

SECRET

# Australia Station Intelligence Summary



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*Naval Intelligence Division  
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S E C T I O N I.

R.A.N. MONTHLY NOTES - EXTRACTS FROM REPORTS OF  
PROCEEDINGS ETC.

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REVIEW OF PRINCIPAL NAVAL ACTIVITIES.

H.M.A.S. AUSTRALIA.

From 24th August to 8th September AUSTRALIA visited the Melbourne-Westernport area to carry out training in conjunction with ARUNTA. On her return to Sydney she sailed on 17th September for a Reserve and National Service training cruise to New Zealand, where she is visiting Auckland, Wellington and Lyttleton. AUSTRALIA will return to Westernport on 7th October.

H.M.A. Ships SYDNEY and VENGEANCE.

On completion of a month's refit in Sydney on 14th September, SYDNEY sailed on the 21st for Hervey Bay to carry out a 3-weeks work-up with VENGEANCE prior to sailing for Korea on 19th October.

After these exercises VENGEANCE will assist in the United Kingdom-New Zealand air race which will take place between 8th and 10th October. She will be stationed in the Tasman Sea about half-way between Tasmania and the South Island of New Zealand and will keep in communication with competing aircraft by means of air-warning radar, h/f radio and h/f direction-finding equipment. She will give her position almost continuously, and the pilots of the aircraft, which will be flying at high altitudes, will thus be given opportunities to check their positions and keep on course. VENGEANCE will also undertake air/sea rescue operations should they become necessary.

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TENTH DESTROYER SQUADRON.

After completing her refit at Williamstown Naval Dockyard, ANZAC sailed for Sydney, arriving on 19th September. On the 21st she took over the duties of attendant destroyer to SYDNEY in the Hervey Bay area.

On her return to Sydney on 10th September after visiting Melbourne with AUSTRALIA, ARUNTA sailed with VENGEANCE for Hervey Bay. She will remain attendant destroyer until 1st October.

BATAAN is at present in Sydney for leave and refit until 4th October.

TOBRUK continued her routine patrols off Korea.

FIRST FRIGATE SQUADRON.

During August QUADRANT, CONDAMINE and HAWKESBURY carried out training between Sydney and Jervis Bay.

On 14th September CONDAMINE sailed from Sydney for a Reserve training cruise in South-eastern waters, visiting Hobart from 16th to 19th September and Adelaide from 22nd to 24th. She sailed from South Australia on 29th September for North Tasmania.

QUADRANT is at present in Hervey Bay taking part in SYDNEY's work-up.

HAWKESBURY paid a visit to Noumea from 20th to 25th September on the occasion of the Centenary Celebrations of the establishment of French Administration in Noumea. From 14th-20th September, while on passage, HAWKESBURY acted as mothership for the yachts taking part in

an ocean race from Sydney to Noumea. Most of the competing yachts were fitted with wireless, enabling them to keep in contact with HAWKESBURY.

SHOALHAVEN arrived at Darwin on 7th September to relieve MACQUARIE who sailed the next day for Sydney. MACQUARIE had spent over three months patrolling Northern and North-western waters. SHOALHAVEN is at present on patrol in the pearl-fishing area. MACQUARIE arrived at Sydney on 19th September and is preparing to pay off into reserve.

MURCHISON spent August and September in Sydney for leave and refit prior to commencing working-up exercises for her Korean duty.

CULGOA spent most of September at Sasebo and Yokosuka.

#### FOURTH SUBMARINE SQUADRON.

TELEMACHUS is at present carrying out training in the Sydney-Jervis Bay and Broken Bay areas.

TACTICIAN is due at Sydney on 30th September after a 2-months training cruise in New Zealand waters. During the cruise she took part in exercises with H.M.N.Z. Ships.

#### TRAINING SHIPS.

During September GLADSTONE carried out two training cruises to Northern Tasmania and to Sydney. FREMANTLE and JUNEE continued Reserve and National Service training off the West Australian coast, visiting Bunbury and Abrolhos Islands. WAGGA remained in New South Wales waters during September. COOTAMUNDRA is at present refitting in Sydney until 16th October.

SURVEY SHIPS.

BARCOO completed her survey of Exmouth Gulf in early September and sailed from Fremantle on the 15th, arriving in Sydney on the 25th.

WARREGO, with her tenders WARREEN and JABIRU, sailed from Gladstone for Sydney on 21st September after the completion of a detailed survey.

APPOINTMENTS.

Commodore 1st Class D.H. Harries, C.B.E., R.A.N., has been appointed Head of the Australian Joint Service Staff, Washington, with the acting rank of Rear-Admiral, d.t.b.r.

Captain H.J. Buchanan, C.B.E., D.S.O., R.A.N., has been appointed Second Naval Member of the Naval Board and Chief of Naval Personnel, with the rank of Commodore 1st Class, d.t.b.r.

Captain (E) C.C. Clark, O.B.E., D.S.C., R.A.N., has been promoted to the rank of Rear-Admiral (E) and appointed 3rd Naval Member of the Naval Board and Chief of Construction, to date 15th September, 1953.

Captain G.C. Oldham, D.S.C., R.A.N., assumed command of SYDNEY on 12th September.

Captain F.N. Cook, D.S.C., R.A.N. assumed the duties of Captain Superintendent, Sydney, on 11th September.

Acting-Captain C.H. Brooks, O.B.E., R.A.N. has been appointed to PENGUIN in command, d.t.b.r.

Lieutenant-Commander W.N. Swan, R.A.N., assumed the duties of Staff Officer (Intelligence), Sydney on 14th September.

Lieutenant-Commander W.O.C. Roberts, R.A.N., assumed command of WAGGA on 7th September.

Lieutenant-Commander J.E. Gillow, R.A.N., assumed command of CONDAMINE on 12th September.

Lieutenant (Sp.Br.) A.G. Steel, R.A.N.V.R., has been appointed Assistant Staff Officer (Intelligence), Sydney, to date 5th October.

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EXTRACTS FROM OR SUMMARIES OF REPORTS OF PROCEEDINGS.

Visit by SYDNEY to U.S. Naval Engineering Experimental Station at Annapolis.

During SYDNEY's visit to Annapolis, U.S.A., on 2nd July, a party of her Engineer Officers was taken on an interesting inspection of the U.S. Naval Engineering Experimental Station.

The general impression gained was that the Station is concerned primarily with testing equipment designed by the major engineering firms of the country. Only a limited amount of original work is done, although developmental work on the equipment under test is carried out.

Internal Combustion Engine Laboratory.

This laboratory is concerned with the testing of diesel and petrol engines.

A General Motors 1,600 h.p. diesel was under test, the aim being to increase its output to 3,000 h.p. Progress so far had achieved 2,400 h.p.



There was an interesting 16-cylinder diesel built up from four banks of four radial cylinders, one above the other, so that the axis was vertical. This engine was being developed for diesel electric drive for submarines.

A good deal of work was being done on cold starting. Two large refrigerated rooms were provided, one capable of being cooled to minus 100 degs. F.

This laboratory also tests fuels and lubricants for internal combustion engines.

#### Mechanical Laboratory.

This occupies several buildings, and has a wide field of work, including the testing of main and auxiliary machinery, both steam and gas turbine powered. Some work is also being done on new propulsion cycles, including H.T.P. Steam turbine testing was being carried out on auxiliaries using steam at 1,200 lbs. per square inch and 1000 degs. F., which are considered to be likely operating conditions for new plant.

