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Peter Thiel's Argentine Gamble

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Peter Thiel's Argentine Gamble

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Executive Summary

Thiel's Investment and Argentina's AI-Energy Potential

- Peter Thiel has expanded into Argentina, reportedly buying a $12 million mansion and acquiring a 1% stake in Vista Energy for $76 million.
- Vaca Muerta could generate $30 billion in annual exports by 2030 but requires $125–170 billion in investment.
- Thiel's Vista investment complements his broader energy portfolio amid rising electricity demand from AI.
- Argentina's natural gas reserves and Patagonia's climate could support large-scale data centres, including the proposed $25 billion Stargate Argentina.
- However, infrastructure constraints, competing LNG export ambitions and environmental concerns threaten these plans.

Milei's Reforms and Thiel's Libertarian Interests

- Milei's deregulation, tax incentives and austerity policies have attracted investors favouring greater private-sector autonomy.
- The proposed Super RIGI regime offers preferential taxation and long-term regulatory guarantees for major investments.
- Thiel's meetings with government officials have sparked protests and concerns over foreign corporate influence.
- Cuts to universities and scientific research contradict Argentina's ambition to develop a competitive AI sector.
- Thiel's international diversification predates California's proposed wealth tax and reflects his interest in regulatory flexibility.
- His links to Honduras's Próspera project illustrate broader ambitions for private governance and limited state intervention.

Argentina's Economic Contradictions and Development Prospects

- Argentina remains vulnerable to currency instability, external debt, limited reserves and policy uncertainty.
- Energy and AI projects require substantial long-term investment and regulatory stability.
- Argentina risks becoming an energy supplier and data-centre location rather than a centre of technological innovation.
- Foreign investment alone cannot guarantee structural transformation without domestic technological capabilities and productive diversification.

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Introduction

Billionaire tech investor and Palantir co-founder Peter Thiel is making a bet on Argentina. Having reportedly purchased a $12 million mansion in one of Buenos Aires' most exclusive neighbourhoods and enrolled childen in local schools, Thiel is establishing a foothold in a country that has long struggles with economic instability, recurrent financial cirses and capital flight. His growing in Argentina also extends beyond personal relocation. In August, his hedge fund, Thiel Macro, acquired a 1% stake in Vista Energy, one of the largest oil prodcers operating in the country's vast Vaca Muerta shale formation, for apporximately $76 million.

President Javier Milei's libertarian economic agenda has made Argentina an increasingly attractive destination for investors favouring deregulation, lower taxes and a reduced role for the state. Thiel has already met with Milei and senior government officials, suggesting a convergence of ideological and commercial interests. Milei's proposed reforms include the "Super RIGI" investment regime, offering preferential tax treatment and 30-year regulatory guarantees for large-scale investments in emerging industries, including AI infrastructure. Other proposals seek to recognise corporations operated by autonomous AI agents and ease restrictions on foreign land ownership, while expanded intelligence powers have raised concerns over privacy and government surveillance.

Thiel's growing presence has nevertheless sparked protests and political scrutiny. Opposition lawmakers have questioned his meetings with senior officials and raised concerns about the potential influence of US technology billionaires on Argentine policymaking. Critics argue that the proposed reforms could strengthen foreign corporate influence and weaken regulatory safeguards, although there is no established evidence that Thiel directly shaped the legislation.

Meanwhile, Milei is seeking to position Argentina as a hub for AI infrastructure and investment. OpenAI and a local partner have announced plans for a potential $25 billion data centre project in Patagonia, while Salesforce has pledged $500 million in investment over five years. Argentina has also joined the US-led Pax Silica initiative, aimed at strengthening supply chains for advanced technologies and critical minerals. These developments reflect the government's ambition to attract technology investment and integrate Argentina more deeply into emerging global AI supply chains.

