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Argentina's Emerging Data Center Market:

Investment Opportunities, Infrastructure Challenges and Legal Considerations

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Executive Summary

The global data center industry is undergoing a structural transformation of historic proportions. Driven by the explosive growth of artificial intelligence workloads, accelerating cloud migration by enterprises and governments, and the sovereign data requirements of an increasingly digital global economy, investment in data center infrastructure reached record levels in 2025 and continues to surge. Hyperscalers collectively committed in excess of USD 700 billion in data center capital expenditure for 2026 alone.

Against this backdrop, Argentina is emerging as a jurisdiction of material interest to infrastructure investors, hyperscalers, private equity funds and their legal advisors. A confluence of factors has placed the country on the radar of international allocators: competitive electricity tariffs, a substantial and growing pool of technical talent, an improving macroeconomic environment under President Javier Milei, a significantly reformed foreign investment regime, and the October 2025 announcement of "Stargate Argentina," a planned USD 25 billion, 500 MW hyperscale campus in Patagonia to be developed by Sur Energy, with OpenAI as anchor purchaser of computing capacity, which, if executed, would rank among the largest technology investments in Latin American history.

This article provides a structured overview of the Argentine data center market, addressing the market landscape, competitive dynamics relative to Brazil, Chile and Mexico, the critical variable of energy supply, the applicable regulatory and legal framework, available investment structures and incentive regimes, and the key risks that should inform any due diligence and deal-structuring exercise.

On balance, Argentina presents a genuine and differentiated opportunity for early-mover investors, but one that requires careful navigation of a legal and regulatory environment that is still evolving.

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I. Argentina's Competitive Advantages

Investors evaluating Argentina's data center opportunity should begin with the structural advantages that differentiate the country from its regional peers.

Scale and Concentration of Demand

With a population of approximately 46 million and a GDP of around USD 640 billion, Argentina is the third-largest economy in Latin America. The greater Buenos Aires metropolitan area, home to roughly 15 million people, is one of the most digitally sophisticated urban markets on the continent. Banking, e-commerce, fintech, media, logistics and government services generate substantial and growing demand for local data processing and storage. Argentina's internet penetration rate exceeds 85%, and the rapid adoption of digital financial services—accelerated by the country's own inflationary environment, which has driven consumers toward digital payment platforms and cryptocurrency—creates demand for low-latency, locally processed data.

Telecommunications Infrastructure

Argentina possesses an unusually robust submarine cable network for a country of its stage of development. The country connects to seven operational international submarine cables, with additional capacity under construction. Notably, Google's Firmina cable, inaugurated in 2024, connects Argentina to the United States and Uruguay, providing an additional high-capacity link to North American cloud infrastructure. Terrestrial fiber networks are well-developed in the Buenos Aires corridor, though coverage thins considerably in more remote provinces.

Technical Talent

Argentina has one of the deepest pools of technology talent in Latin America. The country produces a substantial number of engineering and computer science graduates annually, and Buenos Aires has developed a well-established ecosystem of software development companies, technology startups and managed-service providers. This talent base is essential for the staffing of data center facilities, particularly those hosting managed colocation services, and represents a meaningful competitive advantage over lower-cost but technically shallower alternatives.

Cost Structure

Industrial electricity tariffs in Argentina are currently among the most competitive in the region, ranging between approximately USD 0.09 and 0.16 per kWh, materially below comparable rates in Chile, Mexico and Brazil. This cost advantage is particularly significant for energy-intensive hyperscale and AI workloads, where electricity represents the largest component of operating expenditure. Construction costs, although affected by inflation, remain comparatively moderate in U.S. dollar terms following the significant peso depreciation of 2023–2024. Local labor costs are also competitive, though cost structures require careful modeling given residual peso/dollar dynamics.

Renewable Energy Potential

Argentina possesses world-class renewable energy resources. Patagonia hosts some of the strongest and most consistent wind resources on the planet, with capacity factors that rival the best onshore wind sites globally. The country's northern provinces benefit from exceptional solar irradiance. Argentina's hydroelectric base, which historically supplied a significant share of the national grid, is complemented by a growing pipeline of wind and solar projects under the RenovAr program and the Renewable Energy Term Market (MATER) mechanism. Clean sources (hydroelectric, nuclear, wind and solar) account for roughly 40–45% of Argentina's electricity generation mix, and the trajectory is toward further growth.