#### Wave Mechanics Laboratory.

This laboratory deals with investigations into vibration and sound and shock propagation. The building is an impressive concrete structure, built like a monolith for insulation against external vibration.

In the search for materials to reduce sound transmission, work is being carried out on built-up structural materials such as an I Section girder made of two channels rivetted together with a fibre layer in between, and sandwich plates for division bulkheads of steel, fibre, steel.

Some interesting work has been done on shock mountings. A rubber resilient mounting was being developed which, by reason of its profile, had a constant low frequency characteristic independent of applied load.

#### Welding and Electrical Laboratory.

This was originally a purely welding laboratory and has lately been expanded to take in electrical problems which are directly related to ship engineering.

The welding side does quite a lot of work in the utilisation of new materials and techniques. It formulates manufacturing procedures, evaluates contractors procedures and inspection and testing methods.

#### Metallurgical Laboratory.

This laboratory is particularly active. on corrosion and erosion problems of ferrous and non-ferrous materials, and on properties of materials at high temperatures.

#### Chemical Engineering Laboratory.

Here a wide range of materials, other than metals, are tested. These include fuel, lubricants, corrosion preventatives, packing and jointings, adhesives, insulating materials and refrigerants.

The Station also has services for all laboratories, such as a section which calibrates and maintains all instruments, recommends the right types for certain jobs and investigates the use of new equipment.

There is a statistician's office where test

schedules are evolved and results evaluated for all sections of the Station.

SYDNEY's Visit to David Taylor Model Basin, Carderock.

On 2nd July a party from SYDNEY also visited the David Taylor Model Basin.

This establishment, which carries out experiments on ship models, is a counterpart to the Admiralty Experiment Works at Haslar, although it was set up by Congress not only for the U.S. Navy but also for industry, and is required to conduct experiments for any shipbuilders.

The Basin has now greatly outgrown its original function. In the field of naval aviation, for example, it originally carried out experiments in hull resistance of naval seaplanes. From this grew experiments not only in water resistance but in the air resistance of the hull forms. Its present function is the conducting of all aerodynamics experiments for naval aircraft.

In addition to two main model tanks there is a small manoeuvring basin and a circulating water tunnel with glass windows where experiments are carried out on models up to 6 feet in length. There is also a cavitation tunnel for propeller experiments. A large manoeuvring tank similar to that now approved for the Admiralty Works at Haslar is planned.

Besides resistance and propulsion experiments, investigations are carried out in hull strength problems. Much work has recently been done on submarine hull sections including resistance to shock.

There is a separate octagonal tank about

50 feet across and 15 feet deep situated in the grounds, remote from the other buildings, where underwater explosion tests are carried out. This tank has a glass section in the wall and photographs of explosions are taken with special high speed equipment.

The staff of the Model Basin are also responsible for the conduct of all naval ship trials where speeds, powers and sea-worthiness are observed.

### MACQUARIE'S PATROLS IN NORTH-WEST WATERS.

#### Visits to Japanese Pearling Fleet.

During a patrol with SDML 1325 in June, MACQUARIE had her first sight of the Japanese Pearling Fleet, off Bathurst Island.

The following are extracts from a report by the Commanding Officer of MACQUARIE who, with N.O.I.C., N.W.A. and the local Fisheries Inspection Officer, inspected the fleet in SDML 1325:-

"We sighted the Pearling Fleet at anchor off Rocky Point, Bathurst Island. The luggers were generally clean and neat and manned by 10 to 15 men each, a motley collection of the most evil looking characters imaginable, dressed in just the bare necessities; some quite old, others mere boys. There were buck teeth everywhere and the usual number of horn-rimmed spectacles. Mostly they grinned as we went by in the SDML. A few even waved while a minority scowled and looked sullen.

Each vessel had two masts with a W/T aerial rigged from truck to truck. The luggers were not by any means of the same construction. Two were steel trawlers which had been in the process of having enclosed steel-framed wheel-houses built on their upper decks. All the

others had wooden hulls, some larger than others with raised forecastles. All 24 luggers present were painted white with their registration numbers on the side in addition to their names, which in most cases were in English as well as Japanese.

One of the luggers was painted a light blue, about the shade the ladies call a "powder blue". Without the slightest intention of disrespect we have called her the "Queen Mother". She was one of the largest of the luggers having a high almost galleon-like stern.

The Fishery Inspection Vessel was the largest in the fleet, being a steel flush deck ship with a clipper bow and a cruiser stern. She is named "TAIYO MARU NO.5" and is probably between 300 and 400 tons. A modern radar mast and aerial array indicated a High Definition Warning Service set of some sort.

The mother ship, EBISU MARU, is an ancient coaster (steel hull, 250 to 300 tons) with a cargo hatch forward of the bridge.

Both these ships flew the Japanese national ensign which was dipped in the customary fashion as MACQUARIE passed by. It was quite obvious that the higher-class Japanese were on board these vessels from their physical appearance and the clothes they were wearing. Almost all of them were peering at us through binoculars, which of course was perfectly natural as we were doing the same to them. Each lugger appeared to possess at least one pair of modern binoculars.

It was estimated that at least 350 Japanese were employed in this fleet."

On another patrol in the pearl-fishing area MACQUARIE carried two press representatives who wished to photograph fishing operations and interview the Japanese Government official supervising the operations. The Japanese were most co-operative and the divers gave a good display for the photographer.

The pressmen reported that the Japanese, when interviewed, had made the following points:-

(i) They had fished over 200 tons of pearl shell in 25 working days. The shell was scarce but of first grade quality.

(ii) Each lugger normally worked three divers simultaneously and drifted with the wind or tide across the banks while the divers walked along the bottom gathering the shell fish as it grows in the live state.

(iii) Each diver remained down for an average of 50 minutes.

(iv) They were finding life difficult due to lack of fresh water and all men washed only in salt water.

#### Visit to Truscott Airfield Area.

During her June cruise MACQUARIE visited West Bay, a small cove within Napier Broome Bay, to land an R.A.A.F. officer who wished to examine salvage and inspect the condition of the wartime Truscott airfield situated on the Anjo Peninsula.

A safe anchorage was found 5 cables from the landing beach in 4 fathoms with excellent holding ground of blue mud. Five aircraft mooring buoys are moored in line parallel to the beach about 3 cables out. They have not of course been

maintained and have settled considerably.

A dog was seen on the beach, while anchoring, giving the impression that the place was inhabited.

After landing, while investigating the track leading to the airstrip, large amounts of material were seen lying about, including several 3-ton trucks and a steam roller. There were several small dumps of bitumen in drums. It is understood that a proportion of the salvage has been sold to a private individual in Darwin who employs 2 white men and some natives to collect and prepare it for transport. A large landing barge periodically visits West Bay, to collect this salvage.

MACQUARIE's party came upon a tin shed, wired in with arc mesh and fly wire, containing sleeping quarters and a workshop in which stood a motor cycle in good repair. There were two bunks and a mess table roughly set up for a meal.

At the back was a native hut and a fireplace in which the recent remains of a fire were seen. Apparently the occupants did not want any visitors as they were obviously not very far away.

The next day the R.A.A.F. officer visited the airfield and inspected the runway. He reported that the strip is in reasonable condition and that the control tower, though very rickety, still stands. He saw no signs of life along the road.

#### Yampi Sound.

In July MACQUARIE visited Yampi Sound, 500 miles south west of Darwin. The coast in

that vicinity is rocky and bare with outlying reefs. The Sound itself is deep, with easy access for the deep draught vessels which come to load ironstone from the Broken Hill Proprietary's big open cuts at Cockatoo Island.

