



Electricity Market Reforms in Argentina: From Success to Failure?

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Electricity Market Reforms in Argentina: From Success to Failure?

International Association for Energy Economics (IAEE)
From Restructuring to Sustainability: Energy Policies for the 21st Century

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The 'neoliberal' decade

- Late 80s crisis
- Currency peg
- Rapid & widespread privatisations
- Modest growth 92'-96' then recession
- Increase in foreign borrowing
- Increases in unemployment, poverty
- Minimal new investments

The economic crisis (2001/2)

- Capital flight, corralito, rioting
- 5 Presidents in 2 weeks
- Debt default = \$US155 billion
- Official unemployment 25%; poverty 50%+

Out of the Abyss

- Jan 2002 emergency legislation
- Abandonment of peso-dollar parity
- Utility prices frozen; contract 'renegotiation'
- Strong economic recovery since 2003

The elec. market, post-crisis

- Renegotiation ongoing since 2002
- Pro-market critics call for tariff increases
- Popular opposition to privatised utilities
- Difficulty of adjusting prices to 'market' levels

Impending energy 'crisis'

- A return to state subsidies
- Energy efficiency programme
- Fiduciary investment fund for new gen. capacity
- Pre-paid Metering

Heterodox or Heresy?

- 90s market reform model undermined?
- Crisis enabled and *legitimised* change?
- Post-crisis 're-reforms' pragmatic or populist?
- Is the present situation sustainable?

Success to failure?

- Need to question so-called ‘successes’ of reform
- Energy crisis: just a matter of time?
- State intervention inherently flawed?