Monday, September 21, 2026

HALLGARTEN + COMPANY

Country Coverage

Guest Analyst: Rafael Dahl
rdahl@mwsa.com.ar

Argentina:
Mining – Bend It Like Messi

September 2026

Argentina

Bend It Like Messi

- × **Use & Abuse - use of the RIGI scheme and abuse of the opening of imports and relaxation of foreign currency rules by miners is undermining positive vibes about the mining surge in Argentina**
- \+ **The economy remains anaemic in urban areas, yet the go-go sectors are in provinces distant from the opinion-making classes: i.e. oil & gas (i.e. Vaca Muerta), mining and agriculture**
- \+ **Mining activity is in overdrive with the three legs, lithium, copper and gold all under massive development**
- \+ **The easing of import restrictions (and foreign exchange controls) has made it easier for mining companies to plan for, and source, required equipment**
- × **Mining companies is pursuit of cheapness have leaned massively on cheap Chinese imports eschewing the "Buy Local" motivations (but not requirements) behind the RIGI scheme**
- × **These imports include such non-specialised imports from China such as housing units and non-mining specific structural inputs**
- × **These rorts have created public outrage and strong critiques from the business community**
- × **Trickle-down logic fails miserably when miners subvert Milei's original intentions in giving them fiscal advantages**
- × **The RIGI scheme, after a honeymoon period with the electorate, is being widely seen as a scam to allow foreign miners to avoid creating local jobs**
- × **The abuse of the RIGI scheme is making the passing of the Super RIGI scheme through the Senate much more difficult**

Oops, They Did It Again

A recent occurrence reported in an article in the Argentine newspaper, Capital Sur, (but also widely commented upon in the Argentine media) was:

"Tensions between the industrial sector and major mining operators have escalated to critical levels. Despite the implementation of the RIGI framework, the decision by companies such as Vicuña and Rio Tinto to prioritize Chinese suppliers over Argentina's existing industrial capacity has sparked a wave of

complaints that threatens to disrupt social stability in mining provinces.

The cost of import substitution

The conflict centers on the loss of the local economic multiplier effect. While mining companies justify overseas procurement based on lower operating costs, industrial leaders warn that this strategy hollows out regional development:

Vicuña (San Juan): The awarding of a $52 million contract for camp facilities to PowerChina displaced a local bid from Modular Homes, creating an $18 million gap.

Rincón (Salta): The importation of metal structures and warehouses from China has sidelined the domestic metalworking industry".

****

The Global Playing Field and Schoolyard Team-Picking

In Argentina, the traditional game of "*pan y queso*" (bread and cheese) is used to determine who gets first pick of the players. Internationally, this dynamic can be described as "schoolyard team-picking." Whoever gets the first pick can recruit the most valuable player and begin building the team most likely to win. In international business—and particularly in the mining sector—the dynamic is similar. The playing field is the global capital market (Toronto, Sydney, London, or New York), and the prize being contested is not a ball, but the limited financing available for project development.

A mining exploration or development company typically does not possess, on its own, all the capital required to build a mine. Its role is to mitigate risk, structure the proposal, and convince the market that its project deserves funding over the hundreds of alternatives spread across various mining districts.

This is where the "Messi effect" comes into play. The arrival of an extraordinary figure can transform a team's visibility, commercial potential, and financial appeal. This comparison does not imply that a single individual guarantees a specific outcome; rather, it illustrates how a unique, differentiating element can reshape a business model, attract partners, and raise expectations regarding execution.

Building the Mining Sector's "Messi"

To secure a priority position in the financial equivalent of a schoolyard team-picking session, a mining company must create, incorporate, or consolidate its own unique differentiator. In mining, that "Messi" figure is not necessarily a single person; rather, it emerges from a combination of three components:

- An exceptional asset. A deposit with grade, scale, metallurgy, infrastructure, and potential cost structures that set it apart within the global supply of projects.
- A management team with a proven track record. A technical, legal, financial, and operational

team that has demonstrated the ability to discover, finance, build, or commission projects. Investors evaluate the asset, but they also evaluate the people who will lead it.