The islands and mainland in spite of their bareness are picturesque. The varied colours of the rocks and cliffs, the blue sky and even bluer sea was a refreshing sight to MACQUARIE after the muddy waters and featureless coastline of the Darwin area.

The settlement is also in keeping with the surroundings, the houses being brightly painted with different coloured roofs. Everything is neat and tidy and an atmosphere of orderliness and efficiency prevails. About 120 people live in this small village which is built on a narrow isthmus near the western end of Cockatoo Island. There is a school with 30 children enrolled, a post office, open air cinema, canteen and large refrigeration plant. The only communication with the mainland is by company boat to Derby once a week. This vessel, YAMPI LASS II, is a converted G.P.V. and suits the purpose very well.

Cockatoo Island is the only place in Australia where vehicles drive on the right-hand side of the road. This is because all vehicles are left-hand drive, and there is less likelihood of accidents on the winding roads which are no more than shelves cut into the hill sides.

### Scott Reef.

From Yampi Found MACQUARIE sailed for Scott Reef, 180 miles to the north west. There is only one spot on the great reef which remains permanently above the sea. This is a sand cay on an isolated reef near the west hook which at



high water is no more than 200 yards long by 20 yards wide. There is a backbone of dead coral along its centre with an elevation of about 4 feet. Not even a blade of grass would survive there.

This precarious foothold in the broad seas affords no shelter for the human but is the home of hundreds of terns and quite a few turtles. The skeleton of a large turtle was found near the centre of the cay. A tower, as marked on the chart, does not now exist nor is there even the slightest sign of its foundation.

### Browse Island.

Browse Island, 100 miles east of Scott Reef, is a low circular islet about 20 feet high and a square mile in area. It is of coral formation and surrounded by an equally circular reef. It has some coarse grass and bushes growing in the centre. There is an automatic navigational light which was not functioning.

### Cartier and Ashmore Reefs.

MACQUARIE next set course for the lonely Cartier and Ashmore Cays to observe any fishing activities in the lagoons. The Commanding Officer had seen 8 Malay luggers at Ashmore from a R.A.A.F. Lincoln bomber in May, and had also sighted a large uncharted shoal south of the main reef.

Navigating the vicinity of these reefs requires the greatest caution and constant vigilance.

Cartier was first identified by the wreck on its southern fringe, a handy mark considering the reef is well covered at low water. The sand cay within the reef is no more than four feet high, devoid of vegetation and miserable to look upon. Half a dozen bamboo stakes were ranged

along the centre of the cay. These were apparently the remains of net drying structures erected by Malay fishermen. No signs of life were seen on this occasion.

Ashmore reef is equally forbidding. The islets are small, low and flat, and no more than 9 feet high, topped with brownish grass. The navigational hazards are many, and MACQUARIE did not linger.

### Port Essington.

Passing again through the pearling area MACQUARIE rendezvoused with H.M.A.S. EMU and the ships proceeded to Port Essington.

This is a deep bay nineteen miles long with a navigable average width of  $2\frac{1}{2}$  miles. The chart, B.A.1333, is no more than a large plan of ancient vintage, the title alone being somewhat repelling, viz., "Port Essington - Surveyed by Mr. Charles J. Tyers, H.M.S. ALLIGATOR, 1839". However, Mr. Tyers was an expert with the lead-line as the depths obtained by MACQUARIE were, without exception, exactly as charted.

Port Essington must be approached with caution and with the sun in the north. Many shoals extend northward of both headlands, and in the entrance there is not the slightest sign of the dangerous Orontes Reef which has depths of only 2 feet over it.

Mr. Tyers had faithfully recorded his impressions of the coast and the Commanding Officer MACQUARIE found no difficulty in interpreting his chart, ably assisted by devices which would have staggered that worthy sailor.

The site of an old military garrison,

named Victoria, is situated close by. The settlement was established in 1838 and abandoned in 1848. The walls of the barracks buildings are in some cases still intact, as are those of the Commandant's house. The foundations of the storehouses are visible and the powder magazine still stands.

About three-quarters of a mile inland the ship's party located the graveyard in thick bush. A few tombstones have withstood the century. The inscription on one, somewhat crudely cut, reads, "Sacred to the memory of Captin Crawford 47 Rignment Hobart - Died 1838-1848." The exact year of that officer's death remains a mystery.

According to history, ships rarely visited Port Essington and the garrison became just a dead end backwater, with the troops suffering from extreme boredom and gradual physical and mental decline. It is no wonder Victoria settlement failed to survive.

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## SECTION II.

EXTERNAL INTELLIGENCE.CHINA.Attack on British M.L.1323.

A Chinese Communist Naval vessel identified as an L.C.I. attacked a British patrol craft, M.L.1323, in international waters between Hong Kong and Macao on 9th September, causing seven casualties killed, including the Commanding Officer. The M.L.'s superstructure suffered considerable damage.

The Chinese Communist Navy L.C.I. opened fire on M.L.1323 with small arms at about 800 yards range, then opened fire with her main armament of one three or four-inch calibre gun. Fire was not returned by M.L.1323. The first two shots fell ahead of the M.L. but the next two hit the wheelhouse and the engineroom rendering the vessel unmanoeuvrable.

It is believed that these two shots caused most of the casualties. Altogether the M.L. sustained about eight hits before the Communist L.C.I. was driven off by dummy runs made by two R.A.F. Hornets which happened to be in the vicinity. The Hornets came under fire from the L.C.I. during their dummy runs but were not hit.

After extinguishing a fire caused when an ammunition locker exploded and using emergency steering, M.L.1323 was able to proceed slowly under her own power to Tai O.

Britain has protested most strongly to

the Chinese Communist Government against this wanton attack on M.L.1323. She holds the Chinese Communist Government responsible and reserves the right to claim appropriate compensation.

While the reaction to this incident in British and foreign circles in Hong Kong was one of anger and concern, the Chinese reaction in the Colony was not particularly marked.

This attack is the third and most serious of those made recently against ships of the Hong Kong Flotilla in international waters near Hong Kong. The two earlier attacks took place in August. In one of these attacks a rating was slightly injured when a few hits by small-arms fire were sustained by his M.L.

#### The Cruiser CHUNG KING in Dairen.

It now seems to be accepted that the Chinese cruiser CHUNG KING has been raised and is at present in Dairen undergoing refit. The CHUNGKING (formerly H.M.S AURORA), was purchased by the Chinese Nationalist Government from Britain in 1948. The cruiser defected to the Communists in March, 1949, and was sunk later in the same month in shallow water at Hulutao by Nationalist air force bombing.

It is not yet known whether CHUNGKING is to be made operational, but if this is the Chinese Communists' intentions it is possible she could be made operational to a limited degree by early 1954. In this event the balance of power between the Chinese Nationalist and the Chinese Communist Navies could be altered in favour of the latter on paper but it is thought that the Chinese Nationalist Navy would still have some operational advantages.

Submarines at Tsingtao.

Recently there have been several reports of the presence of small submarines at Tsingtao. One report describes a submarine sighted as about 180 feet long with a long low conning-tower and painted dark grey. Although it has not yet been possible to ascertain their nationality it has been established that there are two 'M' class submarines at Tsingtao; one at least of these had no guns. It seems possible that these craft are intended for Chinese Communist submarine training classes.

These submarines are believed to be the first sighted in a Chinese Communist port since the visit of a Russian Division under training to Tsingtao in July, 1951.

