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Confidential Filing

Visit to the UK by Dr Martinez de Hoy
(Argentinian Minister of the Economy)
+ his successors.

ARGENTINA

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February 1980

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Argentina.

cc FCO

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10 DOWNING STREET

THE PRIME MINISTER

11 June 1980

Dear Dr de Hoz

I very much enjoyed our meeting last Thursday and I am sorry that it was so short.

I am extremely grateful to you for your lovely present and hope that you will accept my sincere thanks.

With all best wishes.

Yours sincerely

MT

Dr. Martinez de Hoz.

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cc Martinez set

10 DOWNING STREET

From the Private Secretary

6 June 1980

Dear Rodri,

Visit of Dr. Martinez de Hoz

Dr. Martinez de Hoz called on the Prime Minister yesterday afternoon as arranged. Most of the discussion consisted of a presentation by Dr. Martinez de Hoz of his economic policies. He argued that his policies, which he asserted were very similar to those being pursued by the Prime Minister, were just beginning to show results.

At the end of the meeting, Dr. Martinez de Hoz conveyed General Videla's greetings to the Prime Minister. He said that if there were to be a change of President in Argentina in March next year this would not presage any change of policy. The same would apply if Dr. Martinez de Hoz himself were to be moved. The Armed Forces would continue to determine the overall policy of Argentina and intended to remain on their present course until the conditions for a return to democracy had been firmly established.

Yours ever

Richard Alexander

R.M.J. Lyne, Esq.,
Foreign and Commonwealth Office.

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Foreign and Commonwealth Office

London SW1A 2AH

3 June 1980

Dear Michael,

Argentina: Visit of the Minister of the Economy

The Prime Minister has agreed to a courtesy call by Dr Martinez de Hoz at 4.00 p.m. on Thursday 5 June. I attach the following briefing material:-

- / (a) background note on Argentina;
- / (b) Dr Martinez de Hoz's c.v.;
- / (c) a copy of Dr Martinez de Hoz's programme for 5 June.

As agreed, the Minister of State, Mr Ridley, who has met Dr Martinez de Hoz, will attend the meeting.

Dr Martinez de Hoz is visiting the UK in the course of a three week tour which also includes visits to Spain, France, the FRG, Austria and Switzerland. He is being received at a high level in all countries. He is an international figure of considerable standing in the economic world and the leading civilian politician in the military regime in Argentina. This will be his fourth visit to the UK since his appointment in 1976, but his first call on the Prime Minister.

Dr Martinez de Hoz is well disposed towards the UK. He would like to interest British industry in helping to modernise Argentina; and he is known to favour the development of preferential partnerships with selected industrialised countries.

The visit will provide a useful opportunity to mark the general improvement in UK/Argentine relations following the restoration of Ambassadors earlier this year. His visit also follows the exploratory talks on the Falklands dispute which Mr Ridley held with the Argentines in April. Dr Martinez de Hoz's thinking may be similar to ours on the question of using economic co-operation to help solve the Falklands dispute.

*yours
Rodric Lyne*

(R M J Lyne)
Private Secretary

M O'D B Alexander Esq
10 Downing Street
LONDON

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ARGENTINA

General

1. Argentina is the second largest country in South America by area (eighth largest in the world). It has a population of 26 million. The economy is based on agriculture, but manufacturing capability is growing and Argentina is nearly self-sufficient in energy. GNP per capita is over US\$1700: the third highest in South America.

Anglo-Argentine Relations

2. The UK and Argentina have traditionally had close relations. In the 19th century we opened banks, built the railways and developed the cattle industry. Today the British community in Argentina numbers over 30,000. Since 1945 British trade and investment have declined. They are now growing again but we still lag behind our Western allies. Argentina is our second largest trading partner in Latin America after Brazil.

Falkland Islands Dispute

3. Our relations are, however, overshadowed by Argentina's claim to sovereignty over the Falklands.

4. The Falkland Islands have been settled by the British since 1833. We have no doubt of our sovereignty. The Islanders wish to remain British. But the Islands are in decline. If they are to have a secure future, some form of cooperation with Argentina will be necessary.

5. Successive British Governments have held talks with the Argentines to try to resolve the dispute. But the Argentines have insisted on nothing less than a complete transfer of sovereignty and progress has been difficult. We have stated publicly that no agreement will be accepted by HMG unless it is also acceptable to the Islanders.

6. The Minister of State at the FCO, Mr Ridley, held exploratory talks with the Argentines in New York on 28 and 29 April. The talks went well enough but no decisions were taken and the Argentines made it clear that their basic position has not changed. Overall progress still depends on progress on the sovereignty issue.

Political

7. The military government remains firmly in control. The country is ruled by a President (General Videla) and a Junta composed of three Service Chiefs. Dr Martinez de Hoz is the senior civilian Minister. There is no immediate prospect of a return to democracy, although the regime have now embarked on a dialogue with political groups.

Human Rights

8. When the military took over in 1976, the country was in the grip of widespread terrorist violence, which they suppressed ruthlessly. Many were killed, many more have disappeared. Argentina's human rights record is one of the worst in the world and she has been subject to extensive international criticism, which the Government have rejected outright. It has never been suggested that Dr Martinez de Hoz is connected with the human rights abuses.