Regulatory Framework

A further, and increasingly decisive, differentiator is the reform of Argentina's investment-incentive framework. The centerpiece of the change is the Incentive Regime for Large Investments (RIGI), enacted in 2024, which grants qualifying projects of at least USD 200 million a thirty-year guarantee of tax, customs and foreign exchange stability, together with a reduced corporate tax rate and international arbitration protections.

The technology sector is expressly covered, and large-scale data center projects that meet the investment threshold are eligible, placing Argentina, for the first time in years, on a competitive footing with the incentive regimes that Chile, Mexico and other jurisdictions have deployed to attract hyperscale capital. This trajectory is deepening further. In 2026 the government advanced a proposed "Súper RIGI," specifically oriented to frontier industries (including artificial intelligence and strategic digital infrastructure) that would raise the qualifying threshold to USD 1 billion in exchange for a materially more generous package of tax, customs and foreign exchange benefits. Taken together, these regimes signal a deliberate policy intention to position Argentina as a destination for the largest technology and data center investments in the region.

II. Current Market Landscape

The Argentine data center market is growing from a relatively modest base. According to Arizton Advisory & Intelligence, the colocation segment was valued at approximately USD 76 million in 2024 and is projected to reach USD 156 million by 2030, implying a compound annual growth rate of approximately 12.7%. Broader market assessments, incorporating enterprise, cloud and construction activity, suggest the overall market could exceed USD 800 million by 2031, with some estimates projecting revenues beyond USD 2 billion by the mid-2030s at sustained double-digit growth rates. These figures, however, should be treated with appropriate caution given the variability of macro assumptions underlying long-range projections in Argentina.

The hyperscale presence in Argentina, while growing, has historically been indirect, delivered through cloud regions hosted primarily in Brazil or the United States. However, this is changing materially. As early as 2019, Amazon Web Services obtained authorization for an investment of approximately USD 800 million in the Bahía Blanca–Coronel Rosales free-trade zone. The project was subsequently placed under review amid the macroeconomic deterioration of the following years and remains unexecuted, although the improved investment climate has revived expectations of its resumption. Both Microsoft Azure and Google Cloud have expanded their Points of Presence in Argentina and are evaluating more substantial infrastructure commitments as the regulatory and energy environments become more predictable.

The most closely watched development is Stargate Argentina. Announced in October 2025 through a letter of intent between OpenAI and Sur Energy, the initiative envisages a USD 25 billion, 500 MW AI data center campus in Patagonia, the first hyperscale Stargate facility in Latin America and one of the largest individual data center projects in the world. Under the announced structure, Sur Energy would lead development together with a global cloud infrastructure partner, while OpenAI would participate as the principal purchaser of computing capacity rather than as an equity investor. The project is intended to be structured under Argentina's RIGI or Super RIGI incentive regime (discussed below), although to date it remains at the letter-of-intent stage, with no construction milestones or RIGI application publicly reported. It has nonetheless drawn considerable international attention to the broader Argentine infrastructure opportunity.

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III. Energy Availability: The Critical Variable

No factor is more consequential to the viability of data center investment in Argentina than the reliability and cost of energy supply. A hyperscale campus of 100 MW or more requires the equivalent of the continuous electricity consumption of a small city. Energy is therefore the first question a serious investor must resolve, before site selection, connectivity or corporate structure.

Current State of the Argentine Grid

Argentina's electricity system is managed through the Wholesale Electricity Market (Mercado Eléctrico Mayorista, or MEM), operated by CAMMESA, the national clearing entity. The system has registered record peak demand approaching 30 GW. Natural gas remains the dominant fuel for thermal generation, accounting for roughly 49% of the generation mix. Hydropower provides approximately a quarter of supply, with wind, solar, nuclear and other sources contributing the balance.