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INDO-CHINA.Vietminh Offensive.

Early Press reports of the Vietminh offensive in the Delta area now appear to have been exaggerated. Various figures of the numbers involved have been as high as 10,000, but officially the action is considered as a diversion preliminary to an attack on Central Laos.

The French forces are shortly to be strengthened by the addition of 10,000 troops, and the U.S. is lending an additional aircraft-carrier for use in the Far East and although this aid will do much to counter Communist Chinese aid to the Vietminh, a lot will depend on the speed of delivery, as the Vietminh at present hold the initiative.

The aircraft-carrier AROMANCHES is due back in Indo-Chinese waters with a full complement of aircraft and the return of this striking force will do much to disrupt Vietminh communications which have been built up over the last few months.

This, combined with the new offensive spirit imbued into the French forces since the advent of General Navarre and his Chief-of-Staff, General Cogy, may well be the turning-point in the Indo-Chinese war.

There is no indication of any large-scale southward movement of Chinese Communist troops or aircraft but Chinese material aid is still being received by the Vietminh. However, this aid is dependent on freedom from air attack. This freedom will not be there with the advent of two aircraft-carriers in the vicinity.

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## KOREA.

### Political Conference.

Preliminary meetings to decide the composition and agenda of the Korean Political Conference drag on with no apparent progress being made. The form the Conference will take and the ground it will cover in debate appears to be the stumbling block and the manoeuvring for advantage is taking its usual form in these matters.

At present it appears that the Conference will be held either in Colombo or Geneva, but even this is not finally decided upon.

Meanwhile both sides are believed to be strengthening their defence lines against a further outbreak of hostilities but the general opinion is that there is little likelihood of this

happening unless negotiations come to a complete stop.

The U.N. objective in Korea is a re-united non-Communist Korea, but Communist China has stated that it will oppose, by force, if necessary, any non-Communist control of the Yalu River Line which virtually means that, unless the terms of the settlement of the Korean question are on Communist China's terms, then a state of armed 'neutrality' will develop with both sides facing each other across the demilitarised zone, resulting in yet another uneasy peace such as exists in Germany.

#### Task Force 77.

Task Force 77 will in future be stationed midway between Formosa and Korea in order to shorten its logistic support line without impairing its capabilities to resume Korean operations if necessary.

#### Purge of Local Communists.

The purge of local Communists in North Korea has apparently resulted in the virtual elimination of all leading local Communists by the Moscow and Chinese-trained groups.

General Nam II, the leading North Korean negotiator at the Armistice talks, has become Foreign Minister. Nam II is a Moscow-trained Communist and all important posts in North Korea are now held by Moscow-trained men.

It is noticeable that so far no Chinese-trained Communists have been purged and this may indicate that the Moscow-trained men have not yet assumed full control in China.

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JAPAN.Expansion of Coastal Security Force (Navy).

The Japanese Diet has approved the establishment of two new Regional Headquarters of the Navy at Ominato and Sasebo to supplement the two already in existence at Yokosuku and Maizuru. In addition a Naval Aviation Unit with a strength of 950 is to be established.

The Officer's School at Tokyo is to come under the direct control of the Central Headquarters of the C.S.F. and technical research institutes are to be expanded.

Promotions in the C.S.F. due to the expansion have resulted in the appointment of five officers to Flag rank and the promotion of 317 high-ranking officers. Overall strength is to be increased by 3,000.

Present strength of the C.S.F. is 11 Frigates and 50 L.S.S.L's, of which all 11 Frigates and 25 L.S.S.L's are fully-manned and 25 L.S.S.L's are 50 per cent manned and being used for harbour training.

Shipbuilding Techniques Association.

It is reported that the National Safety Agency (equivalent of our Defence Department) has decided to establish a Shipbuilding Techniques Association composed of former members of the Imperial Japanese Navy, for the purpose of designing vessels to be used by the C.S.F. and warships ordered by foreign powers.

Several naval experts are scattered throughout the shipbuilding industry in Japan, amongst them being ex-Vice-Admiral Shimizu, a gunnery expert, who is adviser to the Japan

Steel Company, former Rear-Admiral Yagi, designer of the oxygen torpedo, and Captain Matsumoto, designer of the super-battleship YAMOTO.

### Return of Islands in Ryukus.

The U.S. Government has announced its intention of returning the Amami Oshima group of islands to Japan. This group is the most northerly of the Ryukus and the closest to Japan. The U.S. will retain possession of other islands in the Ryukus, including Okinawa.

### Communism.

A disturbing feature of Communist activity in Japan is the accumulation of arms by the Japanese Communist Party, which is now believed to be organized on a para-military basis. This may well indicate a return to violent action by the Communists. In addition, the move to the Left of the powerful General Council of Trade Unions (which controls a labour force of over 3,000,000, many of them in key industries) is also disturbing.

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### BURMA.

#### The Kuomintang Problem.

Since 23rd June, when the Four-Nation Committee at Bangkok reached agreement on a plan for the evacuation of the KMT forces in Burma, all attempts to put the plan into action have failed. This failure is due largely to the lack of co-operation from the KMT forces themselves. They are firmly established in the Shan States and are apparently concerned in the lucrative trade of opium smuggling. It is

obvious that the Formosa government has little or no control over the KMT in Burma. Dr. Shao Yu Lin, as emissary for Chiang Kai Shek, recently went to Monghsat to discuss the evacuation with the KMT commanders, but was able to persuade only 500 of the original "hard core" of regulars to volunteer. There is fairly conclusive evidence that the KMT are financially and militarily independent of the Nationalist Chinese Government.

The Burmese Government suspects that Nationalist China could exert greater influence over the KMT but is trying to spin out proceedings so that when the question is considered during the current session of the United Nations General Assembly the evacuation will have just begun. It could then be represented as a continuing operation but would cease when the item had been dealt with by the Assembly.

The Burmese, who, from the beginning, have been pessimistic about the committee method of dealing with the Nationalist forces, are expected to renew representations to the General Assembly, but will probably report the complete failure of the Bangkok talks, attributing this to the insincerity of the Nationalist Chinese Government, and suggest that only military action could produce a solution to the problem.

A Burmese military offensive against the KMT was planned for August 15th, but has been postponed until after the monsoon. It is possible that this offensive was planned to enable the Burmese to argue from strength at the General Assembly.

#### Karen/Communist Alliance.

The situation in Burma is further complicated by recent developments in the

Irrawaddy Delta area. In this district Government forces have recently been very successful in offensives against the Karen Army, the Karen National Defence Organisation (KNDO), and Karen forces have shown signs of disintegrating.

A new threat has however now developed in the formation of another army by the Karen National Union. This force, the Karen Peoples Liberation Army, has already taken over the control of West Kawthulay from the KNDO. It has not only received many recruits from the original Karen force, but is believed to have entered into an agreement with the Burma Communist Party. The exact nature of this agreement is not known, but it could be a step towards the implementation of the Communist Tripartite Military Joint Committee resolution of July, 1952, which aimed at the inclusion of the Karen and Mon - Defence Forces in a single Peoples' Army with Communist forces.

Although this may not be the intention of the Delta Karens at the moment, the Burmese Army, by continued offensives, may force them into such an alliance, thus creating an even greater threat to national security than exists at present.

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### INDO-PAKISTAN RELATIONS.

A further crisis threatened to occur in the relations between India and Pakistan when the State President of Kashmir dismissed the Prime Minister, Sheikh Abdullah, and appointed Bakshi Ghulam Mohammed in his place.

