-quarter data were better than expected, with an incipient recovery in real wages.

In 2024, the economy contracted by about 3% (with variation across estimates). From a primary deficit of 2.9% of GDP and a negative financial result of 6.1% of GDP in 2023, the Milei government posted a primary surplus of 2.1% and a financial surplus of 0.6% in the first 11 months of 2024. The year-over-year inflation rate in November 2024 was 166%, down from 211% on a year-over-year basis in December 2023. Monthly inflation dropped significantly, from a rate of 25.5% in December 2023 to 2.4% in November 2024. In 2025, economic growth is expected to be 4.3% (ECLAC) to 5% (IMF), based on a positive statistical carryover from 2024, growth in private consumption, and an increase in exports and investment in strategic primary sectors such as hydrocarbons and mining. This outlook assumes that the exchange-rate stability observed in the second half of 2024 will be maintained throughout 2025. GDP per capita (PPP) was \$30,082, according to the World Bank.

According to the United Nations Economic Commission for Latin America and the Caribbean (ECLAC), unemployment increased in the second quarter of 2024, reaching a rate of 7.6%, up 1.4 percentage points from the same period in 2023. This trend occurred amid rising economic activity and employment rates, with the former

Output strength



at 48.5% in the second quarter of 2024 (0.9 percentage points higher than in the same period of 2023) and the latter at 44.8% (0.2 percentage points higher than in the same period of 2023). Among the employed, the increase in underemployment among job seekers was notable, rising 0.7 percentage points on a year-over-year basis to 8.1%.

12 | Sustainability

Argentina faces significant challenges in preserving its natural environment. The major environmental problems are pollution and loss of agricultural land. Soil is threatened by erosion, salinization and deforestation. Air pollution from chemicals is also a concern. Although the goal of sustainable development was incorporated in Article 41 of the 1994 constitution as a “polluter pays” principle, environmentally compatible growth receives only sporadic consideration and has a weak institutional framework. The public’s environmental awareness remains underdeveloped, and punitive measures for infringements are more the exception than the rule.

While the LLA platform did not address environmental policy, President Milei has been skeptical of human-caused climate change, dismissing related policies as financial schemes. In November 2024, he withdrew Argentina’s delegation from the COP29 event in Azerbaijan. After abandoning the U.N. Agenda 2030, his government began considering exiting the Paris Agreement in January 2025, following the example of U.S. President Donald Trump.

In line with these views and foreign policy decisions, unsuccessful domestic legislative initiatives (such as the so-called Omnibus Law in its first draft) and derogatory and enacted decrees have tended to weaken environmental protection (which is regarded by the current government as state interventionism) in favor of attempts to attract investment and promote economic activity.

For example, the National Water Institute (INA), a key agency in managing and conserving Argentina’s water resources, faces an unprecedented crisis as a result of measures advanced by the ministries of Economy and Deregulation. Despite the institute’s strategic importance, the Ministry of Deregulation has recommended its closure, initiating an adjustment process that threatens both the body’s history of scientific progress and the country’s capacity to meet future water challenges.

Education policy provides a nationwide system of solid education and training, but the research and technology sector exhibits both strengths and weaknesses. Argentina has long offered tuition-free access to local schools and universities, which in turn helps produce a skilled workforce. Public spending on education was 4.8% of GDP in 2022 (4.6% in 2021). According to official data, the 2024 government budget allocated 7.2% to the area of education and culture and 2.1% to science and technology.

Primary school attendance is almost universal, but secondary school completion rates are low. At the national level in 2022, out of 100 students who started first grade in 2011, only 13 completed high school on time and with satisfactory knowledge of

Environmental
policy

4

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Education policy /
R&D

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language and mathematics. In Argentina, 27 out of 100 university entrants ultimately graduate, compared with 71 in Chile and 58 in Brazil (as of February 2025). Eight Argentine public and private higher education institutions are listed in the Times Higher Education World University Ranking 2025, but in extremely low positions.