However, realising these ambitions will require substantial investment in electricity generation, transmission networks and supporting infrastructure. As AI data centres demand increasingly large amounts of reliable electricity, Argentina's vast natural gas reserves in Vaca Muerta could offer a strategic advantage, potentially linking the country's hydrocarbon sector with its emerging digital economy. Thiel's investment in Vista Energy is particularly noteworthy in this context, although no direct connection to specific AI infrastructure projects has been established.

Vaca Muerta's Economic Potential and Thiel's Investment in Vista Energy

Argentina's vast shale resources could play an increasingly important role in the country's efforts to attract investment in AI and digital infrastructure. As the rapid expansion of AI data centres drives electricity demand worldwide, access to reliable and competitively priced energy has become a critical factor in determining where new facilities are built. Against this backdrop, Vaca Muerta, one of the world's largest unconventional oil and gas formations, offers Argentina a potential advantage in the competition for energy-intensive technology investment.

According to McKinsey, the full development of Vaca Muerta could generate up to $30 billion in annual exports by 2030 and contribute approximately 5% of Argentina's GDP. However, realising this potential would require $125-170 billion in investment over the next decade, spanning drilling, pipelines, LNG facilities and supporting infrastructure. While much of this expansion is oriented towards hydrocarbon exports, the basin's substantial

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natural gas reserves could also support domestic electricity generation, potentially providing the energy needed for large-scale data centre development.

Vista Energy is among the largest producers operating in Vaca Muerta, with output of approximately 160,000 barrels of oil equivalent per day and cumulative investment exceeding $6.5 billion in Argentina. The company has also raised its production and investment outlook as development of the shale formation accelerates.

The acquisition is consistent with Thiel's broader exposure to the energy sector. According to regulatory filings, Thiel Macro's $418.7 million portfolio includes holdings in US electricity and energy companies such as Vistra, American Electric Power, DTE Energy, FirstEnergy, CMS Energy and nuclear technology company X-Energy. These investments are particularly noteworthy as the rapid expansion of artificial intelligence increases demand for electricity generation and supporting infrastructure.

Although Vista is primarily an oil producer, its operations in Vaca Muerta provide exposure to one of the world's largest unconventional hydrocarbon basins. The investment therefore coincides with growing interest in Argentina's potential to supply energy-intensive industries, including AI data centres. However, there is no publicly established evidence that Thiel's Vista acquisition is directly linked to a particular AI infrastructure project.

The Energy Demands of AI Infrastructure

The rapid expansion of AI infrastructure is reshaping global energy demand, as technology companies seek reliable electricity supplies to power increasingly large data centres. Unlike many conventional industrial facilities, data centres require continuous electricity, making power availability, grid reliability and long-term energy costs central to investment decisions. This has increased interest in locations with abundant energy resources and opportunities to develop dedicated electricity generation.

Argentina's Vaca Muerta shale formation could offer a competitive advantage in this emerging market. Its substantial natural gas reserves could support gas-fired electricity generation, potentially enabling data centres to operate close to energy production sites and reducing dependence on already constrained transmission networks. Patagonia also offers relatively cool temperatures, extensive land availability and significant renewable energy potential, making it attractive for large-scale computing facilities.

Interest in this model is already emerging. Argentine energy company Pampa Energía is exploring a data centre near its Loma de la Lata thermal power plant in Neuquén, which could consume up to 500 megawatts of electricity generated using gas from Vaca Muerta. Separately, US-based FlexDomes has explored a project in Neuquén with an initial IT load of 120 megawatts and estimated investment of $1.4 billion, also drawing on the region's energy resources.

Constraints and Contradictions

Despite these opportunities, Argentina faces significant obstacles to becoming a major AI infrastructure hub. Its abundant natural gas reserves do not automatically guarantee reliable electricity supplies, given existing grid constraints and the substantial investment required in power generation, transmission and cooling infrastructure.