This coup d'etat was the climax to a rift which had been gradually developing between two groups in the oligarchical government

of Kashmir. One faction in the Government, led by Bakshi, has been advocating closer alliance with India. The other group, led by Sheikh Abdullah, wants Kashmir to be an independent state. Sheikh Abdullah became Prime Minister as leader of the pro-Indian section, and with the support of India, but he has recently taken an anti-Indian stand and has revived his earlier advocacy for an independent Kashmir. Although the reasons given for his removal were that he had "betrayed the country's democratic traditions" and had dangerous contacts with foreign powers, the real reason was obviously his swing to the anti-Indian faction.

Feeling in Pakistan was greatly aroused by these events which were interpreted as Indian-instigated and as proof of Nehru's intention to retain possession of Kashmir against the wishes of the inhabitants. It was feared that these events would have an unfortunate effect upon Indo-Pakistan relations which have shown considerable improvement recently. The Pakistan Prime Minister, Mohammed Ali, requested an immediate emergency meeting with Nehru to discuss the Kashmir question.

The meeting took place in New Delhi on 17th August when it was agreed that a plebiscite should be held to determine the status of Kashmir and that a plebiscite administrator should be appointed by April 1954. Although Mohammed Ali places great confidence in the new agreement and believes that a solution to the Kashmir problem is now in sight, there are many sections of the agreement which could be interpreted differently by the two parties concerned, and difference of opinion already threatens to develop over the choice of an administrator. Pakistan wishes to retain Admiral Nimitz and India wants a new administrator to be appointed. The terms of the agreement which concern this point are not entirely clear and

the appointment might be construed as dependent upon the prior settlement of preliminary issues such as demilitarisation of the area. If this is so it might mean that the deadlock which has existed over the Kashmir question since 1949 will continue,

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CEYLON.

In August the Government of Ceylon was faced with a situation which threatened to develop into a political crisis when the Leftist Opposition Parties led mass protests against the lifting of the rice subsidy. A public protest meeting was held on 23rd July on Galle Face Green, to coincide with the reading of the budget speech in Parliament House a few hundred yards away.

Although the meeting was permitted on the understanding that there would be no **violence** it soon got out of hand and the crowd marched to Parliament House demanding entry. They were driven back by a police guard stationed outside the House in anticipation of such an occurrence and several people were injured. As a result thirty-five people were arrested and a three-months ban was placed on all public meetings in Colombo.

The extreme leftist trade unions then organised a strike. Originally intended for 6th August, it was postponed until the 12th as the response of most unions was extremely unenthusiastic. Several large unions refused to take part in the strike and all daily newspapers declared themselves against it. Under the circumstances there would have been practically no strike if transport had maintained a normal schedule but the Communist-inclined Mayor of Colombo called out all company-owned

buses and trains and privately-owned vehicles stopped running, mainly from fear of acts of violence. As a result most people were unable to get to work and stood about the streets waiting to see what would eventuate.

There were no acts of violence and the crowd was remarkably well behaved apart from a few reports of thefts and vandalism, but the Government feared the situation would develop into something more serious and immediately declared a state of emergency and imposed a curfew.

On 13th August the leaders of the Opposition Parties declared the strike to be over, but the Government took an increasingly serious view of developments and continued to tighten up security measures, calling out all available Service reservists and organising a special police and town guard. The curfew was not lifted until 23rd August although no further incidents occurred. In fact, at no time did the situation appear to warrant the strong measures taken by the Government, although there was always the possibility that a serious situation could arise, particularly if the armed guards called out by the Government had lost their heads and begun firing on the crowd.

The inexperienced Government obviously panicked when faced with an unfamiliar situation. Most members of the Cabinet seemed to think that there could be no purpose in the strike unless it was to overthrow the Government by revolutionary action, and took the view that the measures enforced by the Government had narrowly averted a revolution. It seems more likely that the actions of the Government in this instance, had narrowly avoided causing greater trouble than their enemies had tried to stir up. The whole incident could give the impression that the Communist threat is greater than it

really is, thus indirectly aiding the Communist fight by creating a false idea of its strength and ability to unsettle the community.

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## PHILIPPINES.

Most recent news about the forthcoming elections in November is the announcement by Carlos P. Romulo, presidential candidate of the newly organised Democratic Party, that he has withdrawn from the race. His party is going to form a coalition with Magsaysay's Nacionalistas in order to prevent the re-election of the Liberals to power. This latest move on the chessboard of Philippine politics seems to indicate that a Magsaysay victory will be assured if the voting is honestly conducted. Romulo may be re-appointed Philippine Ambassador to United States and delegate to the United Nations if the Nacionalista leader is successful at the polls.

The coalition of these opposition parties is said to ensure that the elections will be carried out in a more orderly and democratic fashion. This is a welcome sign because recent events, such as the "Shellborne Incident", foretold that votes would be cast against a background of intrigue and bloodshed. This incident illustrates the lengths to which the fanatic element in the Liberal Party will go to keep their stranglehold on the Government. A man called Monroy, whom Senator Recto had produced to testify before a Senate Committee concerning the corruption of the Secretary of Justice and Acting Secretary of Defence, Oscar Castelo, was murdered. The suspect, about to confess, was lured into a hotel, named "Shellborne" by Castelo, and his partner in the intrigue, Judge Antonio Quirino, brother of the President.

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The prologue occurred when Castelo ordered the arrest of the Major of Manila, Lacson, a vehement upholder of the rights of the individual. An armed clash in the streets of Manila between the Army and the Constabulary on the one hand and the Manila police on the other was just narrowly averted by the cool-headedness of the Constabulary Colonel who refrained from carrying out orders literally.

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### FORMOSA.

In recent weeks the Nationalist Chinese attacks on British Merchant Shipping in the Formosan Straits continue with unabated vigour. The report, however, that a Genoese ship and a Danish ship were detained during the first week of September indicates that these raids are not directed against British lines alone.

This fact was underlined by statements of guerrillas on Hsi Chuan Island, to Captain A.G. Angus, Master of the S.S. INCHULVA, which was diverted there and relieved of 2,500 tons of Coal dust. They declared that they bore no ill-will to the British and that they were not interested in the vessel as such, but maintained that the cargo (which had been embarked at Hong-kong) was legally their own as it came from China.

The White Dog Islands, which are situated off the China mainland, near Foochow, seem to be the forced rendezvous of merchant ships bound for Communist China with Nationalist junks. This group of islands appears to be under the dual control of guerrillas and regular troops from Taiwan. On Hsi Chuan, the Western Island, the main base for the guerrillas, there are a large

number of soldiers, who are independent of Formosa. Many of these men are probably ex-regular Nationalist troops from the Fukien Province, who became guerrillas when they were forced from the mainland. Guards are exchanged between this island and the Eastern one, Tung Chuan. The two hundred men act as guerrilla units, stopping any vessel they choose and keeping all food and stores that they find on board. However, they receive instructions from Formosa concerning the disposal of cargoes.

Namki Island and Pi Ki Shan Island, two other apparent head-quarters for the raiders, are garrisoned by Nationalist regulars and guerrillas, at the former under the command of a 'Captain' Yang. Authority is nominally Nationalist, and guerrillas are allowed to use base facilities, but a strong hand is needed to keep the latter force under control. A wireless station on Namki Island is in constant communication with Formosa, who is immediately informed of any interceptions.