Research by Chequeado, an independent fact-checking organization based in Argentina, shows that funding for science and technology fell by 30% in real terms (taking into account the inflation effect) in 2024 compared with the previous year, and figures for the 2025 budget also show a decrease. In 2024, public spending on science and technology also fell as a share of GDP. The National Council of Scientific and Technical Research (Consejo Nacional de Investigaciones Científicas y Técnicas, CONICET) received less funding, and the number of researchers fell from 12,176 in 2023 to 11,868 in 2024. The number of grants fell from 10,905 in 2023 to 10,472 in 2024. Experts warn of a brain drain and the dismantling of research groups. In addition, programs to promote scientific research, such as Construir Ciencia (Building Science) and Equiparar Ciencia (Equalizing Science), which were launched by the Peronist government in 2022 and aimed at encouraging researchers to settle in the provinces, were halted. In October 2024, during the peaceful movement in defense of the public university, Milei vetoed in its entirety the University Funding Law, which had been passed by Congress. The law provided for increased budget allocations for the operation of higher education institutions and an update of salaries for teaching and nonteaching staff.

As part of the cabinet reform that reduced the number of ministries from 22 to nine, Milei abolished the Ministry of Science, Technology and Innovation and transferred its functions to the Office of the Chief of Cabinet. The same applied to the Ministry of Education and the Ministry of Culture, whose responsibilities were transferred to the Ministry of Human Capital.

Governance

I. Level of Difficulty

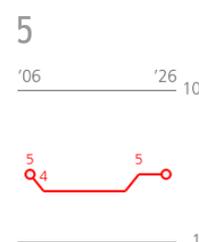
Argentina is a vast country rich in natural resources and has no internal or external armed conflicts. However, structural constraints on governance, largely socioeconomic in nature, have gradually expanded since 2012. The primary constraints stem from Argentina's weak economic position and limited integration into the global economy. The country's prosperous years were not used to reorient the economy away from an extractive development model focused primarily on agricultural and commodity exports, nor were efforts made to significantly diversify the production structure. Moreover, the country's abundant budgetary resources were not used to substantially increase spending on education, research, development and innovation. Skilled labor shortages contribute to the economy's low levels of productivity. The accumulation of governance failures over the years further hampers current governance options as a further structural constraint.

Because the Latin American integration process has stalled, Argentina's unfavorable integration into the broader world market and its resulting high dependence on global demand have left it facing further challenges. In addition, the fallout from Russia's invasion of Ukraine poses another risk.

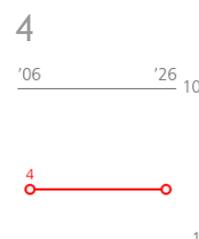
While Argentina will benefit from high agricultural prices provided that it can secure enough fertilizer from other sources, the revenue gains it derives from grain exports will be offset by record-high LNG import prices. This also makes government subsidies even less viable, although eliminating them would also be politically costly given the country's still relatively high poverty rates. Increasing domestic energy production and mineral extraction would require an environment of political and legal stability able to attract large amounts of long-term investment, a scenario that is not yet in place.

Although Argentina exhibits relatively low levels of interpersonal trust and social capital, it maintains a fairly strong civil society tradition. Non-governmental organizations (NGOs) are generally robust and play a more substantial role in society than in the political sphere. Strong trade unions and workers' associations that offer considerable readiness to mount protests and demonstrations have been crucial to civil society's vibrancy, as have human rights, feminist, Indigenous and rural movements, among other groupings. Civil society organizations, particularly human rights groups, played an important role during the transition from authoritarian to

Structural
constraints



Civil society
traditions



democratic governance. NGOs also play a significant role in monitoring, influencing and, in some cases, obstructing government decisions on a wide range of issues. While trade unions are closely linked to Peronism, the ties between civil society organizations and other political parties remain weak.

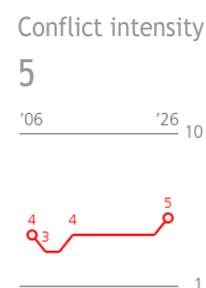
Since Milei's inauguration, the government's hostile rhetoric toward independent journalists, human rights activists, social movements and civil society organizations has increased the vulnerability of these groups, which have been subjected to verbal insults and, in some cases, physical aggression.

There are no conflicts rooted in ethnic, religious or cultural cleavages. Argentina is a stable society despite its recurrent economic crises. Even in the years after the COVID-19 pandemic, the country remained relatively calm, and democratic political processes were not disrupted. Under Milei's presidency, much of the population has adopted a wait-and-see attitude, and new government regulations and more repressive police behavior during protests have discouraged mobilization.