Economy

9. Under Dr Martinez de Hoz's management, the Argentine economy has made a strong revival. He has introduced liberal economic policies to the benefit of foreign exporters and investors. He has reduced inflation dramatically - though it is still over 100% per annum. There is full employment. But the social costs have been heavy.

Relations with the Soviet Bloc

10. Argentina purports to pursue a moderate, pro-Western foreign policy. But she has a tradition of taking an independent

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and isolationist stance. Despite their virulent anti-Communism, the military government have kept open links with the Soviet Union and Cuba - the Soviet Union is a principal purchaser of Argentine meat and grain, and Cuba is a significant market for manufactured goods. In return, the Soviet bloc do not criticise Argentina's human rights record and they support her claim to the Falkland Islands. Argentina and the Soviet Union have signed a number of technical agreements, including one on nuclear cooperation.

11. Dr Martinez de Hoz was largely responsible for the Argentine decision to reject the American call for a grain boycott of the Soviet Union. He maintains that this request was unreasonable given the importance of grain in Argentina's foreign trade pattern (the Soviet Union will take half of Argentina's grain sales in 1980). On the other hand, the Argentine decision in favour of the Olympic boycott was made soon after Dr Martinez de Hoz's discussions in Washington with Dr Brzezinski.

South America Dept.
Foreign & Commonwealth Office

2 June 1980

DR JOSE ALFREDO MARTINEZ DE HOZ

Argentine Minister of the Economy since March 1976.

Born in 1925, Dr Martinez de Hoz had a distinguished academic career at Buenos Aires Law Faculty before becoming Minister of the Economy for the province of Salta (1956-7), President of the National Grains Board (1957-8) and then Minister of the Economy (May-October 1963). An active businessman, he concentrated his efforts in the sugar and steel fields, but extended his interests into insurance, construction, investment, advisory services, aviation etc. He owns a large estancia and shares in others, mostly in the prime agricultural area in Buenos Aires province. He was Argentine representative to the Latin American Seminar organised for the FCO in London in May 1972 and was the main speaker at the Canning House Seminar on Argentina in May 1979. He is an expert on EC matters.

As Minister of the Economy his portfolio is huge. It includes trade, industry, agriculture and finance. He has reduced inflation significantly, obtained sufficient international credits to enable Argentina to avoid defaulting on her payments and has pursued pro-business policies. But foreign investment (as opposed to credits) has not been forthcoming, prices have increased in real terms and the social cost of his policies has caused concern to many of his colleagues in the Government. Responsibility for the recent wave of banking failures has been laid at his door. As a professional civilian politician in an amateur military Government, Dr Martinez de Hoz, although widely respected at home and abroad, is in a vulnerable position. His policies are supported by the moderate Army leaders, but the other Service chiefs might not be sorry to make him the scapegoat for Argentina's still high inflation rate. He has announced his intention of stepping down within the next year, but it is doubtful whether he would be content for long with a career in business. He is a strong candidate for Foreign Minister, or even the first civilian President.

Married with three sons. He was brought up by an English nanny and learned to speak English before Spanish. His father, an old Etonian who entertained HRH The Duke of Edinburgh at his estate in March 1952, entered him for Eton but he was prevented from going there by the War. In 1952, he attended but did not complete a short course in Comparative Law at Jesus College, Cambridge. His English upbringing gave him a passion for shooting and he still buys his guns and has his trophies stuffed in London. Friendly for many years with the British Embassy in Buenos Aires.

South America Department
Foreign and Commonwealth Office
29 May 1980

VISIT TO THE UNITED KINGDOM OF DR MARTINEZ DE HOZ

PROGRAMME

Thursday 5 June

- 10.30 Mr Hamish Gray MP, Minister of State,
Department of Energy
- 12.00 Viscount Trenchard, Minister of State,
Department of Industry
- 13.00 for 13.15 Lunch at the Bank of England (hosted by
the Governor)
- 15.15 The Rt Hon Mr John Nott MP, Secretary of
State for Trade (accompanied by Mr Cecil
Parkinson MP, Minister of State, Department
of Trade)
- 16.00 The Prime Minister, the Rt Hon Mrs Margaret
Thatcher MP
- 16.15 The Rt Hon Lord Carrington, Secretary of
State for Foreign and Commonwealth Affairs
- 16.30 The Hon Mr Nicholas Ridley MP, Minister of
State, Foreign and Commonwealth Office
- 17.30 The Rt Hon Mr Peter Walker MP, Minister of
Agriculture, Fisheries and Food
- 18.15 The Rt Hon Sir Geoffrey Howe MP,
Chancellor of the Exchequer

30 May 1980



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Argentina

5 March 1980

Argentina

You wrote to me on 26 February about the visit to this country of the Argentinian Minister of the Economy, Dr. Martinez de Hoz. You said that Dr. Martinez de Hoz would like to call on the Prime Minister.

