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## ECONOMIC AND POLITICAL OVERVIEW

### ECONOMIC OVERVIEW

Argentina has a long history of political and economic instability - with significant growth fluctuations every year. After growing 5% in 2022, the country entered a recession in 2023, with GDP contracting an estimated 2.5% amid shrinking household consumption and a devastating drought that reduced agricultural exports. Elevated inflation, fiscal consolidation efforts, and stringent financial circumstances will exert pressure on consumption throughout 2024, compounded by subdued confidence levels and heightened political uncertainty which will persistently impede investment. While the IMF expects growth to pick up to 2.8% this year, the OECD forecasts a further contraction of 1.3%. A gradual improvement is anticipated for 2025 as the macroeconomic environment strengthens and exports regain momentum.

The new government led by Milei, who took office in December 2023, faces the imperative task of consolidating public finances to stabilize the economy. A recently unveiled fiscal support initiative integrates a mix of worker subsidies, expanded income tax exemptions, and credit relief measures aimed at shielding households from soaring inflation. However, this temporary fiscal expansion is poised to exacerbate the strain on public finances, already affected by dwindling export tax revenues. The IMF estimated the fiscal deficit at 3.2% of GDP last year, with a reduction foreseen in 2024 (to 2.8%). Argentina's gross public debt rose to 89.5% of GDP in 2023 and is predominantly owed to domestic creditors, with a split of 64% domestic and 36% external. The primary creditors include local public sector agencies, accounting for 46% of the total, followed by the private sector, which includes both local entities and non-residents, holding 35% of the total debt. Multilateral and bilateral organizations constitute the remaining 19%. Approximately 33% of the total public debt is denominated in local currency, with a significant portion indexed to the USD or inflation. Inflation has surpassed 120% in 2023 - the highest inflation rate since the 1991 hyperinflation era - and may continue to rise in the near term due to expectations of a currency devaluation.

Despite challenges, the labour market remains resilient, with unemployment standing at 7.4% in 2023, although it increased compared to the previous year (6.8% - IMF). Nonetheless, informality has surged, nearing 40% of the labour force (OECD). The IMF expects the unemployment rate to remain relatively stable over the forecast horizon. The Argentine government has faced difficulties in fighting high levels of poverty, which affects more than 40% of the population, and the social situation of the country is characterised by constant underlying tensions between the Government and trade unions over the reforms announced. The country is also split between central and decentralised authorities over the distribution of federal revenues.

Main Indicators	2022	2023 (E)	2024 (E)	2025 (E)	2026 (E)
<b>GDP</b> <i>(billions USD)</i>	630.61	621.83	632.63	635.91	660.28
<b>GDP</b> <i>(Constant Prices, Annual % Change)</i>	5.0	-2.5	2.8	3.3	3.0
<b>GDP per Capita</b> <i>(USD)</i>	13,620	13,297	13,394	13,330	13,704
<b>General Government Balance</b> <i>(in % of GDP)</i>	-4.1	-3.2	-2.8	-1.2	-0.1

Main Indicators	2022	2023 (E)	2024 (E)	2025 (E)	2026 (E)
<b>General Government Gross Debt</b> <i>(in % of GDP)</i>	84.7	89.5	79.9	76.8	75.8
<b>Inflation Rate</b> <i>(%)</i>	n/a	121.7	93.7	54.1	42.1
<b>Unemployment Rate</b> <i>(% of the Labour Force)</i>	6.8	7.4	7.2	7.2	7.2
<b>Current Account</b> <i>(billions USD)</i>	-4.29	-3.76	7.30	5.24	6.17
<b>Current Account</b> <i>(in % of GDP)</i>	-0.7	-0.6	1.2	0.8	0.9

Source: IMF – World Economic Outlook Database , October 2021

## Country Risk

See the country [risk analysis](#) provided by [La Coface](#).