However, some studies show an increase in the frequency of protests during the first 100 days of Milei's presidency compared with the same period in Alberto Fernández's term. A Facultad Latinoamericana

de Ciencias Sociales (FLACSO) study found a 61% increase between the two periods. At the beginning of Milei's presidency, conflicts were predominantly about demands for food and opposition to austerity measures and the resulting price increases (25%), and about the rejection of executive policies (22%), especially those imposed by "necessity and urgency" decrees (DNU). In addition, in April and October 2024, two large protests took place in defense of public universities and in support of education and science funding.

Some members of the government and the ruling LLA party – especially the president – have adopted highly aggressive rhetoric that employs offenses, insults, vulgar expressions, and threats against groups and individuals. Many observers in academia and civil society have warned that verbal violence can lead to physical aggression. Therefore, the culture of civil discourse and pluralism is being eroded by the highest political officeholders.



II. Governance Performance

14 | Steering Capability

Given Argentina's seemingly endless cycles of economic crisis, political and social actors have tended to engage in short-term deals. For years, this has undermined public institutions' ability to sustain a long-term commitment to reform beyond individual electoral cycles. This pattern was again evident during the reporting period, which was marked by a new president who introduced radical new economic policies but lacked a majority in either house of parliament. In addition, none of the governors of the 23 provinces or the city of Buenos Aires in Argentina's federal state belong to Milei's party coalition.

Milei's reform agenda has been clear since the election campaign: The first priority was and remains economic stabilization, which includes drastically reducing inflation and the public deficit, significantly downsizing the state, attracting investment, and stimulating economic growth. Security issues, such as fighting crime, have been a close second. Aspects related to what members of the government and the LLA call the "cultural battle," such as the anti-rights agenda, have enriched his political program over time (and have an obvious impact on foreign policy), along with an ideologization (decreasing tolerance and increasing dogmatism) of his governing style. At the same time, the priority given to economics is marginalizing certain former ideologically driven foreign policy positions. Despite having stated during the election campaign that his government would not maintain diplomatic relations with socialist and authoritarian states, Milei publicly acknowledged in September 2024 that China was "a very interesting partner" because of the need for investment.

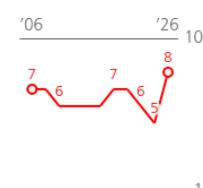
Although some of the measures promised during the election campaign, such as the abolition of the central bank and the dollarization of the Argentine economy, may not be implemented, the economic reform agenda remains the centerpiece of government policy.

Milei, whose party holds only 15% of the seats in the Chamber of Deputies and 10% in the Senate, achieved his first legislative success in July 2024, six months after taking office. That month, Congress approved the so-called Omnibus Law (Ley 27,742) after the executive downgraded the initial draft and lawmakers introduced changes. The so-called Mega-Decree (DNU 70/2023) has been in force since December 2023. This was rejected only by the Senate (and not also by the Chamber of Deputies, as would be required for its repeal). Only some parts were suspended by the Supreme Court, such as provisions on labor reform. Also in July 2024, the

Question
Score

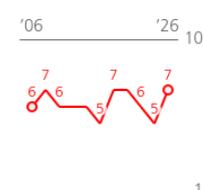
Prioritization

8



Implementation

7



president reached an agreement with 18 of the 24 provincial governors from different political parties on an economic compromise with 10 priority points – originally planned for May – known as the “Pact of May.”

These steps paved the way for implementing the Milei government’s policy agenda. Although it is not yet clear whether the results will be sustainable, the government has reduced inflation and closed the budget deficit. Despite the devaluation of the Argentine peso, the currency remains overvalued, and exchange controls have not yet been lifted. Thousands of public sector jobs have been cut, and a reform of the bureaucracy (including the introduction of civil service exams) is underway. At the same time, the poverty rate has increased, and real wages and purchasing power have declined. By the third quarter of 2024, the economy had begun to grow, and salaries were recovering. The national budget had been balanced, and inflation has fallen significantly.