- A strategic partner or sales agreement. A relationship with a top-tier buyer, processor, manufacturer, or industrial partner that helps validate future demand and mitigate commercial risk.

When these factors align, the project improves its market position: it can access capital sooner, negotiate better terms, and accelerate execution.

The Operational Champions League and the Mandate to Deliver

Accessing institutional capital entails a demanding obligation: delivery. Financiers require control over timelines, costs, safety, environmental standards, governance, and social performance. Improvisation—even when well-intentioned—turns into financial risk.

For this reason, major projects turn to international contractors and engineering firms—such as EPC providers and Tier 1 companies—that possess the scale, financial backing, bank guarantees, management systems, and certifications needed to meet multi-million-dollar obligations. Their involvement does not necessarily reflect a bias against the domestic industry; rather, it is a response to the risk-mitigation framework required by capital providers.

The Smart Local Supplier: From Tier 2 to Strategic Partner

The professionalization of the Argentine mining sector did not follow a linear path. Over the course of more than thirty years, it went through phases of market opening, investment, construction, and subsequent slowdown. Each wave brought new knowledge and capabilities yet also exposed the gap between written guarantees and the actual conditions for investment, production, and supplier development.

First Wave: The Mining Sector Opening of the 1990s

The first wave began with the enactment of the Mining Investment Law (Law 24.196) in 1993. The legislation established tax incentives and a thirty-year fiscal stability guarantee, creating the framework needed to position Argentina as a new destination for international mining investment.

A significant expansion in exploration activity took place during that decade. International companies entered the market, new districts were surveyed, and global standards regarding geology, safety, the environment, financing, and contracting began to be implemented.

This was the initial learning phase. However, subsequent experience revealed that the stability promised by the law did not always translate into consistent fiscal, exchange-rate, and regulatory predictability throughout the lifespan of the projects. The law opened the door to the sector, but the country failed to maintain stable rules for the full thirty-year period that had been promised.

Second wave: construction, production, and a loss of continuity

Between the early 2000s and approximately 2018, Argentina reaped the results of earlier exploration efforts. Mines were built, operations were expanded, and a generation of local contractors, professionals, and suppliers with genuine experience in mining execution was developed.

It was a formative period for construction and specialized services. Argentine companies learned to work to international standards, adopted new technologies, and demonstrated technical capability and a strong local presence.

However, the country failed to replenish its portfolio of resources, projects, and new mines at the same pace. Fiscal instability, currency exchange restrictions, controls on access to foreign currency, and limitations on importing equipment, spare parts, and supplies progressively eroded the confidence that Law 24.196 was intended to underpin.

Thus, while the second wave allowed for the development of much of what had been explored in the 1990s, it did not generate sufficient continuity in exploration and construction. Although the “players” trained during the first stage were utilized, the training necessary to renew the workforce was not sustained.

Third Wave: RIGI as a New Test of Credibility

The third wave begins with the Large Investment Incentive Regime (RIGI), established by Law 27.742 in 2024 and subsequently adjusted and expanded through its implementing regulations.

RIGI can be viewed as a reinforced, more comprehensive version of the guarantees that Law 24.196 sought to offer the mining sector. It goes beyond mere tax benefits, incorporating fiscal, customs, exchange-rate, and regulatory stability for thirty years, mechanisms to protect acquired rights, and specific conditions for large-scale projects.

More than just a promotional advantage, it represents a new attempt to rebuild the legal credibility that had been weakened by previous experiences. Its true value will depend not only on the provisions of the law but also on whether those guarantees are honored in practice throughout the entire lifespan of the projects. This third wave represents a potentially decisive opportunity to regain credibility, transform resources into production, and prevent Argentina from once again falling behind other mining regions.