## MAIN SECTORS OF INDUSTRY

Despite recent economic struggles, Argentina continues to play an important role in the global economy, especially with regard to its agricultural production. The sector is mainly based on livestock farming, cereal cultivation (wheat, corn and transgenic soy), citrus fruits, tobacco, tea and grapes (mostly for the production of wine). Argentina is the world's largest exporter of soy-derived products and the world's third-largest producer of such products. Soy and sugar cane are extensively cultivated for biofuel production. As a result, the country is the world's sixth-largest producer of biodiesel. The agricultural sector represents 6.6% of the country's GDP and employs 8% of the population, according to the World Bank. Additionally, given that the country is rich in energy resources, Argentina also has great potential in terms of raw materials: it is the fourth-largest natural gas producer in Latin America, and it has the world's third-largest shale gas reserve and the fourth-largest lithium reserve. Agricultural exports are a key source of revenue for Argentina. Corn and wheat are the most important crops in terms of volume, with a combined production of 1.946 million tons in the 2022/23 season, representing a 65% increase compared to the last two decades.

According to the latest data from the World Bank, the industrial sector represents 24.2% of GDP and employs 20% of the population. Prominent sectors include food processing, automotive manufacturing, petrochemicals, and electronics. Historically, Argentina has been known for its agricultural output, and this remains a significant part of its industrial landscape, with food processing playing a vital role in the economy. Automotive manufacturing has also been a key sector, with several multinational companies operating in the country. In recent years, there has been a growing focus on renewable energy, particularly wind and solar power, as Argentina seeks to diversify its energy sources and reduce reliance on traditional fuels. During the first half of 2023, the industrial sector attained its peak activity level in at least seven years: according to official government figures, industrial output experienced a 1.9% increase compared to the previous year and surged by 12.8% compared to pre-pandemic levels (January-June 2019).

The service sector is the largest contributor to GDP, accounting for 53.1%, and it employs 72% of the active workforce. Key sectors include finance, tourism, telecommunications, healthcare, education, and retail. Finance, particularly banking and insurance, plays a crucial role in Argentina's economy. Telecommunications and technology services have seen rapid growth, with increasing internet penetration and mobile connectivity driving innovation and digital transformation. Healthcare and education sectors continue to expand, and retail and consumer services are also important. Tourism is pivotal and is estimated to account for almost 9% of the country's GDP (data WTTC).

Breakdown of Economic Activity By Sector	Agriculture	Industry	Services
<b>Employment By Sector</b> <i>(in % of Total Employment)</i>	7.7	20.0	72.4

Breakdown of Economic Activity By Sector	Agriculture	Industry	Services
<b>Value Added</b> <i>(in % of GDP)</i>	6.4	23.4	53.0
<b>Value Added</b> <i>(Annual % Change)</i>	-3.8	6.0	6.2

Source: World Bank - Latest available data.

Monetary Indicators	2016	2017	2018	2019	2020
<b>Argentine Peso (ARS) - Average Annual Exchange Rate For 1 USD</b>	14.76	16.56	28.09	48.10	70.54

Source: World Bank - Latest available data.

## FOREIGN TRADE

Argentina is a relatively closed market to international trade, which accounts for around 32% of its GDP (World Bank, latest data available). In 2022, the country's main exports included oilcake and other solid residues (12.9%), maize or corn (10.5%), soya-bean oil and its fractions (7.1%), motor vehicles for the transport of goods (4.7%), wheat and meslin (4.5%); while imports were led by petroleum oils (8.3%), petroleum gas (5.2%), parts and accessories for tractors and motor vehicles (4.6%), telephone sets (3.2%), and soya beans (2.6% - data Comtrade).

In terms of trading partners, the main export destinations in 2022 were Brazil (14.3%), China (9%), the United States (7.6%), Chile (5.7%), and India (5.1%). Conversely, imports came chiefly from China (21.5%), Brazil (19.6%), the United States (12.7%), Germany (3.3%), and Bolivia (2.7% - data Comtrade). The European Union accounted for 12.3% of exports and 13.6% of the purchases. The highest surpluses corresponded to trade with Chile (USD 4.16 billion), India (USD 2.7 billion), the Netherlands (USD 2.68 billion), Peru (USD 2.14 billion), and Vietnam (USD 1.99 billion – official governmental data).