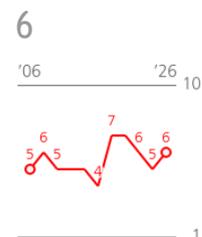
Surveys show that the government continues to enjoy high levels of support, although most people have not yet experienced an improvement in their economic situation. According to polls by Zubán Córdoba, a consultancy, the government’s approval rating did not fall below 40% in 2024 and was 47.7% in November. Management & FIT, another consultancy, measured an approval rating of 52% in January 2025.

Under the Milei government, changes in policy and politics have stemmed partly from political learning but mostly from the sheer necessity of adaptation. After one year in office, the picture is mixed. Because Milei lacks a majority in Congress and his party coalition holds no governorships, he has been forced to scale back his initial political ambitions to gain support. Since the LLA is a very young party with no territorial base (it is only now being built), Milei has relied on members of the PRO party as well as independents and experts who have served under other presidents (Macri, Menem) to build his cabinet and head state agencies.

At the same time, there has been no ideological moderation. The president has intensified his “cultural battle,” and his style of political discourse remains aggressive, intolerant and authoritarian. In foreign policy, the growing pragmatism toward China has been accompanied by a more assertive ideological stance within the U.N. system. This has also affected the Ministry of Foreign Affairs, which is undergoing deprofessionalization. Businessmen with no prior experience are occupying top diplomatic positions.

Moreover, the dismantling of the state – following Milei’s “chainsaw” logic rather than a plan to increase efficiency – has led to a loss of institutional and technical knowledge within the state bureaucracy, hindering learning processes.

Policy learning



15 | Resource Efficiency

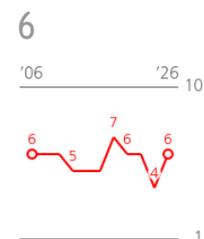
In 2025, the Milei government extended the 2023 budget for a second consecutive year after Congress failed to consider the 2025 budget bill submitted on September 15. Article 27 of the Financial Administration Law mandates that if no budget is approved, the previous year's budget remains in force, but it does not address a second extension – an unprecedented event in Argentina's history. Parliamentary discussions on the budget were suspended on November 19, 2024, and had not resumed as of the time of writing, as the government declined to call extraordinary sessions. During the debate, Milei stated: "I am not worried if the budget is not approved. I will govern with the 2023 budget. It is a problem for Congress" (translated by the author).

Decree 1131/2024 established that, effective January 1, 2025, the 2023 budget, along with subsequent modifications, would apply to the National Administration. The initial 2025 budget is ARS 96 billion – a real decrease of 24.1% from 2024 unless adjusted. Of this total, 67% is allocated to social services (including pensions, social programs, education, science and health), 12% to economic services (mainly energy and transport subsidies), 11% to debt interest, 5% to government administration and 5% to defense and security.

At the same time, the government is committed to downsizing the state and reducing the budget deficit. A fiscal and financial surplus was achieved in 2024. According to a study by the Centro de Economía Política Argentina (CEPA), public spending was cut by between 17.5% and 39.4% on a year-over-year basis throughout 2024. The sectors most affected were those corresponding to public works (-77%), transfers to the provinces (-68%) and economic subsidies (-34%). In December 2024, government expenditure as a percentage of GDP reached its lowest level in eight years. The number of ministries in the executive branch has been reduced from 22 to eight. Official data indicate that the government eliminated 37,597 public sector jobs in 2024, primarily in the national public administration, state-owned enterprises, and the armed and security forces. This has not been accompanied by efforts to professionalize the civil service. On the contrary, ideological reprisals have led to the demotion and dismissal of qualified people in the bureaucracy. These measures have made the state sector smaller but not stronger or more efficient.

It remains to be seen, whether this reduction in state structures and spending will curb corruption, improve the quality of public services, and modernize and professionalize the bureaucracy, or whether it will simply shrink the state with negative effects on society and the economy. For the time being, the approach taken still seems to resemble a "chainsaw" – the metaphor Milei has often used to characterize his plans – more than it does a strategic and elaborate plan for state reform.