The Local Supplier Paradox

This new opportunity seeks to attract major investments and generate jobs, exports, and regional development. However, it also highlights the structural disadvantages faced by Argentine suppliers.

The RIGI scheme allows for the importation of capital goods, spare parts, components, and inputs with customs benefits, and stipulates that projects cannot be compelled to hire domestic suppliers under terms less favorable than market rates. While this provision makes sense from an investor's perspective,

it places local suppliers at a competitive disadvantage when their pricing reflects cumulative taxes, financial costs, operational restrictions, and labor or union-related contingencies that are beyond their control.

In this context, many Argentine companies may initially find their niche as Tier 3 suppliers—specialized providers that supply Tier 2 companies or handle specific components of manufacturing, maintenance, logistics, and local services.

Being a Tier 3 supplier should not be viewed as a permanent state or an inferior category. It can serve as an entry point into the international supply chain, offering a chance to build a verifiable track record, obtain certifications, and achieve the scale needed to advance to Tier 2 status.

However, such advancement is only possible if local suppliers operate under a reasonable, predictable, and appropriate tax burden. They cannot be expected to match international prices while being forced to shoulder a cost structure that their foreign competitors do not face.

Therefore, the "third wave" will not be fully realized simply by attracting major investors. Success must also be measured by the ability to integrate Argentine companies, foster partnerships among them, and enable their transition from local Tier 3 suppliers to strategic Tier 2 partners. Otherwise, Argentina might build new mines without establishing a domestic industrial supply chain capable of supporting them.

Argentina: the Players are Ready, but the Playing Field is Shut

Argentina possesses the geologists, engineers, metallurgists, manufacturers, construction firms, and suppliers capable of meeting the technical demands of modern mining. The primary challenge lies not in the caliber of these individual players, but in the economic and institutional rules governing the competition.

While an international supplier can quote based on a more neutral tax structure and access to competitive credit, an Argentine company must factor into its price the cumulative effect of national, provincial, and municipal taxes; banking levies; tax withholdings and advance collections that tie up working capital; high financing costs; and labor or union-related contingencies that are difficult to forecast.

The result is paradoxical: despite being efficient, readily available, and familiar with the local landscape, the local supplier may appear more expensive. They are not necessarily displaced due to technological inferiority, but rather because their price includes costs that do not translate into greater productivity or added value for the project.

The table that follows shows the comparative tax model; total value-added base of 300 and cost base of 100.

Country	Retained by the SME	Taken by the State	Price with a 20% margin	Tax components	Competitive Reading
China	95%	5%	126.7	VAT & credits; SME	Incentives to scale-up and reinvestment
Canada	87%	13%	129.9	GST/HST neutral	A long supply chain does not add to fiscal burden
Chile	87.5%	12.5%	129.6	VAT neutral; Pro SME	Protection of working capital
Argentina	**58%**	**42%**	**150.0**	**IIBB, Tariffs and retentions**	**Higher price charged to sustain the same margin.**

The percentages result from a comparative exercise and do not represent universal statutory tax rates. Outcomes depend on assumptions regarding margins, jurisdiction, business activity, credit recoverability, and the specific structure of each value chain.