The grid has historically been characterized by chronic underinvestment in both generation and transmission infrastructure, driven by years of suppressed tariffs and fiscal constraints on the state-owned energy sector. Reliability issues, particularly in summer months when air-conditioning demand peaks, have been a persistent concern. Transmission bottlenecks between Patagonia (where wind and solar resources are concentrated) and the principal load centers in the Buenos Aires metropolitan area represent a significant structural constraint that is only beginning to be addressed.

Renewable Energy and PPAs

The MATER mechanism (Argentina's Renewable Energy Term Market), allows large industrial consumers (generally those with demand exceeding 300 kW) to contract directly with renewable generators under bilateral Power Purchase Agreements denominated in U.S. dollars. This mechanism has become the preferred route for energy-intensive investors, including prospective data center operators, precisely because it provides a degree of price certainty, sustainability alignment, and insulation from spot-market volatility. U.S.-dollar denomination under MATER is particularly important for foreign investors seeking to match their energy cost exposure against their dollar-denominated revenues.

Patagonia's wind resources are exceptional by any global benchmark. Wind farms in Chubut and Santa Cruz provinces regularly achieve capacity factors of 50-60%, compared to a global onshore average of approximately 30%. This makes the region attractive for the most power-intensive AI workloads, albeit at the cost of distance from the principal connectivity infrastructure concentrated in Buenos Aires. Stargate Argentina's selection of a Patagonian site reflects a deliberate decision to prioritize renewable energy access and potential RIGI benefits over proximity to urban networks, on the assumption that long-haul fiber connectivity can be built or contracted to specification.

Transmission Constraints and Policy Environment

The principal limiting factor for large-scale power delivery to Buenos Aires-area data centers is transmission capacity between the provinces and the main load centers. CAMMESA has identified multiple congested corridors, and there is currently limited capacity for evacuating additional Patagonian renewable generation to the densely served metropolitan areas. The Milei administration has announced intentions to incentivize private investment in transmission infrastructure, and the RIGI framework explicitly covers "infrastructure" as a qualifying sector, potentially opening a pathway for combined data-center-and-transmission investment structures.

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Resolution SE 264/2026: The XDEM Regime

On 25 September 2026, the Secretariat of Energy issued Resolution 264/2026, which creates a regime for extra-trend demands (Demandas Extratendenciales, or XDEM) within the MEM and directly targets data centers. The regime applies to new demands or expansions equal to or above 0.5% of the MEM's average reference demand (approximately 80 MW, according to the Secretariat), computed on an aggregate basis for the related demands of a single project, and creates a specific category of large users for data centers, artificial intelligence and intensive processing (XDEM-DATOS). Covered projects must register with the Secretariat of Energy, submit a Special Supply Plan with a rolling five-year horizon, contract new generation for at least 80% of the energy consumed and evidence firm capacity equal to 115% of their maximum demand, which may be met through thermal, hydroelectric or nuclear plants, storage of at least six hours or on-site generation.

Shortfalls are subject to substantial surcharges (100% on uncovered energy and 400% on firm capacity deficits in the case of data centers), uncovered energy carries no supply guarantee in emergencies, and projects that depend on transmission expansions must pay a quarterly capacity reservation charge that is only partially refundable if commercial operation is achieved on schedule. Connection requests already in progress must conform to the regime within 60 days, and the regime will apply to each project for fifteen years from its commercial authorization.

For prospective investors, the practical implication is that energy supply must be analyzed on a project-specific basis. A Buenos Aires colocation facility drawing on the existing grid faces a different risk profile than a greenfield hyperscale campus in Patagonia that requires bespoke renewable generation and long-haul transmission. Both are viable structures, but they require distinct legal, commercial and financial architectures.

IV. Regulatory and Legal Framework

Foreign investors and their counsel should approach the Argentine regulatory environment with the understanding that it is in a period of active reform. Several layers of applicable law are relevant to data center investment.