Efficient use of assets



Lacking a solid party base and a congressional majority while cultivating a personalistic, populist political style, Javier Milei has concentrated power in the executive branch. Formally, the president has acquired extraordinary powers and competencies through the Omnibus Law and the Mega-Decree. Informally, there has been a growing concentration of power around Karina Milei, the president's sister (whom he calls "El Jefe" – the boss), who is the secretary-general of the presidency. She was also appointed president of the LLA in September 2024, at which time she delivered her first public speech. She has since been in charge of expanding LLA's territorial base to overcome its coalition status and transform it into a national party for the October 2025 mid-term elections. Karina Milei plays a decisive role in determining who stays in government and in the party, and who does not. In addition to Karina Milei, the president's so-called iron circle includes Santiago Caputo, the president's assessor. The "small table" (an extension of the "iron circle") also includes Chief of Cabinet Guillermo Francos and Minister of Security Patricia Bullrich. Overall, the president exhibits a hierarchical and centralized (non-inclusive) coordination style, driven primarily by personal loyalties.

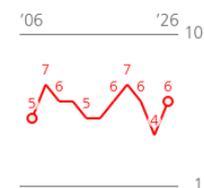
Several key imbalances are weighing on the government's economic policy: The current account deficit is worsening, the overvaluation of the peso is undermining the country's competitiveness and the central bank (BCRA) has negative net reserves. Meanwhile, the limited supply of dollars available is being drained by foreign tourism and rising imports. Thus, the threat of an exchange-rate crisis is growing.

Milei ran for president of Argentina employing libertarian-populist discourse against the state and politics, especially traditional politicians who, in his view, make up what he calls "la casta" (the caste). He has made draconian statements about curbing corruption, using expressions such as "cutting off the hand that steals" and "shooting off the head" of those who engage in corrupt acts. However, as president he has had to rely on politicians from previous governments he criticized, and there have been corruption scandals among his allies. Former allies have claimed that spots on the LLA party list were sold. Milei has said he expects contributions from individuals who wish to participate in his political sphere. Although parties are known to be unable to justify their campaign accounts and to underdeclare expenditures, investigations into corrupt party funding have never resulted in any party being punished.

For Milei, the two main tools in the fight against corruption are shrinking the state and reducing public funds (such as subsidies, cash transfers and pensions). However, transparency is not a priority on his political agenda. Beyond verbal references, the fight against corruption and impunity does not appear to have translated into concrete measures, policies or institutions. Polls indicate that at the end of 2024, corruption remained among citizens' top five concerns, particularly among those who had voted for Milei and Bullrich.

Policy coordination

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Anti-corruption policy

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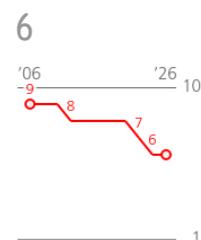
The government has not clearly supported the proposed Clean Record Law, which would bar individuals convicted on appeal from running for public office. Although backed by both ruling and opposition legislators, the bill failed to reach a quorum in the upper chamber.

16 | Consensus-Building

In Argentina, there is a high degree of agreement among the main actors regarding the value of democracy as a political regime. However, populist tendencies on the right (such as those of LLA) and the left (such as those of Peronism) emphasize the majoritarian, plebiscitary and personalist aspects of the presidential system at the expense of liberal and republican aspects, such as the separation of powers, the institutionalization of politics and the rule of law. The disagreement concerns the degree of inclusiveness, because the Milei government aligns with those who promote a minimalist human rights agenda (with respect to civil rights and liberties) and who attack affirmative action policies aimed at protecting and empowering marginalized minorities or women. Ideologically, LLA members and allies question the role of the state in achieving greater equality and social balance. At the same time, Milei has made ambivalent statements about his unconditional support for and defense of democracy. For example, he has indicated that he believes that Argentina lost its path to prosperity in 1916 with the Sáenz Peña Law, which introduced secret, compulsory voting for all men 18 and older. In his view, democracy is associated with the disasters produced by collectivism.

Most relevant actors agree that a market economy provides the context for development. However, many engage in “friends’ capitalism,” a system that enriches politicians and their business friends. Their business friends provide goods, services and public works to the government, usually through government contracts awarded on favorable terms under protectionist policies. Beyond the corruption associated with “interest networks,” there is an open debate about the role of the state in development and whether to prioritize demand- or supply-oriented economic policies. The Milei government, which dogmatically holds that market laws operate like physical laws, that the market is always “right” and that there are no market failures even when monopolies arise, advocates a small state that does not intervene in the economy.