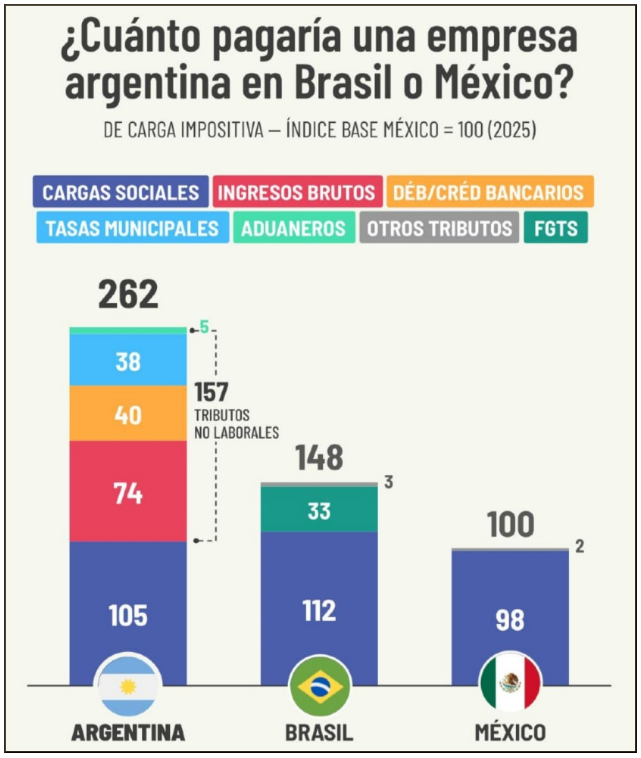
In football terms, Argentina possesses talented and experienced players but forces them onto the pitch wearing jerseys weighed down by extra ballast. Consequently, the results are often interpreted as a lack of individual competitiveness, even though a substantial portion of the disadvantage stems from the tournament rules themselves.

Policy, Management, and Predictability

Compounding this situation is public leadership frequently driven by electoral cycles. Mining development is often touted as a slogan, yet it does not always translate into a sustained management policy capable of coordinating permits, infrastructure, workforce training, regulatory stability, and effective supplier development.

The mining sector requires institutional agreements that outlast individual Presidential administrations, as well as technical teams with executive experience. When the narrative of development takes the place of actual management, projects advance at the pace of politics rather than the pace demanded by international capital. In this context, the promise of mining can devolve into campaign rhetoric used to prolong positions of power, while essential decisions remain pending.

The assessment must remain objective: not every state intervention constitutes a barrier, nor is every regulation unproductive. Infrastructure, training, oversight, and a social license to operate require a competent State. The problem arises when agencies, taxes, and decisions overlap without coordination, predictability, or the measurement of results.



Source: Union Industrial – Province of Buenos Aires

Conclusion

The lesson is that Argentina does not need to discover its talent, it needs to let it compete.

Argentina's mining sector can build its own "Messi" as it possesses geological resources, technical knowledge, industrial experience, and a local supply chain capable of learning and adapting. But no player, however exceptional, wins alone. They need a professional team, financing, infrastructure, and rules that remain consistent throughout the championship.

International capital will prioritize projects that combine geological quality, strong management, legal certainty, and a proven capacity for execution. Argentine projects do not compete solely against one another; they compete with alternatives in Canada, Australia, Chile, Brazil, Africa, and other regions capable of offering greater predictability.

Local suppliers should not be mistaken for the problem, either. Often, they do not lose out due to a lack of efficiency or technical capacity, but because their pricing reflects overlapping taxes, financing costs, labor uncertainty, and the consequences of shifting public policies.

Policymakers have a concrete responsibility: to stop using the rhetoric of mining development merely as election-season background noise and to start managing the conditions that make such development possible. Development is not measured by the number of announcements, but by funded projects,

constructed mines, integrated suppliers, sustainable employment, and actual commercialized production.

Argentina has already gone through several learning phases. The new wave of critical minerals could consolidate a competitive industry or turn into yet another cycle of unfulfilled expectations. The talent is there. The resources are there. There is also interested capital. What is missing is the need to organize the team, lighten the load, and establish rules of the game that allow the country to take the field with a real chance of winning.

About the author:

Rafael Dahl – has a long history in mining and mining services (including drilling) in Argentina and Paraguay. His most recent mining participation has been in iron ore (Hierro Indio) and in uranium. He is the principal of RD Advisors Soft Landing, which supports investors, mining companies, and international contractors with their operational entry into Argentina.