Land Acquisition and Zoning

Real property law in Argentina follows civil law traditions, with title registration through the national and provincial property registries. The restrictions on foreign ownership of rural land established by Law 26,737, which had been an impediment to certain infrastructure siting strategies, were repealed by Decree of Necessity and Urgency 70/2023. The repeal, however, remains contested, as it is subject to ongoing litigation, in which the Supreme Court has recently issued decisions with differing effects, and to a possible rejection of the decree by Congress, so that the applicable regime should be confirmed at the time of each acquisition. Industrial and logistics zoning suitable for data center development is available in the Buenos Aires metropolitan area, with additional sites in the technology districts of Córdoba and the science parks that have been developed around major universities.

Construction and Environmental Permitting

Construction permitting in Argentina follows a multi-layered framework involving national, provincial and municipal authorities. Large-scale industrial construction projects require environmental impact assessments under Law 25.675 (the National Environmental Law), with additional provincial requirements that vary significantly by jurisdiction. The Province of Buenos Aires enacted Law 15,510 in November 2024, creating a Provincial Strategic Investment Regime that grants qualifying projects (minimum investment of USD 5 million) partial exemptions from provincial real estate, turnover and stamp taxes, together with fiscal stability; the regime was regulated by Decree 2731/2025 and became operational in early 2026. Investors in the Patagonian provinces will encounter a distinct regulatory landscape, with Neuquén and other jurisdictions having developed specific frameworks for large energy-intensive projects, informed by their experience with the petroleum sector.

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Data Protection and Privacy

Argentina's primary data protection instrument is the Personal Data Protection Act (PDPA), Law 25.326, enacted in October 2000. Argentina was the first country in Latin America to achieve an EU adequacy determination for data transfers, which remains significant for multinationals managing pan-Atlantic data flows. The PDPA is administered by the Agencia de Acceso a la Información Pública (AAIP). Cross-border data transfers under the PDPA are permitted to jurisdictions with adequate protection or pursuant to standard contractual clauses.

A comprehensive legislative reform of the PDPA has been in preparation since 2022, and several new bills are proposing to align Argentina's framework more closely with the GDPR, including explicit extraterritorial application, new data subject rights, enhanced enforcement powers and increased fines. The most recent of these, Bill 3397-D-2026, was introduced in the Chamber of Deputies in July 2026 and largely reproduces the draft submitted by the Executive Branch in 2023. The reform has not yet been enacted and its timeline remains uncertain, though international investors should monitor its progress, as the proposed changes would affect compliance obligations for operators and their cloud customers.

Foreign Investment and Corporate Structure

Argentina does not currently impose specific restrictions on foreign investment in data center or telecommunications infrastructure, and foreign and domestic investors generally compete under the same conditions. Branch structures, locally incorporated subsidiaries (sociedades anónimas, or S.A., and sociedades de responsabilidad limitada, or S.R.L.) and special purpose vehicles (VPU, as required under RIGI) are all available to foreign investors. Notifications to the antimonopoly authority (CNDC) are required for acquisitions above applicable thresholds under Law 27.442.

The foreign investment framework does not impose performance requirements, local content mandates or compulsory joint venture obligations in the technology or infrastructure sectors. However, investors should note that certain strategic assets (particularly those touching telecommunications networks or national security-adjacent infrastructure) may require regulatory approvals from ENACOM (the national telecommunications regulator) that add time and complexity to transaction closings.

National Security and Critical Infrastructure (Pending Legislation)

On 17 September 2026, the Executive Branch submitted to Congress the National Sovereignty Defense bill (*Proyecto de Ley de Defensa de la Soberanía Nacional*), an omnibus initiative that, alongside its provisions on the Malvinas Islands and the South Atlantic, reorganizes the defense, security and intelligence framework under a new National Security System led by a National Security Council (Consejo de Seguridad Nacional, or CSN) chaired by the President. Of direct relevance to the sector, the bill creates a national regime for the protection of critical infrastructure, defined as public or private facilities, networks, systems and assets whose disruption would significantly affect security, defense, health, the economy, essential services or the functioning of the State, and expressly refers to data centers within that scope. Owners and operators of designated infrastructure would be required to adopt protection measures on the terms to be set by implementing regulations, within the framework of a National Strategy and a National Plan for Critical Infrastructure Security that the CSN would issue and update at least every five years.