In the light of this evidence it appears that the Taiwan Government's claim that raids on shipping are conducted by pirates, whose activities are distinct from their own, is not quite accurate. Although the guerrillas may be hard to control, the planning behind all these guerrilla escapades seems to lie with Nationalist headquarters in Formosa.

#### Relations with Korea.

Formosa is for the first time expressing doubts about the wisdom of Rhee's declared intention 'to go it alone', now that the Korean Ambassador has invited the Nationalists to join with ROK if fighting is renewed in Korea.

Relations with the Philippines.

During the recent five day good-will visit of the Chinese Nationalist flotilla of three warships and one flagship to the Philippine Republic, Admiral MA CHI-CHUANG, Commander-in-Chief of Formosan Navy, announced that he was in full agreement with the proposal of Commodore Francisco, Commander-in-Chief of the Philippine Navy, that in case of necessity the Nationalists could make use of Philippine Naval bases and vice versa. Chinese residents, who were allowed on board the vessels during their stay, have launched a campaign for raising funds to build a warship to be donated to Nationalist China in honour of the occasion. Immediately the appeal was opened, 10,000 peso were promised.

This enthusiasm for the Chiang Kai Shek administration undermines the theory that Nationalist China aspirations have no attraction for overseas Chinese, who are accused of backing the Communist regime actively by fear or passively by inertia.

Relations with America.

Formosa will receive fifteen of the 25 small warships that America is to lend to free Asian countries. Only half of her quota, however, are modern high-speed destroyers with radar and anti-submarine equipment.

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INDONESIA.

The new Government of Indonesia, the composition of which on paper appears to be very radical, is, in practice, pursuing a policy similar to that followed by previous administrations.

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Kusumasumantri, Minister for Defence, Yamin, Minister for Education and Culture, and Abikusno, were closely associated with the Trotskyite, Tan Malaka, during the immediate post-war period, and Ong, Minister for Finance, was a member of the left wing Sjarifuddin Government in 1948.

The Government's moderate policy, however, indicates a victory for Sastroamidjojo over the more leftist members of the Cabinet, as does the success with which he insisted that none of his government colleagues were to give public speeches on policy without his concurrence. Though some observers doubt whether the Prime Minister can maintain this position, there is a possibility that the Communist sympathisers in the Cabinet will lose their radical coats as Subardjo and Wilopo did, now that they are in power.

It has been declared that elections cannot take place till April, 1955, though no explanation has been given for this further postponement. The reason may lie in the fact that the Masjumi and other Moslem groups would stand to profit by early elections at the expense of those who are at present holding office.

The eviction from estate lands in Sumatra of "squatters", who resist transfer will be postponed till the Committee which is to be set up to implement improvements in the carrying out of the land policy, has submitted a report on the situation. Abdul Hakim, Governor of the area, recently announced that of 28,000 peasants involved in the land distribution programme, only 2,000 are without other land.

Last month leaflets were dropped in the Celebes area on the day after the fifth anniversary of the establishment by Kartosuwirjo of the Darul Islam separatist state in the

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Priangan area of West Java, declaring that the Muzakkar People's Liberation Army had been incorporated in the Darul Islam armed force (T.I.I.). The leaflets, which were signed by Muzakkar as 'Military Governor', were later dropped in the Balikpapan area also. At first it was suggested that the leaflets were spread by local gangs with whom Muzakkar falls out with from time to time, or by elements trying to inflame popular opinion against the Masjumi. However, it is now believed that the announcement came from these two rebel forces. The outline of the government's plan to rid the Republic of lawlessness in the Prime Minister's policy speech, shows a swerving away from Wongonsonero's emphasis on the 'last command', an all-out attempt to exterminate the rebels by violence, and a repudiation of the P.K.I's (Communist party) suggestion to arm the citizens. Sastroamidjojo demonstrates his realization of the fact that security will not be obtained by a disarmament of the populace, for weapons taken away from them today, are passed back to their hands the day after, but by winning the people's confidence in the Government's honesty and ability.

### Relations with Australia.

The Government's representatives have been openly declaring that Indonesia desires a Treaty of Friendship with Australia. However, they say that a fulfillment of this wish is not possible till we state on whose side we stand over the Irian (Dutch New Guinea) question, which the Republic has lately been threatening to bring before the General Assembly. Maybe their attempt to play on our fears of Japanese aggression by recalling the 'Chicago Tribune's' suggestion that the territory be handed over to the Japanese for their surplus population, is designed to force our decision on the matter.

It is reported that Sunario, the Foreign Minister, wants Australia to invite a Parliamentary Mission of six or seven Indonesians to visit her, as the United Kingdom did in 1951

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## SECTION III.

AUSTRALIA STATION INTELLIGENCE.VISIT OF FRENCH WARSHIP TO AUSTRALIA.

The French ship "COMMANDANT AMYOT D'INVILLE" visited Port Moresby from 7th to 9th September, and Sydney from 14th to 18th September. She was en route from Indo-China to Noumea, New Caledonia, to attend the French centenary celebrations which began on 24th September.

After her visit to Noumea she will again make a two-day call on Port Moresby from 2nd to 4th October.

"COMMANDANT AMYOT D'INVILLE", rated as a 2nd class Escort Vessel by the French, was completed in 1947. She has a displacement of 900 tons at full load, and a main armament of two 4.1-inch guns.

HARBOUR DEVELOPMENTS.Onslow Jetty.

Repairs to the Onslow Jetty, which was damaged in a cyclone, are proceeding satisfactorily, and it is possible that the jetty will be fully serviceable by the end of the year.

Development of Newcastle Harbour.

Because of the reduction last year in loan money allocated to the New South Wales Department of Works, work on the port of Newcastle was suspended. However, as the new allocation was £3.8 million against £3.5 million, the Minister for Works recently announced resumption of major harbour works.

These included construction of a wharf at Merewether Street, reclamation of islands and river regulation works, new tie-up and repair berths and additions to the Carrington slipway, and the Wickham Wharf. The new funds will enable a Lobritz rockbreaker, built at the State Dockyard, to be brought into commission by November, 1953.

#### Unidentified Vessel - Torres Strait.

A report was received during August from Jervis Island (Mabuiag) in Torres Strait of an unidentified vessel heading west through Napoleon Passage for the Arafura Sea. Her description is similar to that of an unidentified ship that was sighted on several occasions in May passing through the same channel. The vessel was described as having a white hull with a black topside, a high raised forecastle and high deck-house similar to a tug.

#### PORT KEMBLA ADVISORY COMMITTEE.

The New South Wales Government has decided to amend the Maritime Services Act to provide for a port Kembla Advisory Committee.

The amendment, which will provide for the setting-up of advisory committees in other ports where needed, has been brought about by the Minister for Public Works, who suggested that a port advisory committee be set up at Port Kembla to assist the Maritime Services Board. The committee will be similar to the Port of Newcastle Advisory Committee.

The Port Kembla committee will comprise representatives of the Maritime Services Board, Department of Public Works, Department of Railways, B.H.P., Co. Ltd., and other industries,



employees, and stevedoring agencies.

#### JAPANESE TRADE WITH AUSTRALIA.

It has been reported that the Sydney office of the Japanese Embassy is receiving between 30 and 40 enquiries a month from Australian firms interested in exporting scrap iron to Japan. The Commercial Counsellor to the Embassy said Japanese electrical and steel manufacturing companies were interested in buying scrap-iron and importing iron ore from Australia, but at present the Commonwealth Government will not allow this trade. The Embassy is also receiving about 100 enquiries a month from businessmen and companies anxious to import goods from Japan. These enquiries range from textiles, cotton-piece goods and yarns to steel, steel products, machinery, hydro-electric equipment, glassware, microscopes, silks and chemicals.

