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Vaca Muerta: the brakes go on
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Vaca Muerta: the brakes go on

- **Output up but gas investment at risk as producers shift to oil, in line for USD 40/bbl price freeze**
- **Government distracted by financial crisis and Covid-19 outbreak**
- **Changes to energy market on hold while debt restructure hammered out**
- **Argentina's gas production on track to slow, or stall completely**

Even before the Covid-19 outbreak, Argentina's gas ambitions – to be powered by the Vaca Muerta shale play - were looking vulnerable. The country's debt pile continued to cause political and economic strife, and last year's elections in Argentina brought a win for leftist leader Alberto Fernandez, who replaced business-friendly Mauricio Macri as president. Industry's fears of deteriorating investment environment were realised as Macri, and then Fernandez, froze energy prices to contain spiralling inflation.

But with their initial fears confirmed, the problem oil and gas producers now face is a complete lack of policy. Since its election in October 2019, the government's attention has been taken up with managing with the monumental financial crisis it inherited from the Macri government. The new government has not even nominated the new authorities of the most important regulatory agencies. Inflation has climbed to over 50%, and the government is currently locked in crucial negotiations with the IMF over how to tackle Argentina's unsustainable debt mountain.

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