As of the date of this update, the bill is under review by the Chamber of Deputies. Should the bill be enacted in its current form, the designation of a data center as critical infrastructure would bring protection obligations whose content will only be known once the regime is regulated.

Currency and Foreign Exchange

For much of the past fifteen years, Argentina's foreign exchange controls (known informally as the cepo cambiario) posed one of the most significant practical impediments to foreign investment. The inability to freely repatriate profits and dividends, combined with multiple official exchange rates and a persistent parallel (blue dollar) market, created substantial structural uncertainty for dollar-seeking investors.

In April 2025, the Milei administration gradually eliminated some currency controls, lifting restrictions on the purchase of U.S. dollars by individuals and allowing companies to remit dividends on profits from fiscal years beginning on or after 1 January 2025, although certain restrictions on companies remain in place, including the prohibition on purchasing foreign currency for hoarding and a 90-day cross-restriction on parallel-market transactions. This measure was accompanied by a managed float within an exchange rate band, whose limits have been adjusted by monthly inflation since January 2026, under the auspices of an IMF program. While residual risks and restrictions remain and the sustainability of the FX regime is a key monitoring point for international investors, the practical barriers to currency conversion and profit repatriation are the lowest they have been in over a decade. Under the RIGI regime, qualifying projects benefit from additional FX protections, including exemptions from exchange market restrictions for the repayment of financial obligations and repatriation of dividends.

Tax Considerations

Argentina's corporate income tax is levied at progressive rates of up to 35%, the bracket applicable to most companies of scale. The Knowledge Economy Promotional Regime (Law 27.506, as amended by Law 27.570), which runs through 2029, grants qualifying companies engaged in promoted technology activities, including cloud services and data center operations, a segmented reduction of the income tax determined on those activities: 60% for micro and small companies, 40% for medium-sized companies and 20% for large companies (an effective rate of approximately 28% for a large taxpayer at the top bracket). It also provides relief from VAT withholdings and perceptions for exporters, a tax credit bond equal to 70% of employer payroll contributions on qualifying personnel, and the deductibility of analogous taxes paid abroad. Companies benefiting under RIGI VPU structures are subject to a 25% income tax rate but benefit from stability guarantees and the additional FX and customs incentives described in Section VI below. Value-added tax (currently 21%) applies generally to services rendered in Argentina. Transfer pricing rules broadly follow OECD guidelines, though practical application requires careful structuring in cross-border group arrangements.

V. The Milei Administration and the Investment Environment

No analysis of the Argentine investment opportunity is complete without an understanding of the political economy that has reshaped the environment over the past two years. President Javier Milei, elected in November 2023 on an explicitly libertarian economic platform, has presided over the most significant restructuring of the Argentine state in decades.

The macroeconomic results through mid-2026 have been substantially more positive than most observers anticipated at the time of his election. Annual inflation, which peaked at approximately 290% in early 2024, had fallen to approximately 33% by early 2026 and is projected to moderate further. Argentina's economy contracted by 1.3% in 2024 -the expected consequence of severe fiscal austerity- but rebounded with 4.4% real GDP growth in 2025, driven by private consumption, a surge in investment (up 16.4%), and export recovery. The World Bank, which had projected 3.6% growth for 2026, revised its estimate down to 2.1% in October 2026. Argentina achieved its first fiscal surplus in fourteen years at approximately 0.3% of GDP in 2024 and recorded a financial surplus of approximately 0.2% of GDP in 2025. The October 2025 midterm elections delivered a significant victory for Milei's La Libertad Avanza party, substantially expanding its congressional representation and providing greater legislative capacity to advance the reform agenda.

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The RIGI and Super RIGI Regime

The centerpiece of the Milei administration's investment promotion agenda is the Incentive Regime for Large Investments (*Régimen de Incentivo a las Grandes Inversiones*, or RIGI), enacted as Title VII of Law 27.742 (the "Bases Law") in July 2024 and implemented by Executive Decree 749 of August 2024.