During 11 months of the financial year, 1952-53, Japan imported goods from Australia, worth £76 million, of which wool accounted for £62 million. Against this Japan exported only £5 million worth of goods to Australia.

#### SULPHURIC ACID PLANTS IN SOUTH AUSTRALIA.

##### Birkenhead.

This plant will cover 48 acres situated between the Caltex Oil installation and the I.C.I. Alkali plant on the western side of the Port Adelaide River. Work on the roads and water services is well under way and piles for the foundation of the main plant are being driven. The type of piling is claimed to be new to Australia. Imported high-alumina cement is being used because the sulphate content of the ground water in the area is abnormally high. The concrete piles are not being driven into the

ground or precast; instead a tube is sunk and the wet cement compressed into it. Special machinery from the Wimon-Craves parent Company in England is starting to arrive, and the contractors expect the plant to be finished on schedule, at the end of next year.

### Port Pirie.

The production of sulphuric acid in the sulphur-burning section of the new acid plant at the Broken Hill Associated Smelters, Port Pirie, will begin in October. The plant is designed for an annual production of 50,000 tons of 98% sulphuric acid, but for the first nine months the Company plan to produce about 22,000 tons of acid, the whole of which will be available for the manufacture of fertilisers.

Eventually it is proposed to supply 20,000 tons of acid a year to the uranium treatment plant being erected at Port Pirie. In keeping with a long-range policy, Electrolytic Zinc Company will eventually transfer all roasting of its zinc concentrates to its works at Risdon (Tasmania), where low-cost electric power makes it a more economic proposition. When that comes about the Company's roasting and acid plant on the Smelter's property and certain of its other undertakings in South Australia will be closed down. However, that is not expected for some time yet.

### STEEL INDUSTRY - AUSTRALIA.

During a dinner given by the Broken Hill Pty. to delegates of the fifth Empire Mining and Metallurgical Congress, held recently in Sydney, the New South Wales manager spoke of the growth of the steel industry in Australia since its inception in 1915.

The following are extracts from the talk:-

In Newcastle, the several companies forming the steel group, together with the B.H.P.'s four coalmines and the company's steamers, collectively employ 17,230 men.

At the Port Kembla works of Australian Iron and Steel Ltd., the collieries owned by that company and the adjoining industries, a total of 10,364 men are employed.

The combined steel works at Newcastle and Port Kembla have a rated capacity, with all seven blast furnaces in operation, to produce 2,150,000 tons of pig-iron and 2,200,000 tons of steel ingots a year. Such production called for 3,500,000 tons of coal, 3,300,000 tons of iron ore, and 600,000 tons of limestone a year.

From the time the works started in Newcastle in 1915 to the present day the plant had produced nearly 17 million tons of coke, 16,230,000 tons of pig-iron, and 19,800,000 tons of steel ingots.

These figures exclude the tonnage of pig-iron or steel produced at Whyalla, in South Australia.

In 1935 a merger took place between Australian Iron and Steel Ltd., and the B.H.P., and in the intervening years vast sums of money had been spent in the Kembla area in modernising and extending the original plant laid down in 1928.

In 1951 the Hoskins Iron and Steel Works at Lithgow produced 76,310 tons of steel and the B.H.P. Newcastle Steel Works 86,400 tons. Australia's steelmaking capacity this year was 2.2 million tons.

NEW POWER STATION AT TOWNSVILLE.

The new power station at Townsville has commenced operation. It has a generating capacity of 52,000 kilowatts.

The area served by this power station includes Townsville, Ingham, Ayr, Home Hill and smaller centres, and covers irrigation areas, sugar-producing and industrial areas.

TRANSFER OF BRISBANE BUILT OIL STORAGE DEPOTS.

The Brisbane City Council has advised commercial oil companies that the annual licence for bulk storage depots which are situated close to Brisbane will not be renewed beyond 31st December, 1954.

Most oil companies have already planned to transfer bulk storage from the Newstead, Bulimba and New Farm areas (close to the city) to Whinstanes, Pinkenba and Colmslie.

Commonwealth Oil Refineries Ltd., have already transferred a 250,000-gallon tank from New Farm to Whinstanes. This was done by placing it on a pontoon and towing it down river and re-erecting on the new site.

All C.O.R. tanks are expected to be transferred by the end of 1953.

Vacuum Oil Coy. are reported to intend to continue storing diesel and lubricating oil at Bulimba and transfer spirit to their new 6,800,000 gallon storage depot at Colmslie.

The Shell Coy. intend transferring to a site on reclaimed land at Pinkenba, possibly by the end of 1954, when the land has settled sufficient to support large tanks.

PEARLING INDUSTRY, BROOME, (W.A.)

Since the return of Japanese divers to Broome there has been an appreciable increase in the amount of M.O.P. shell exported.

It seems likely that the Master Pearlere will apply for the importation of more Japanese divers next year as they much prefer them to the Koepangers.

The Broome pearling fleet at present comprises 22 luggers and three cargo boats.

FISHERIES RESEARCH, N.W. COAST.

A three-year fisheries research programme for the Exmouth Gulf and Shark Bay areas was inaugurated on 16th August, with the departure of the Fisheries Research Vessel "LANCELIN". The survey is a joint effort on the part of the W.A. Fisheries Department and the Fisheries Division of the C.S.I.R.O. and the main purpose is to determine the commercial possibilities for prawns, tuna, mackerel and skipjack. An A.W.A. echo-sounder and an hydraulic winch for net-hauling have been installed in "LANCELIN".

LIBERIAN VESSEL - "NICO".

The above-named vessel of 7,000 tons on passage from Pladjai to Fremantle ran aground on a reef in an area known as "Whitford's Beach" on 16th September. This area is approximately 15 miles North of Fremantle. The ship grounded at 0400H during weather conditions officially described as "scattered light drizzle with light to moderate southwest to south winds and slight seas."

On grounding engines were immediately reversed and the vessel refloated two hours later and proceeded to Fremantle. Inspection of the hull indicates that the vessel was making water in No.1 Hold and 1 and 2 double bottom tanks. Two blades of the propellor were damaged and will be repaired locally. Repairs to the hull are at present being carried out and it is expected that the vessel will be able to take a full cargo of wheat on completion.

#### COCKBURN CEMENT PTY.LTD.

Work has now begun on the initial stages of the construction of the cement factory for the above company in the Cockburn Sound Area. The first construction will be an administrative block and laboratories. During the last nine months private negotiations have been carried out by the company for the purchase of 785 acres of limestone country suitable for cement manufacture. Two hundred acres were previously allocated to the company and it is expected that limestone available will be sufficient for many years. When in full production it is expected that cement output will be 100,000 tons per year.

#### NORTHERN TERRITORY.

##### Uranium.

Testing is being carried out at the present time by the Bureau of Mineral Resources on two new uranium fields, one at Goodparla, 180 miles east of Pine Creek, and the other in the Manton Dam area 40 miles south of Darwin. Surface indications at Goodparla show promise that this find may be as important as Rum Jungle. Drilling equipment has been despatched to Goodparla and if the extension

of the lode is proved, mining will be commenced before the end of the year.

### Ketch "VIKING".

On 5th August a 33 ft. Ketch "VIKING" arrived in Darwin from Port Moresby. On board were a Swedish couple, Mr. and Mrs. S. Holmbahl, who are on a pleasure trip around the world. Darwin was their only Australian port of call, and the ketch sailed from there for Durban via Christmas Island. She is returning to Sweden.