The uncertainty surrounding Stargate Argentina illustrates these challenges. Announced in October 2025 as a potential $25 billion investment involving OpenAI and Sur Energy, the project envisaged up to 500 megawatts of data-centre capacity. However, a year later, it remained at the preliminary agreement stage, without a definitive contract or formal application under Argentina's large-investment incentive regime, RIGI. OpenAI has also made its potential purchase of computing capacity conditional on the development of the necessary infrastructure.

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Competing demands for Vaca Muerta's natural gas present another challenge. While domestic electricity generation could support AI infrastructure, Argentina is also seeking to expand LNG exports to generate foreign exchange. Both ambitions require substantial investment, while their commercial viability will depend partly on the relative returns from domestic electricity generation and gas exports.

Environmental concerns further complicate the outlook. Gas-powered data centres would increase emissions, potentially conflicting with technology companies' decarbonisation commitments, while cooling requirements could strain local water resources. Patagonia's cooler climate and renewable energy potential offer advantages but do not eliminate these concerns.

Ultimately, Argentina's ability to capitalise on the AI boom will depend on whether it can overcome infrastructure bottlenecks, reconcile domestic energy demand with export ambitions and attract sufficient long-term investment. Natural-resource abundance alone will not guarantee its emergence as a competitive AI infrastructure hub.

Milei and Thiel: A Libertarian Alliance

Beyond Argentina's energy resources and emerging AI opportunities, Thiel's growing involvement in the country reflects a convergence of ideological and commercial interests with President Javier Milei. Both favour lower taxation, deregulation and greater freedom for private capital, although their political philosophies differ. For Thiel, Milei's economic experiment offers an opportunity to invest in a country pursuing radical market-oriented reforms while opening new sectors to foreign capital.

Since taking office in December 2023, Milei has implemented sweeping austerity measures, cutting public spending, subsidies, public-sector employment and infrastructure investment. His administration has also sought to attract foreign investors through deregulation and preferential investment regimes. The immediate costs have fallen disproportionately on workers and lower-income households, while the anticipated investment-led transformation remains uncertain.

Thiel's meetings with Milei and senior officials, reportedly covering economic policy and wealth taxation, reinforce this alignment. Argentina's investment incentives and proposed AI regulatory framework could further strengthen its appeal to technology investors, although their broader developmental benefits remain uncertain.

A central contradiction concerns the relationship between austerity and technological development. Milei's spending cuts have extended to universities, scientific research and technological institutions, including CONICET, undermining areas essential to innovation and productivity growth. This sits uneasily alongside the government's ambition to establish Argentina as an AI hub. While foreign investment could finance data centres and energy infrastructure, developing a competitive domestic technology sector also requires skilled labour, research capacity and sustained investment in public infrastructure.

Moreover, despite Milei's commitment to reducing state intervention, large-scale energy and AI projects depend on government-backed investment incentives, regulatory guarantees and infrastructure coordination. The question is therefore not simply whether deregulation can attract foreign capital, but whether Argentina can translate that investment into domestic technological capabilities, productive diversification and broader economic gains, rather than concentrating the benefits among foreign investors and established energy producers.

The Billionaire Exodus: Wealth Taxation and Geographic Diversification

Thiel's growing presence in Argentina also coincides with a broader reassessment of geographic exposure among some of Silicon Valley's wealthiest investors. In California, a proposed one-time 5% wealth tax on billionaires has intensified debates over taxation, capital mobility and the state's ability to retain wealthy residents. The

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proposal, scheduled for a November 2026 vote, has reportedly encouraged several prominent technology investors to relocate or reconsider their residency arrangements.

However, Thiel's geographic diversification predates the current tax debate. He obtained New Zealand citizenship in 2011, subsequently applied for Maltese citizenship and acquired property in Uruguay. Having already relocated his principal US residence to Florida before the proposed tax's January 2026 residency cutoff, his move to Argentina cannot be explained solely by California's tax proposal. Rather, it appears consistent with a longer-term strategy of reducing exposure to individual jurisdictions and their political and regulatory risks.