Appendix I:
RIGI & Super RIGI

Analyst: Christopher Ecclestone
cecclestone@hallgartenco.com

Mining – The implications

On the mining front, the Milei regime undershot the initial potential by rapidly (re)appointing, and then firing, the well-respected Flavia Royon, who had been Secretary of Energy (but not necessarily a political appointment) in the outgoing Massa regime. Ironically, this great promoter of the industry was axed after a few weeks due to her being perceived to be close to the governor of Salta (for Royon had been an official in the Salteño government). Milei had cast the province of Salta into the penalty box when he didn't get what he wanted on another issue and so Royon was the sacrificial victim of all this.

The role of Secretary of Mining was then apportioned to Sergio Arbeleche, a veteran mining lawyer from one of the largest law firms in the country. He was then swiftly replaced by another prominent mining lawyer, Luis Lucero. However, as Secretary of Mining at the Federal level is somewhat of a nothing role, in terms of regulation, the job needs to go to a showman (or show-woman) to bang the drum and attract interest in the sector, rather than a legal functionary. The early days of the Milei regime were akin to a revolving door.

Royon was a loss, though we hear she has now surfaced as head of the Mesa de Litio (combining the Lithium interests of Salta, Jujuy and Catamarca), so in a sense she is higher profile than if she had stayed as the minister!

Devolution Still Key

It is worth reiterating that mining law in Argentina has largely been an affair of the provinces in Argentina since the early 1990s, with virtually no Federal input, when Menem devolved mining jurisdiction back to the provinces. The fly in the ointment has long been foreign exchange issues and the import rules for capital equipment which have caused miners and explorers and developers untold long-running headaches.

On RIGI

As previously mentioned, it was the final passing of the *Ley de Bases* that triggered the RIGI (i.e. incentive regime for large investments) scheme.

The original Omnibus Law had included:

- a promotion regime for large investments; and
- an energy transition section, under which the executive branch would be empowered to
- establish and regulate a greenhouse gas emission market

The energy transition section was deferred to a later legislative deliberation, but the Incentive Regime for Large Investments (RIGI) was finally approved.

The RIGI scheme is a cornerstone of the Milei administration's policy offering and its introduction was viewed very well outside Argentina. The program includes tax, customs and exchange incentives for companies developing a project of at least US$200mn in the agribusiness, infrastructure, forestry, mining, oil and gas, energy or technology sectors.

Argentina's average tax burden for miners is above 50%, according to the *Cámara Argentina de Empresas Mineras* (CAEM), Argentina's mining industry group. Argentina miners have long complained of unfavorable exchange rates, capital controls, import and export taxes and difficulty importing goods and equipment.

Local trade groups and unions have argued that the bill would put smaller companies at a disadvantage and that it does not do enough to ensure companies work with local suppliers. We would tend to agree with them. However, the US$200mn bar is set at a good level as few of projects outside of mining or oil & gas can get above that threshold, though one automotive plant project has been mooted as reaching that threshold.

Súper RIGI

The Súper RIGI was designed to create a *Régimen de Incentivo para Grandes Inversiones en Nuevas Industrias* (Incentive Scheme for Major Investments in New Industries). It is important to note that this is a separate, complementary regime, not a replacement for the original RIGI.

This is being touted as being exclusively for projects in industries, particularly emerging high-technology industries, that do not currently exist in Argentina or exist only at a pilot or experimental scale. The bill *(Mensaje No. 181/2026*, signed by President Milei, Minister Caputo, and Chief of Staff Manuel Adorni) was sent to Congress on the 23rd of May 2026.

The prominent international law firm, DLA Piper, summarised the key terms of the Súper RIGI as:

Eligible activities

Projects must involve new industrial, technological, or strategic digital/technological infrastructure activities that are not currently developed or produced in Argentina. Target sectors include artificial intelligence, semiconductors, copper refining, lithium batteries, electric vehicles, data centers, solar and wind manufacturing, uranium processing, fertilizers, and advanced biotechnology. Expansions or modernizations of existing facilities are expressly excluded from the scope of the Súper RIGI.