Consensus on goals



Today, there are no relevant veto actors with an explicit anti-democratic agenda. The military has been under civilian control since the Menem era. No union has resorted to violence as a strategy or been motivated by anti-democratic ideologies. Conversely, Argentina's unions have never had a tradition of defending democracy as a political regime and have a low level of internal democratic organization. Informal power struggles within and between party factions, corporate actors, and social movements primarily revolve around specific issues and the preservation or acquisition of power without challenging the democratic order.

There have been two democratically problematic developments under Milei's presidency, though manifest veto power has not yet come into play. Members and supporters of the government have played down the armed forces' responsibility for the last military dictatorship and, without denying that "excesses" occurred, have questioned the systematic nature of the era's human rights violations and criticized what they consider to be a biased historical memory in favor of "terrorists." In November 2024, spurred by "Gordo Dan," a far-right influencer who promoted Milei on social media during his election campaign, a group of people, mostly young and male, formed what they call Milei's "Praetorian Guard" from his most loyal soldiers, with the goal of becoming his "armed arm." Borrowing a common phrase of Milei, they named the group "Forces of Heaven" (Fuerzas del Cielo). Members of the government and LLA also attended the inauguration, where there were flags and posters with the slogans "Fatherland," "Life" and "Freedom."

In recent decades, the central division in Argentina has been neither religious nor ethnic but socioeconomic, with political connotations and a high degree of (sometimes populist) polarization between Peronist and anti-Peronist groups and, at times, within the Peronist camp itself. Since Milei's inauguration, a new division has been promoted from above, which members of the government and LLA call a "cultural battle" against "genderism," "gender ideology," "wokeism" and the "gender diversity agenda," among other targets. Similar to the discourse of U.S. President Donald Trump, Milei refers to these issues as a cancer and as sources of sexual abuse and crime, as he did in his speech at the Davos Forum in January 2025. In response to his aggressive and discriminatory anti-rights rhetoric in Switzerland, there were large protests in Argentina in defense of diversity and human rights for all.

There is no culture of public consultation in Argentina because those in power – mostly Peronists since the return to democracy in 1983 – have focused solely on maintaining or regaining power, generally believing themselves to be already in possession of the appropriate portfolio of policies. As a consequence, "consultation" primarily involves yielding to pressure from a fairly vibrant civil society, particularly organized labor and business groups, rather than constituting a structured or institutionally organized process. This reflects the general dilemma of Argentine political culture, which is defined in rather archaic "friend or foe" terms, and consequently results in the a priori rejection of consultation with civil society actors not perceived as supporting the ruling power or its clientele.

Anti-democratic actors

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Cleavage / conflict management

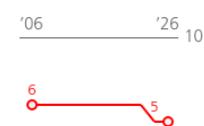
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Public consultation

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At the beginning of his presidency, Milei threatened to call a plebiscite if Congress did not approve his Omnibus Law. This reflects the prevailing view (not only in Argentina but across Latin America) of direct-democracy mechanisms as tools to increase executive power over Congress (to pressure parliamentarians), rather than as a means of consulting and involving citizens.

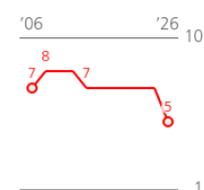
Despite recurring obstacles, reconciliation regarding the “proceso” (i.e., the 1976 – 1983 military dictatorship) is fairly advanced, but inconsistencies continue to emerge. The judiciary continues to prosecute officials for abuses committed during the country’s “dirty war,” although trials have faced troubling delays. There has been little progress in prosecuting perpetrators in the civil, economic or legal sectors. On several occasions, there has been friction over the “appropriate” level of prosecution for human rights violations carried out under the dictatorship. Left-wing forces have proposed focusing on state and economic elites, while right-wing forces have sought to include the (Peronist) far-left forces of the time. In these same cases, there has also been co-optation of certain human rights organizations and instrumentalization of the human rights agenda.