RIGI provides investors in qualifying projects with a thirty-year guarantee of regulatory stability covering tax, customs and foreign exchange rules. The regime applies to investments of at least USD 200 million (with the executive having discretion to raise the threshold, but not above USD 900 million) in qualifying sectors, which include infrastructure, energy, technology, mining, forestry and tourism. The technology sector is expressly covered, and major data center projects that meet the minimum investment threshold are eligible.

Qualifying investors must incorporate a dedicated Single Project Vehicle (VPU—Vehículo de Propósito Único), which must have the approved project as its sole purpose. The VPU is subject to a 25% income tax rate (rather than the standard 35%), a reduced dividend withholding tax that steps down over time, and a zero-rate import tariff on capital goods required for the project. The RIGI also includes an arbitration framework that provides investors with access to international commercial and investment treaty arbitration—an important provision given historical concerns about the enforceability of contractual protections in Argentine courts in contexts involving significant state interests.

In its first years of operation, RIGI attracted 23 approved projects for approximately USD 50 billion as of October 2026, predominantly in energy and mining, with a further 24 projects under evaluation. The window for submitting a project under this benefit regime is open until 8 July 2027.

Complementing the RIGI framework described above, in May 2026 the Milei administration submitted to Congress a bill creating the Incentive Regime for Large Investments in New Industries (Régimen de Incentivo para Grandes Inversiones en Nuevas Industrias), popularly referred to as the "Súper RIGI". The Chamber of Deputies granted the bill half-sanction on 24 June 2026, by a vote of 130 to 106 with 7 abstentions, and as of the date of this update it remains pending before the Senate, whose committees have discussed amendments that, if approved, would require the bill to return to the Chamber of Deputies. The regime is designed to complement, rather than replace, the original RIGI: whereas RIGI targets sectors in which Argentina already possesses productive capacity, the Súper RIGI is directed exclusively at economic activities that do not yet exist in the country or that remain at an experimental or pilot stage.

The proposed regime raises the minimum qualifying investment to USD 1 billion (against USD 200 million under the original RIGI), with at least 20% of that amount to be disbursed within the first two years of adhesion; investments in research and development linked to the project may be computed at twice their nominal value toward the threshold, subject to a cap of 20%. The sectors identified in the bill's rationale include artificial intelligence, strategic digital infrastructure, semiconductors, advanced biotechnology, hydrogen, LNG, small modular nuclear reactors, lithium batteries and technology-intensive manufacturing. Notably for present purposes, the promoters of the initiative have expressly cited AI-oriented hyperscale data centers as a paradigmatic target, placing this article's subject matter at the center of the regime's intended scope.

The incentive package is materially more generous than that of the original RIGI. Qualifying projects would be subject to a 15% income tax rate (compared with 25% for RIGI single-project vehicles and a 35% general rate), a reduced 3.5% withholding on dividends and profit distributions, accelerated amortization of movable assets and infrastructure works, and the carryforward of tax losses without time limitation. For data center investors, the Súper RIGI is potentially significant. A project of the scale of Stargate Argentina (announced at USD 25 billion) would comfortably exceed the USD 1 billion floor and could, if the bill is enacted, be structured under the Súper RIGI rather than the original RIGI, thereby capturing the deeper tax and dividend benefits described above.

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Remaining Challenges

The Milei administration's reform program, while substantial, faces meaningful execution risks. Inflation remains elevated in absolute terms, even if dramatically reduced from its 2024 peak. The new exchange rate mechanism, while marking a major liberalization from the cepo era, has not yet been tested through a full economic cycle, and reserve accumulation by the central bank remains a key monitoring metric. Social pressures from the fiscal adjustment, create political risk that the reform agenda could be modified or reversed by a subsequent administration. The 2027 presidential election cycle will be an important reference point for the durability of the current policy framework.