Eligible vehicles

Projects must be structured through a Single Project Vehicle (VPU) with exclusive object and ring-fenced assets. Permitted structures include local stock corporations and limited liability companies (S.A.; S.A.U.; and S.R.L.), foreign branches registered locally under Art. 118 of the General Companies Law, joint ventures (UTEs), and other partnership agreements.

Minimum investment and commitment schedule

The minimum investment is USD1 billion minimum per project (compared to USD200 million under the original RIGI). At least 20 percent of the minimum must be invested within the first two years from the adhesion date (compared to 40 percent under the original RIGI). The application window is five years from regulation, extendable once by one year.

Income tax

VPUs pay a flat rate income tax of 15% (compared to 25% under the original RIGI and the 35-percent standard rate). Accelerated depreciation is available and includes movable assets in a minimum of two annual installments and infrastructure at 60 percent in the commissioning year, plus 40 percent over two subsequent years. Net operating losses may be carried forward indefinitely and transferred to third parties after 5 years. All tax losses and adjustments are indexed to CPI.

Debit and credit tax

100% of bank debit and credit tax is creditable against a VPU's income tax.

Dividend withholding tax

The dividend withholding tax is 7% during the first four years from adhesion; 3.5% from year four onwards (compared to year seven under the original RIGI).

Social security

New employment relationships from the adhesion date are subject to a flat employer contribution rate of 10% (vs. 20.4%–26.4% standard). This benefit is not available under the original RIGI.

Value-added tax

Value-added tax on computable asset purchases is offset through Tax Credit Certificates (Certificados de Crédito Fiscal), freely transferable if the Customs Collection and Control Agency (ARCA) fails to process refunds within 3 months.

Customs duties

There is full exemption from import duties; statistics tax; and all national, provincial, and municipal levies on plan-of-investment assets (including components physically integrated into fixed assets). In addition, there is full exemption from export duties on project products. A VPU may import and export freely without quotas, prior authorizations, or price measures.

FX: Export proceeds

20% of foreign currency generated by VPU's exports freely available from year 1; 40% from year 2; 100% from year 3 (vs. 100% from year 4 under the original RIGI). Capital contributions, external financings, and service payments are exempt from settlement requirements from the beginning.

Legal stability

Thirty years from the adhesion date in tax, customs, social security, and FX matters. Taxes in force at adhesion are frozen; future increases do not apply. Future decreases in the general regime apply. The burden of proving that a new measure does not increase the investor's tax burden falls on ARCA, not the investor.

Guarantees

The national government guarantees full availability of project outputs without mandatory domestic commercialization (under other local regimes guaranteeing supply to domestic market was mandatory; for example, gas exports), protection against confiscation or expropriation, uninterrupted project operation (absent prior judicial order with due process), and unrestricted access to justice.

Provincial adherence

National incentives only apply to projects in provinces (and municipalities) that expressly adhere. Adhering jurisdictions must 1) cap gross turnover tax (ingresos brutos) at 0.50% (the single most distortive local tax is up to 5% of gross sales, not including income and applicable at each stage of the local supply chain), 2) exempt all VPU transactions from stamp tax (sellos), 3) waive all royalties and administrative canons, and 4) waive the pay-to-play requirement for VPU legal challenges. Once a province adheres, subsequent withdrawal does not affect previously approved VPUs.

Arbitration

Similar to the original RIGI, disputes are subject to a 60-day amicable negotiation period, after which the VPU may elect the Permanent Court of Arbitration, the International Chamber of Commerce (no abbreviated procedure), or International Centre for Settlement of Investment Disputes/Additional Facility arbitration. The seat must be outside Argentina in a country that is party to the New York Convention. Proceedings require three-member tribunals, none of which can be nationals of Argentina or of a VPU-controlling shareholder. No exhaustion of administrative remedies is required and there are no limitation periods on arbitral claims. Project rights are treated as protected investments under applicable bilateral investment treaties.