Argentina's trade balance is generally positive, although it fluctuated in recent years. According to the last available data from WTO, Argentina exported USD 88.4 billion worth of goods in 2022 and imported USD 81.5 billion (+13.4% and +29% year-on-year, respectively). As per services, exports stood at USD 14.4 billion (+53%) against USD 21.2 billion in imports (+62.6%). In the same year, the country's trade balance was estimated to be positive by 0.9% of GDP by the World Bank. Preliminary figures from the Ministry of Commerce show that, in 2023, exports totalled USD 66.7 billion and imports amounted to USD 73.7 billion (-16.4% in volume and -9.7% in terms of value), resulting in a negative trade balance of USD 6.9 billion (-4.1% in volume and -5.8% in terms of value).

Foreign Trade Values	2018	2019	2020	2021	2022
<b>Imports of Goods</b> <i>(million USD)</i>	65,482	49,124	42,354	63,185	81,522
<b>Exports of Goods</b> <i>(million USD)</i>	61,781	65,116	54,884	77,935	88,445
<b>Imports of Services</b> <i>(million USD)</i>	24,277	19,646	12,024	13,071	21,264
<b>Exports of Services</b> <i>(million USD)</i>	15,342	14,802	9,486	9,428	14,432

Source: World Trade Organisation (WTO) ; Latest available data

Foreign Trade Indicators	2018	2019	2020	2021	2022
<b>Foreign Trade</b> <i>(in % of GDP)</i>	30.8	32.6	30.2	33.0	32.1
<b>Trade Balance</b> <i>(million USD)</i>	-743	18,234	14,631	18,696	12,353
<b>Trade Balance (Including Service)</b> <i>(million USD)</i>	-9,678	13,391	12,094	15,093	5,443

Foreign Trade Indicators	2018	2019	2020	2021	2022
<b>Imports of Goods and Services</b> <i>(Annual % Change)</i>	-4.5	-18.7	-18.5	22.0	17.4
<b>Exports of Goods and Services</b> <i>(Annual % Change)</i>	0.6	9.8	-17.7	9.2	5.7
<b>Imports of Goods and Services</b> <i>(in % of GDP)</i>	16.3	14.7	13.6	14.9	15.3
<b>Exports of Goods and Services</b> <i>(in % of GDP)</i>	14.4	17.9	16.6	18.0	16.8

Source: World Bank ; Latest available data

Foreign Trade Forecasts	2023	2024 (e)	2025 (e)	2026 (e)	2027 (e)
<b>Volume of exports of goods and services (Annual % change)</b>	-13.4	28.9	3.9	4.0	3.8
<b>Volume of imports of goods and services (Annual % change)</b>	-4.5	3.7	3.5	2.9	3.1

Source: IMF, World Economic Outlook ; Latest available data

Note: (e) Estimated Data

## International Economic Cooperation

Argentina is a member of the following international economic organisations: Latin American and the Caribbean Economic System, WTO, Mercosur, IMF, G-15, G-20, G-24, G-77, ICC, among others. For the full list of economic and other international organisations in which participates Argentina click [here](#). International organisation membership of Argentina is also outlined [here](#).

## Free Trade Agreements

The complete and up-to-date list of Free Trade Agreements signed by Argentina can be consulted [here](#).

## Main Partner Countries

Main Customers <i>(% of Exports)</i>	2022
<b>Brazil</b>	14.3%
<b>China</b>	9.0%
<b>United States</b>	7.6%
<b>Chile</b>	5.7%
<b>India</b>	5.1%
<b>See More Countries</b>	58.4%

Main Suppliers <i>(% of Imports)</i>	2022
<b>China</b>	21.5%
<b>Brazil</b>	19.6%

Main Suppliers <i>(% of Imports)</i>	2022
<b>United States</b>	12.7%
<b>Germany</b>	3.3%
<b>Paraguay</b>	2.4%
<b>See More Countries</b>	40.5%

Source: Comtrade, Latest Available Data

## POLITICAL OUTLINE

### Current Political Leaders

President: Javier Milei (since 10 December 2023); the president is both chief of state and head of government.

### Next Election Dates

President: October 2027

Legislative (Senate and Chamber of Deputies): October 2025

### Current Political Context

Argentina conducted general elections on October 22, 2023, to elect the president, vice president, members of the National Congress, and governors of most provinces. The incumbent president Alberto Fernández and former president Cristina Fernández de Kirchner, who was also the incumbent vice president and eligible for re-election to a consecutive term, opted not to seek another term in office. With no presidential candidate securing a majority in the initial round, a runoff occurred on November 19. In the runoff, Javier Milei emerged victorious over Sergio Massa to assume the presidency of Argentina.