Nevertheless, the judiciary continues to investigate approximately 500 cases of kidnapping and the illegal adoption of children of imprisoned dissidents, with slow but significant results. In July 2022, four former military officers were sentenced to life in prison for the so-called death flights carried out during the military dictatorship. Those convicted of deprivation of liberty, torture and murder included a general, a commander and two other officers. According to the National Human Rights Secretariat, this was the first trial related to death flights carried out by the army. The human rights organization Grandmothers of the Plaza de Mayo is still actively involved in the search for the missing grandchildren; in December 2024, they announced the 138th successful discovery.

At the same time, revisionist positions have become more vocal, especially within the government. Milei denies that the human rights violations committed by the military dictatorship were systematic, and disputes the estimated number of victims (30,000), which has become a symbol of remembrance. Vice President Villarruel, a lawyer by profession, is also the founder of the Center for Legal Studies on Terrorism and its Victims (CELTIV), which since 2006 has worked to increase visibility and recognition for victims of guerrilla violence in Argentina. According to her, these victims are overshadowed by a memory shaped by former leftist terrorists who came to power. In July 2024, a group of parliamentarians from the ruling party visited prisoners serving sentences for crimes against humanity during the military dictatorship, including former naval officer Alfredo Astiz. He was convicted in France and Argentina for the 1977 kidnapping and torture of two French nuns in Argentina. In August 2024, the Argentine executive shut down by decree the National Commission on the Right to Identity (Conadi)’s Special Unit for the Investigation of the Disappearance of Children as a Result of Acts of State Terrorism (UEI) – the

Reconciliation

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main body for referring such complaints to the judiciary. According to its members, it had handled about 60% of the cases dealt with by the judiciary on the issue over the last three years.

17 | International Cooperation

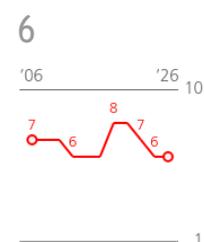
Argentina has long suffered from the lack of a clear development strategy shared by key political, economic and social actors, and from the inability of such strategies to survive beyond a single electoral cycle or government term. One constant, however, has been Argentina's "growth" model, which exploits the comparative advantages of a country rich in natural resources yet undermines long-term development. As an upper-middle-income country, Argentina is not dependent on official development assistance (ODA), and has one of the lowest per capita ODA levels among recipients worldwide. Argentina is party to more than 50 OECD legal instruments and became a candidate for OECD membership in 2022. The OECD Council formally adopted the roadmap for the country's OECD accession process in March 2024 and welcomed it at the ministerial level a month later. However, Argentina has external vulnerabilities due to its large debt to the IMF and the need for further negotiations. The increasing geopoliticization of international relations and the foreign policies of U.S. President Trump, who, as seen in January 2025, is willing to exert transactional pressure on the region, are limiting the Argentine government's room to maneuver, even if Milei considers himself a friend of Trump.

President Milei has repeatedly emphasized his commitment to the Western world and to the community of democratic states. He has reversed former President Fernández's decision to join the BRICS+ group of Brazil, Russia, India, China and South Africa, and is seeking to make the country a member of the OECD.

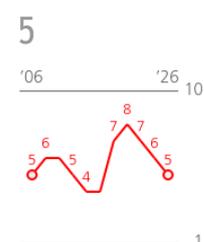
President Milei considers the United States and Israel to be "natural partners" for Argentina. By aligning its votes with theirs at the UN, Argentina has abandoned its historical positions. Argentina's dissenting vote at the U.N. General Assembly on October 30, 2024, which followed its national tradition and condemned the U.S. economic blockade of Cuba, cost Foreign Minister Mondino his job that same evening.

However, Milei has reduced Argentina's involvement in the U.N. system, abandoning the 2030 Development Agenda and the Pact for the Future, which the president views as socialist, interventionist U.N. policies that undermine national sovereignty. Given Milei's denial of man-made climate change, Argentina may withdraw from the Paris Agreement. Milei sees institutions of global governance as regulatory bodies that limit individual freedom and state sovereignty. He argues that an establishment has taken root in international organizations that, like the "political caste" and bureaucracy in his own country, works against the free market.