Thiel's interests extend beyond conventional tax planning to experiments in privately governed territories. Venture capital funds linked to Thiel, Marc Andreessen and Sam Altman have backed Próspera, a privately administered development zone on the Honduran island of Roatán. Established under Honduras's Zones for Employment and Economic Development (ZEDE) framework, Próspera had raised approximately $120 million by 2024 and operates under a special regime with its own governance, taxation and dispute-resolution mechanisms. In 2022, Honduras repealed the ZEDE legislation, while its Supreme Court subsequently declared the framework unconstitutional. Próspera's investors initiated international arbitration, initially seeking $10.8 billion in compensation, later reduced to approximately $1.6 billion. While investors argue that Honduras violated legal protections, opponents view the project as a threat to national sovereignty.

Próspera reflects a broader vision among some Silicon Valley investors of establishing privately governed jurisdictions with minimal taxation and regulation, also evident in proposals for US “freedom cities”. Critics, invoking the concept of “end times fascism”, argue that such initiatives prioritise private autonomy over collective responses to economic, environmental and political crises. They also link this vision to technological accelerationism, resistance to AI regulation and the growing influence of corporations over public governance.

Seen in this context, Milei's Argentina may offer Thiel more than favourable investment opportunities. Its deregulatory agenda and willingness to experiment with new legal frameworks could align with his longstanding interest in expanding private autonomy. More broadly, his geographic diversification illustrates how internationally mobile capital can seek favourable institutional arrangements across jurisdictions, raising questions about governments' ability to maintain regulatory authority while competing for foreign investment.

The Argentine Paradox: A Safe Haven in an Unstable Economy?

Despite these attractions, Argentina remains an unconventional destination for investors seeking political and economic stability. Its history of currency crises, sovereign defaults, high inflation and capital controls has encouraged households and businesses to move savings abroad. Although Milei's administration has pursued fiscal consolidation, deregulation and measures to restore investor confidence, the country remains vulnerable to external debt obligations, limited foreign exchange reserves, exchange-rate pressures and potential policy reversals.

These risks are particularly relevant to long-term investments in energy and technology. Developing Vaca Muerta and large-scale AI infrastructure requires substantial capital commitments and regulatory predictability extending beyond a single presidential term. Even generous investment incentives cannot fully eliminate the risks associated with political change and macroeconomic instability.

Argentina's natural-resource abundance does not necessarily guarantee technological transformation. Expanding hydrocarbon production could strengthen exports, while relatively inexpensive energy could attract data-centre operators. However, much of the equipment, intellectual property and software underpinning AI infrastructure is developed abroad. Without stronger domestic supplier networks and technological capabilities, Argentina risks becoming a location for energy-intensive computing rather than a centre of AI innovation.

This exposes a broader limitation of Milei's investment-led development strategy. While deregulation and favourable investment conditions could attract foreign capital, their contribution to structural transformation

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will depend on whether they generate higher-value domestic activities. For Thiel, potential returns and ideological alignment may outweigh Argentina's economic risks. For the country itself, however, attracting foreign capital is not necessarily equivalent to achieving sustained development.

Conclusion

Peter Thiel's growing involvement in Argentina reflects the convergence of several trends: the geographic diversification of billionaire wealth, the rising strategic importance of energy to AI infrastructure and the emergence of governments seeking to attract technology capital through deregulation and investment incentives. Although no direct connection between Thiel's Vista Energy investment and specific AI projects has been established, his Argentine venture illustrates the increasingly close relationship between energy resources, technological expansion and political interests.

For Argentina, however, the implications extend beyond attracting prominent foreign investors. While Milei's reforms and Argentina's vast energy resources may attract foreign capital and boost profitability, they offer little guarantee of sustained economic development without expanding domestic productive capacity, raising productivity and reducing dependence on commodity exports and foreign technology.

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