VI. M&A, Joint Venture and Investment Opportunities

The Argentine data center market presents opportunities across the capital structure and transaction spectrum. International investors and their advisors should consider the following deal archetypes:

Greenfield Development

The most significant near-term opportunity lies in greenfield development, particularly for hyperscale and AI-optimized campuses that can leverage RIGI incentives and Argentina's renewable energy endowment. The Stargate Argentina model (a large-scale SPV anchored by a long-term hyperscaler or anchor tenant commitment, structured to qualify for RIGI tax and FX stability) represents a template that other developers and investors could replicate or follow on a smaller scale. Key execution issues include site identification and land rights, grid connection or dedicated renewable generation, long-haul fiber connectivity, construction management in a volatile input cost environment, and the structuring of anchor tenant leases in a way that provides bankable revenue predictability.

Acquisition of Existing Facilities

The existing Argentine colocation market, currently concentrated around a small number of meaningful operators, presents M&A targets for international consolidators. Transactions involving existing facilities offer operational data, established customer relationships and immediate cash flow at the cost of inheriting potentially aging infrastructure and deferred capital expenditure requirements. Regulatory approvals, particularly from ENACOM for telecom-adjacent assets and the CNDC for transactions with market concentration implications, should be factored into deal timelines. The CNDC review process has historically been manageable but requires adequate lead time, particularly considering that from November 2026 the antitrust approval will become a pre-closing requirement.

Joint Ventures with Local Partners

Given the complexity of the Argentine operating environment, joint ventures with established local operators or developers are likely to be attractive structures for foreign investors entering the market for the first time. Local partners bring permitting expertise, regulatory relationships, grid access knowledge, and experience navigating Argentine procurement and labor markets. The principal structuring questions in such arrangements (governance rights, exit mechanics, FX allocation, and decision-making authority over capital expenditure), require careful attention in the shareholders' agreement. Investors should be alert to the potential mismatch between the legal protections afforded by Argentine corporate law and the practical expectations of enforcement in a jurisdiction where contract law has not always been applied with full consistency.

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Energy Provider Partnerships

Given that energy supply is the single most critical variable in the data center investment thesis, strategic partnerships with renewable energy generators (particularly those with existing or planned generation assets in Patagonia) represent an important component of the investment architecture. Whether structured as long-term bilateral PPAs under the MATER mechanism or as equity co-investments in generation assets, these arrangements provide both cost certainty and ESG positioning that is increasingly demanded by institutional LPs and hyperscaler customers. The RIGI's applicability to infrastructure, including transmission lines and generation capacity, potentially creates a pathway for integrated energy-plus-data-center structures that could be attractive to infrastructure funds seeking large-scale platform opportunities.

Private Equity and Infrastructure Fund Participation

The risk/return profile of Argentine data center investment positions it at the intersection of infrastructure fund return expectations and technology growth fund multiples. Early-stage platforms (development-phase assets with secured land, permits and anchor tenant letters of intent)are likely to attract growth equity investors willing to take construction and ramp-up risk. Stabilized colocation assets with long-term contracted revenue will be more appropriate for core-plus or value-add infrastructure mandates. The relative scarcity of institutional-quality existing assets in Argentina means that investors willing to develop, rather than merely acquire, will capture the greatest value but will also bear the greatest execution risk. Patria Investments' 2025 launch of a regional hyperscale data center platform targeting Latin America is one indication of the increasing engagement of institutional capital with this market.

VII. Key Risks Investors Should Evaluate

A balanced analysis requires candid identification of the principal risks attending investment in the Argentine data center market.

Energy Supply Risk

As discussed above, grid reliability in Argentina, particularly in the Buenos Aires metropolitan area during peak demand periods, remains a material concern. Large-scale data center operators will require backup generation capacity and, for hyperscale facilities, a credible long-term energy supply solution. The transmission infrastructure constraints between renewable-rich Patagonia and principal load centers represent a structural bottleneck that will take years and significant capital investment to resolve.

Macroeconomic and Currency Risk

Argentina's historical pattern of currency crises, sovereign defaults and exchange control cycles is well-known to international investors. While the Milei administration's reforms have produced material improvement, annual inflation of approximately 33% and the potential for peso volatility create real operating cost uncertainty for peso-denominated components of data center operations (labor, domestic procurement, utility deposits). Investors should structure revenue, financing and profit repatriation in U.S. dollars wherever the legal framework permits, and should carefully analyze the FX protections afforded under RIGI for qualifying projects.