Effective use of support



Credibility



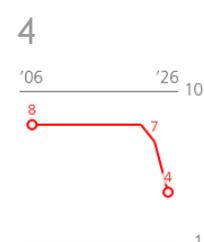
Under his government, Argentina has turned its back on gender, human rights and environmental issues. Over the past year, in the organizations, clubs and forums in which the country participates, it has repeatedly rejected language in draft resolutions aimed at strengthening democracy, protecting human rights, addressing gender and ethnic issues, and combating sexual violence against women. In line with these domestic policies, Argentina has abandoned its traditionally liberal human rights advocacy internationally, as evidenced by its interventions at the Organization of American States and the G-20.

At the regional level, Argentina is a member of Mercosur (Mercado Común del Sur), SELA (Sistema Económico Latinoamericano y del Caribe), ALADI (Asociación Latinoamericana de Integración), CELAC (Comunidad de Estados Latinoamericanos y Caribeños) and the OAS (Organization of American States), among other groups.

President Milei announced a “new foreign policy doctrine” based on a strategic alliance with the United States that must not contradict “Western values.” In this context, Israel is seen as a natural partner alongside the United States; by contrast, Latin America has not been a priority for the president, as evidenced by his travel destinations. In his first year in office, Milei spent more time abroad than did presidents Alberto Fernández (limited by the pandemic) or Cristina Kirchner. Milei’s international agenda mixes national interests (visits with entrepreneurs) with his support for what he calls a “global cultural battle” (attending meetings and events with ideological allies). Of the 18 trips he made during his first year in office, eight were to the United States. He has not yet made a state visit to any Mercosur country (and has avoided any bilateral meeting with Brazilian President Luiz Inácio Lula da Silva) and said in January 2024 that he would leave Mercosur if necessary to reach a free-trade agreement with the United States.

However, the Argentine president did attend President Nayib Bukele’s second inauguration in El Salvador – a country with no special economic or political ties to Argentina. He also engaged in a series of confrontations with regional presidents and severed diplomatic relations with Venezuela after Nicolás Maduro expelled Argentine diplomats.

Regional cooperation



Strategic Outlook

In Argentina, mid-term legislative elections will be held in October 2025 for 127 of 257 Chamber of Deputies seats for the 2025 – 2029 term, and 24 of 72 Senate seats for the 2025 – 2031 term. Because none of the seats held by the LLA will be up for election in this round of balloting, the Milei government can only expand its congressional base.

Looking ahead to the congressional elections, LLA launched a territorial outreach initiative in September 2024 aimed at gaining support beyond Buenos Aires, with the aim of overcoming the party coalition's current condition and transforming itself into a national party. The opposition also remains fragmented, and the PRO has lost its ability to represent the people on its own because of the support it has provided for the Milei government. Furthermore, there seems to be no alternative political project attractive to the electorate. It remains to be seen how the people's assessment of Milei's first two years in office will be reflected in the parliamentary election results.

In terms of legislation, the government has not been very successful. This has limited the scope of reform policies and required governance through executive orders (decrees). According to research by Chequeado, the number of laws passed in the first year of Javier Milei's presidency was 44 – the lowest of the last four presidencies. There were also the fewest congressional sessions. At the same time, in comparing the first 12 months of each administration, Milei issued more decrees of necessity and urgency (DNU) than any of his predecessors except Alberto Fernández, whose first year was marked by the COVID-19 pandemic.

On the economic front, further substantial reforms to the economy and state sector are needed. On the one hand, the government has made improvement on some key macroeconomic fronts. On the other, the living conditions of many people have deteriorated. It is not yet clear whether Argentina has bottomed out and a sustainable recovery is on the horizon, or whether the economy will alternately continue to stagnate. Therefore, the president faces several economic challenges in 2025, including finding ways to offset the costs of his stabilization program, stimulate the economy without reigniting inflation, control the dollar despite the promise of liberation, and ensure that the political and legal environments are stable enough to attract foreign investment.

In terms of democracy and the rule of law, Milei's "cultural battle" and repressive security policies are the main current threats to human rights. The government has pushed a socially conservative agenda and shown signs of radicalization, both of which could intensify in the future. At the same time, citizens seem ready to take to the streets to fight abuses in this area. Milei's "cultural battle" also affects Argentina's positions and votes in international forums. The government's foreign policy has shown little interest in Latin America and a reluctance to cooperate, and has taken an ideological approach to the U.N. system. The presidency of Donald Trump in the United States may serve to amplify Milei's stances on the world stage even as they hinder the effective handling of global governance challenges.