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Foreign and Commonwealth Office

London SW1A 2AH

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*Jan John*

British Owned Property in Greece

In your letter of 13 April you asked for a further note on action that may be open to us to protect the interests of British citizens who have bought property in Greek frontier areas once our Legal Advisers had an opportunity to study the text of the decision of the Greek Supreme Court.

Since my letter of 12 April the Ambassador at Athens has raised the matter with Mr Papandreou, the Greek Prime Minister, who has promised to look into it. He has also raised it with Mr Kapsis, the Greek Deputy Foreign Minister. Mr Hurd has mentioned it to Mr Haralambopoulos, the Greek Foreign Minister, and Lord Belstead has spoken to the Greek Ambassador. An 'Association of Foreign Property Owners in Greek Frontier Areas' has been formed under the chairmanship of Mr Frank Giles, the Editor of the Sunday Times. We are keeping in close touch with him.

The Supreme Court judgement has now been released and our Legal Advisers have studied a translation. It is clear that certain questions are still unresolved, even under Greek Law. Our Legal Advisers' preliminary views are that, in essence, the judgement decides that a non-Greek national (whether an individual or a company) may not acquire land in 'frontier areas' of Greece (as defined by 1927 legislation which included Corfu, amongst other islands, in this definition) by establishing or acquiring a Greek company controlled by him for the purposes of holding the land. Any purchase by such means is void ab initio. Although the judgement is only binding on the parties to the particular case on which the Supreme Court was asked to decide (involving property purchased by Mr Jacob Rothschild), the effect of the decision is to set a precedent which would be binding on the lower courts. However, the judgement leaves it unclear, even in the particular case in question, how and when repossession takes place or whether the 'new' owner has to pay the present value of the land including any improvements.

We are now considering, in conjunction with our Embassy's Greek Legal Adviser, how this judgement may affect other British owners. And we are pursuing with the EC Commission the possibility that some may be able to take advantage of the non-discrimination provisions of EC law, at least insofar as they may have bought property after Greek accession and in connection with an economic activity. Where this is not possible the defect in title can probably only be cured by legislation, although there may be constitutional difficulties even if the Greek Government

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had the political will to introduce such legislation - which is by no means certain.

If a British owner were to lose his land and Greek law does not provide for full compensation, he may be able to take legal action against the Greek lawyer who advised him over the purchase. However, we believe there may be many cases where people bought after being told that they were running a risk.

If compensation is not adequate, it is doubtful whether any claim would lie against Greece under the European Convention on Human Rights unless either Greek law did not provide an adequate remedy for a lawyer's negligence or, possibly, it could be demonstrated that, even where people bought knowing the risk, the Greek Government knew what they were doing but turned a blind eye.

In short, our Legal Advisers have taken the preliminary view, subject to further advice on aspects of Greek law, that it is doubtful that an international claim could be made on behalf of owners. Owners may, of course, be able to seek local remedies and Mr Frank Giles's Association might help them in this. We can, however, exert political pressure on the Greek Government, both bilaterally and through the EC Commission, to take steps to safeguard the interests of British property owners. We have already expressed our concern at all levels in the Greek Government and have raised the question with the Commission. We shall continue to press for appropriate action.

*You are,*  
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Greece: UK/Greek Relations  
My 80



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