Regulatory and Policy Risk

The RIGI provides thirty-year regulatory stability, but this guarantee is, ultimately, only as durable as the political will of successive Argentine governments to honor it. The 2027 presidential election cycle will be an important inflection point. Investors and their counsel should assess the degree to which RIGI protections are supported by international treaty frameworks and the ICSID arbitration pathway that RIGI itself incorporates. The proposed PDPA reform, if enacted with aggressive extraterritorial application and enhanced enforcement powers, could also affect data center operational compliance costs. Likewise, the emergency powers that the National Sovereignty Defense bill would grant to the CSN, including restrictions on foreign exchange operations and the suspension of contracts, call for careful analysis of their interaction with the foreign exchange and regulatory stability guarantees afforded under RIGI, an issue that investors should monitor as the text advances through Congress.

Construction and Supply-Chain Risk

Large-scale data center construction in Argentina faces challenges common to the region: a limited domestic supply of specialized components (transformers, UPS systems, high-density cooling equipment), lead times for imported equipment, and a construction labor market that, while skilled, operates under complex union regulations. The Milei administration's deregulatory agenda has addressed some of these frictions, but investors should build material contingency into construction cost and timeline estimates. Supply-chain disruptions affecting global data center equipment markets also represent a risk factor that is not unique to Argentina but is amplified by local import logistics.

Permitting and Environmental Risk

Environmental permitting for large industrial facilities in Argentina can be protracted and, in some provinces, subject to active civil society challenge. The Patagonian provinces, where several major projects are proposed, have significant indigenous community rights that must be consulted in connection with large infrastructure projects. Investors should conduct thorough environmental and social due diligence and build adequate lead times into project development schedules.

Political Risk Assessment

Despite the Milei administration's midterm success and the improving economic trajectory, Argentina's political environment remains inherently less predictable than those of Chile, Uruguay or Colombia. Policy reversal risk, while reduced relative to the pre-2024 period, cannot be dismissed. Investors should consider political risk insurance products and careful treaty structuring to provide additional protections against adverse regulatory action. The RIGI's own arbitration framework is a meaningful mitigation.

VIII. Outlook

The five-year outlook for Argentina's data center market is optimistic. Several secular forces support sustained growth:

> Hyperscale demand pressure: The continuation of AI infrastructure investment at global scale, combined with sovereign data requirements, will sustain demand for in-country processing capacity from multinational hyperscalers and their enterprise customers.

> Digital transformation of the Argentine economy: Financial services, retail, healthcare and government are all in active phases of cloud migration and digital service deployment, creating durable demand for domestic colocation and managed cloud capacity.

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Renewable energy buildout: The expansion of Patagonian wind and solar capacity, facilitated by MATER contracts and the RIGI energy infrastructure pathway, will progressively improve the cost and reliability of power supply for large data center operators.

Regional positioning: Buenos Aires's role as a financial and cultural center for Spanish-speaking South America creates natural demand for a regional data center hub serving multi-country enterprise customers that is distinct from Brazil's Portuguese-language market.

Whether Argentina can sustain that trajectory will depend principally on three variables: the durability of the macroeconomic stabilization program through the 2027 election cycle; the timely resolution of transmission infrastructure constraints; and the continued willingness of the Milei administration to honor the legal and commercial commitments made under the RIGI framework.

For international investors and their legal advisors, the practical implication is that the window for early-mover positioning in the Argentine data center market is open, though it is unlikely to remain so indefinitely. The most sophisticated infrastructure investors in Latin America have already begun the assessment process. Those evaluating the opportunity should move to serious diligence with appropriate urgency, while structuring their investments to be resilient to the residual uncertainties that remain inherent to the Argentine market.

Bomchil's corporate, energy, tax and regulatory teams regularly advise international investors on RIGI structuring and single-project vehicles, MATER power purchase arrangements, real estate acquisition and permitting, and the formation of joint ventures in regulated industries.

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