Mutual exclusion with the original RIGI

A VPU may not adhere to the Súper RIGI if it, or a controlled-group entity, has already filed under the original RIGI with a substantially overlapping project. Overlap is defined as sharing 50% or more of capital expenditure, principal physical assets, or projected production capacity, or having the same value chain or final product. Importantly, the bill provides that corporate reorganizations, spin-offs, transfers, or other restructurings cannot be used to circumvent this exclusion; the enforcement authority may look through any such transaction and apply the overlap test to the economic reality of the project.

OECD Pillar Two

Art. 45 contains a self-limiting clause by which income tax incentives will not apply to the extent that their use would result in a transfer of Argentine fiscal revenues to foreign governments through any global minimum tax mechanism, including GloBE Income Inclusion Rules, Undertaxed Profits Rule, or analogues implementing Organisation for Economic Co-operation and Development (OECD)/G-20 Pillar Two. In practice, this means investors whose parent entities are subject to Pillar Two top-up taxes in their home jurisdiction will not receive the full economic benefit of the 15-percent rate – the Argentine incentive will simply be clawed back abroad. Each investor will need to model the net after-Pillar Two benefit of the Súper RIGI based on its specific global tax profile.

Status

In late June of 2026, the measure passed the Lower House, with the initiative garnering 130 votes in favour, 106 against and seven abstentions. It then passed on to the Senate.

The bill included a “Buy National” clause to allocate at least 20% of the investment to local suppliers for the projects under the régime and incentives being doubled when it comes to investment in research and development (R&D).

The project currently, at the start of September, languishes within the Senate and is the subject of heated debate and still lacks final approval. The irony here is that the Super RIGI is being subjected to a fine-tooth comb treatment because of the abuses exposed by the actions of the Vicuña construction contractors under the RIGI scheme. Actions have consequences.

Summation

In early August, Reuters reported some miners feared they may get left out before the program's cut-off date in late 2026.

Since then, Milei introduced the so-called Super-RIGI. Amongst the most interesting aspects of this was the "*Mutual exclusion with the original RIGI*" clause, which effectively excludes the swathe of First Movers on RIGI from taking advantage of the Super RIGI.

As we have noted, the likes of the operators of Vicuña have queered the pitch for those that come after them. Ever was it thus that major miners cannot help themselves from being political clueless and abusing the gift horse that they are offered.

The challenge that RIGI puts in front of fakers in the mining space is that faking doesn't cut it under the RIGI regime. Unless the rubber hits the road soon, the talkers and the doers will be clearly delineated with the government having no interest in the former.

Important disclosures

I, Christopher Ecclestone, hereby certify that the views expressed in this research report accurately reflect my personal views about the subject securities and issuers. I also certify that no part of my compensation was, is, or will be, directly or indirectly, related to the specific recommendations or view expressed in this research report.

Hallgarten's Equity Research rating system consists of LONG, SHORT and NEUTRAL recommendations. LONG suggests capital appreciation to our target price during the next twelve months, while SHORT suggests capital depreciation to our target price during the next twelve months. NEUTRAL denotes a stock that is not likely to provide outstanding performance in either direction during the next twelve months, or it is a stock that we do not wish to place a rating on at the present time. Information contained herein is based on sources that we believe to be reliable, but we do not guarantee their accuracy. Prices and opinions concerning the composition of market sectors included in this report reflect the judgments of this date and are subject to change without notice. This report is for information purposes only and is not intended as an offer to sell or as a solicitation to buy securities.

Hallgarten & Company, or persons associated with the firm, either do not own securities of any other securities described herein or may not make purchases or sales within one month, before or after the publication of this report.

© 2026 Hallgarten & Company Limited. All rights reserved.

Reprints of Hallgarten reports are prohibited without permission.

Web access at:

Research: www.hallgartenco.com