New President Javier Milei described himself as an 'anarcho-capitalist' and is expected to pursue libertarian policies. In his first month in office, he unleashed a mega-decree to change or scrap 366 economic rules in a country accustomed to heavy government intervention in the market. Milei has implemented changes to labour laws, extending the trial period for new employees from three to eight months and modifying compensation laws for dismissals without cause in favour of companies. Additionally, he intends to renegotiate labour agreements established since 1975. Furthermore, he has eliminated export restrictions and announced plans to liberalize the internet market. He has also repealed regulations prohibiting the privatization of state-owned enterprises and has expressed interest in privatizing the national airline, Aerolineas Argentinas, and the oil company, YPF. Additionally, he has taken steps to restrict the right to strike, a constitutionally protected right. According to the International Monetary Fund, Argentina has pledged to build up international reserves and halt central bank financing of government debt as part of the most recent assessment of its USD 44 billion loan program. The global lender has endorsed a series of reforms put forward by President Javier Milei's administration.

### Main Political Parties

The main parties/coalitions in Argentina include:

- **Freedom Advances** (La Libertad Avanza - LLA): far-right political coalition, holding conservative and ultraconservative positions on social and cultural matters, while adopting right-wing libertarian or ultra-liberal stances on economic issues. It is led by Javier Milei, who was elected President in the 2023 Argentine general election
- **Union for the Homeland** (Unión por la Patria, UP): political and electoral coalition of Peronist political parties, it is the main opposition coalition
- **Republican Proposal** (Propuesta Republicana - PRO): right-wing, with center-right and far-right factions. Allied of LLA
- **Radical Civic Union** (Unión Cívica Radical - UCR): centrist, liberal
- Hacemos Coalición Federal (HCF): political/parliamentary alliance that unified the blocs Hacemos por Nuestro País, Coalición Cívica ARI, and Cambio Federal in the Chamber of Deputies
- Federal Peronism (Peronismo Federal): moderate, centrist, or right-wing Peronism, primarily recognized for its opposition to Kirchnerism, the left-wing faction of Peronism.

## Executive Power

Executive power is held by the **President** of the Argentine nation and is his/her responsibility to respond to national interests. The President is the Head of the Government and the Chief of State, the individual responsible for the general administration of the country and the Commander-in-Chief of the Armed Forces. The President is elected by universal suffrage for a four-year term and can be re-elected for a subsequent consecutive term of office. The Vice President is elected alongside the President. The President appoints individuals to the Council of Ministers.

Argentina has 23 provinces and one autonomous federal district - each retains some powers that do not belong to the federal government and elects its own legislators and provincial governors.

## Legislative Power

The legislative power is held by the bicameral **National Congress** (Congreso Nacional). The Chamber of Deputies (the lower house) is comprised of 257 members, which are elected to four-year terms by direct universal suffrage, with half of the membership renewed every two years. The Senate (upper house) is comprised of 72 members, which are elected to six-year terms by direct universal suffrage - with one third of the members elected every two years.

## COVID-19 COUNTRY RESPONSE

### Travel restrictions

Regularly updated travel information for all countries with regards to Covid-19 related entry regulations, flight bans, test and vaccines requirements is available on [TravelDoc Infopage](#).

To find information about the current travel regulations, including health requirements, it is also advised to consult Travel Regulations Map provided and updated on a daily basis by [IATA](#).

### Import & export restrictions

A general overview of trade restrictions which were adopted by different countries during the COVID-19 pandemic is available on the [International Trade Centre's COVID-19 Temporary Trade Measures](#) webpage.

### Economic recovery plan

For the general overview of the key economic policy responses to the COVID-19 pandemic (fiscal, monetary and macroeconomic) undertaken by the Argentine government, please consult the section dedicated to Argentina in the [IMF's Policy Tracker platform](#).

## **Support plan for businesses**

For an evaluation of impact of the Covid pandemic on SMEs and an inventory of country responses to foster SME resilience, refer to the OECD's [SME Covid-19 Policy Responses](#) document.

You can also consult the World Bank's [Map of SME-Support Measures in Response to COVID-19](#).