Early June is sure to be an extremely busy time for the Prime Minister. We here are reluctant to start to fill up her diary so far ahead. If, nearer the time, and in the light of the situation then prevailing, the Foreign and Commonwealth Secretary thinks it essential that the Prime Minister receives Dr. Martinez de Hoz, the Argentinian request could then be reconsidered. No doubt you will let me know if this is the case.

MICHAEL ALEXANDER

R.M.J. Lyne, Esq.,
Foreign and Commonwealth Office.

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Mr Alexander

Foreign and Commonwealth Office

London SW1A 2AH

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Cl. 27/2

26 February 1980

Dear Michael,

Argentina

The Argentine Minister of the Economy, Dr Martinez de Hoz, will be visiting the UK between 2 and 4 June. The Argentine Ambassador has conveyed a request from the Minister to call on the Prime Minister. I enclose an aide memoire from the Argentine Ambassador and a copy of Dr Martinez de Hoz's c.v.

Dr Martinez de Hoz is an international figure of considerable standing in the economic world and the leading civilian politician in the military regime in Argentina. He has visited UK three times since he took office in 1976 and has met senior Ministers in the previous Administration. On this occasion, the Foreign and Commonwealth Secretary, the Chancellor of the Exchequer, the Secretaries of State for Energy and Industry and Mr Parkinson at the DOT have agreed in principle to receive him. In addition the Bank of England hope to host a lunch.

Dr Martinez de Hoz is very well disposed towards the UK. In a despatch reporting a seminar on Argentina held in London last May at which the Minister was the chief speaker, HM Charge d'Affaires at Buenos Aires reported that we are unlikely for some time to enjoy another such asset in our relations with Argentina as the Minister now represents. His thinking is similar to ours on the question of making progress on economic co-operation in the context of the Falkland Islands dispute. He has also made it clear that he would welcome the participation of British industry in his plans for modernising and developing Argentina.

The present visit will provide a useful opportunity to mark the general improvement in UK/Argentine relations following the restoration of Ambassadors and to discuss with an influential and acceptable Minister our relations with this increasingly important country.

If the Prime Minister has time, it would be helpful if Dr Martinez de Hoz could call on her briefly. I should be grateful to know whether this would be possible.

Yours ever
R M J Lyne

Michael Alexander Esq
10 Downing Street
LONDON

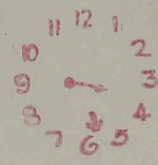
R M J Lyne
Private Secretary

UNITED STATES DEPARTMENT OF JUSTICE

FEDERAL BUREAU OF INVESTIGATION

1980

27 FEB 1980



*Embajada de la
República Argentina*

A I D E M E M O I R E

- 1) The Minister of Economy of the Republic of Argentina, Dr. José A. Martínez de Hoz, plans to visit this country as part of a trip to several European States, between the 2nd and 4th June this year.

- 2) During his stay in the United Kingdom, he would like to see: The British Prime Minister, The Rt. Hon. Margaret Thatcher, M.P.; The Secretary of State for Foreign and Commonwealth Affairs, The Rt. Hon. Lord Carrington, P.C., K.C.M.G., M.C. and the Chancellor of the Exchequer, The Rt. Hon. Sir Geoffrey Howe, Q.C., M.P.

London, 30th January, 1980

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DR JOSE ALFREDO MARTINEZ DE HOZ

Argentine Minister of the Economy since March 1976.

Born in 1925, Dr Martinez had a distinguished academic career at Buenos Aires Law Faculty before becoming Minister of the Economy for the province of Salta (1956-7), President of the National Grains Board (1957-8) and then Minister of the Economy (May-October 1963). An active businessman, he concentrated his efforts in the sugar and steel fields, but extended his interests into insurance, construction investment, advisory services, aviation etc. He owns a large estancia and shares in others, mostly in the prime agricultural area in Buenos Aires province. He was Argentine representative to the Latin American Seminar organised for the FCO in London in May 1972 and was the main speaker at the Canning House Seminar on Argentina in May 1979. An expert on EC matters.

As Minister of the Economy he has stemmed inflation (which at his advent was set to become hyper-inflation), obtained sufficient international credits to enable Argentina to avoid defaulting on her payments and has pursued pro-business policies. But, in the absence of detailed regulations, foreign investment, as opposed to credits, has not been forthcoming, prices have increased and the "social cost" of his policies has caused concern to many of his colleagues in the Government. As a civilian politician in a military Government, Dr Martinez de Hoz, although widely respected at home and abroad, is in a vulnerable position. His policies are supported by the moderate Army leaders, but the other Service chiefs might not be sorry to make him the scapegoat for Argentina's existing high inflation rate.

Married. Three sons. He was brought up by an English nanny and learned to speak English before Spanish. His father, an old Etonian who entertained HRH The Duke of Edinburgh at his estate in March 1952 entered him for Eton but he was prevented from going there by the War. In 1952, he attended but did not complete a short course in Comparative Law at Jesus College, Cambridge. His English upbringing gave him a passion for shooting and he still buys his guns and has his trophies stuffed in London. Friendly for many years with the British Embassy in Buenos Aires.

18 February 1980