### New Darwin Wharf.

On 31st August, the successful contractors for the new Darwin Wharf, Messrs. John Howard & Co., took over control of operations from the Department of Works. Construction is anticipated to take approximately two years.

### Darwin Pearlina Fleet.

It is reported that the Thursday Island pearler, Mr. Raymond Grayson, intends bringing his five luggers to Darwin for use in pearling operations next season. Four of these are 55 feet luggers and one is 68 feet. The engaging of suitable crews from Darwin is not contemplated as Mr. Grayson proposes to bring with him Thursday Island divers and half-castes, at present working on his vessels.

### TERRITORY OF PAPUA AND NEW GUINEA.

#### Coast Watching Exercises.

As an exercise to test the vigilance of Coastwatchers on the East Coast of Bougainville, H.M.S. TELEMACHUS, recently on passage to Australia from Japan, was routed close along the East Coast of Bougainville in daylight

hours. Of three Coastwatching Stations situated in the areas of daylight passage, two reported the sighting of a submarine.

#### Japanese Fishing Vessel - Bougainville Island.

A report from the Australian Embassy, Tokyo, states that in a note verbale the Japanese Ministry of Foreign Affairs informed the Embassy of the circumstances in which "Daikoku Maru No.3" went aground off the South-East coast of Bougainville.

It was stated that owing to the South-east monsoon, an adverse current, and a squall, the 83-ton wooden vessel (a tuna fishing vessel) was carried astray and stranded on Unwero Reef in position 6 degs 25 mins. South 156 degs. 08 mins. East, South-east of Bougainville. Efforts by two other vessels to refloat the "Daikoku Maru" were of no avail, and the crew were taken aboard.

The Japanese Foreign Ministry has expressed the hope that favourable consideration will be given to their application if and when the owners desired to salvage the vessel.

#### Rouna Falls Power House.

The contractors, Hornbrook's Construction Pty. Ltd., state that they expect to complete the Rouna Falls (Port Moresby district) power house in about eighteen months time.

#### New Wharf, Port Moresby.

The first portion of Port Moresby's new concrete wharf is now completed. Work will be commenced on the pulling-down of the old wharf and replacing it with a new concrete structure.



When the whole of the wharf is completed it will be 703 feet in length with a width of 60 feet, permitting two large ships to berth. Up to the present the wharf has cost the Department of Works £144,000 and in addition £33,000 for the excavation and reclamation at wharf approaches.

It is estimated the completed project, including Customs sheds, will cost approximately £386,000.

### Boram Air Strip.

The Wewak air strip will be closed for traffic when work on the new air strip at Boram, 5 miles from Wewak, is completed.

The Wewak air strip has been used for light aircraft since the war, but it is now unsuitable and in a poor state of repair.

The Boram strip will have a length of 6,000 feet and will be capable of use by D.C.4. aircraft in all weathers.

### New Sandringham Service to Territory.

A bi-weekly Sandringham Flying Boat service from Australia to the Territory has been inaugurated by QANTAS Empire Airways. The Sandringham will replace the Dakota service to and from the mainland.

The Sandringham will depart Sydney on Sundays and Wednesdays.

### DUTCH NEW GUINEA.

#### Use of Japanese in New Guinea.

A recent report suggests that Indonesia has heard rumours that Japanese labour will

be used by the Dutch in West New Guinea.

Suwanto, the Head of the Pacific Section of the Ministry of Foreign Affairs, has stated that the Indonesian Government would protest strongly to the Dutch if the rumours were proved to have any basis in fact.

### Indonesian Activity.

A Dutch newspaper report recently quoted "High officials of the Indonesian Ministry of Foreign Affairs" as saying that Indonesia will bring the question of Dutch New Guinea before the next meeting of the United Nations Assembly.

This has caused an exchange of Notes between the Dutch and Indonesians, and it is possible that the Indonesians, knowing the embarrassment such an action would cause the Dutch, are aiming to keep them in a constant state of tension by threatening to bring the question before the United Nations.

### Air Link with Australia.

Qantas Empire Airways have commenced a monthly air service on the route: Lae - Madang - Wewak - Hollandia - Biak and return. This service provides a direct air link with Port Moresby and Australian mainland ports through existing services at Lae.

### PORTUGUESE TIMOR.

#### Consular Representation.

Lt. Comdr. Sp) F.J.A. Whittaker, RANVR., has been appointed Australian Consul at Dili. He will be leaving to take up his appointment in the near future.

It is reported that the United States of America is also establishing a Consulate consisting of a Consul, and two Vice-Consuls. They are Mr. Robert Moore, and Messrs. William Decker and Charles Slattner. The United States State Department has not categorically denied this, and the United States Embassy at Canberra admits that the personnel named are members of the U.S. Foreign Service.

At the present time, a member of the staff of the United States Embassy at Djakarta is undertaking U.S. Consular responsibilities in regard to Timor.

A recent report states that France and Indonesia are at present making arrangements to send Consular Representatives to Dili. In regard to the former, the French Consul at Hong Kong will return to France via Dili to assess local requirements for a Consulate there. It is expected that Indonesia will have difficulty in finding suitable staff for the Consulate, when it is established.

Nationalist China also has appointed a Consul to Dili.

#### Chinese Infiltration.

A recent report states that Chinese from Macao are infiltrating into Indonesia via Dili in Portuguese Timor. After landing at Dili, the Chinese cross the Portuguese-Indonesian border and pass themselves off as Indonesian Chinese, later seeking to move to other parts of the country. Some of the Chinese have been apprehended by the Indonesian authorities, but others use a more favourable route through Borneo or from Malaya to Sumatra.

INTELLIGENCE OFFICERS IN H.M.A.FLEET.

The following is a list of Intelligence Officers of ships of H.M.A.Fleet as at 30th June, 1953:-

H.M.A.S. SYDNEY - Lieut.G.E. Riley,  
D.F.C., R.A.N.  
H.M.A.S. VENGEANCE - Lieut.Cdr. B.H. Notley,  
R.N.  
H.M.A.S. AUSTRALIA - Lieut.Cdr. D.H.D. Smyth,  
R.A.N.  
H.M.A.S. ANZAC - Lieut. (C) R.Brokenshire,  
R.A.N.  
H.M.A.S. TOBRUK - Lieut.Cdr.J.B.J.Osborne,  
R.A.N.V.R.  
H.M.A.S. BATAAN - Lieut. R.B. Nunn, R.A.N.  
H.M.A.S. ARUNTA - Lieut. R.J.Tulip, R.A.N.  
H.M.A.S. SHOALHAVEN - Lieut.J.L.Fluxman,R.N.  
H.M.A.S. CONDAMINE - Lieut. G.H.Sanders, R.A.N.  
H.M.A.S. CULGOA - Lieut. J.Scott-Holland,R.A.N.  
H.M.A.S. HAWKESBURY - Lieut. V.A.Parker, R.A.N.

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## SECTION IV.

SPECIAL ARTICLES.

(The Director of Naval Intelligence is not necessarily in agreement with the views expressed in Section IV of A.S.I.S.)

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THE DUTCH NEW GUINEA BORDER.

The following article on the Dutch New Guinea border compiled by Mr. J. Reynolds, B.Sc., Lecturer in Geography at the School of Pacific Administration, Sydney, is taken from "The Australian Outlook", the Journal of the Australian Institute of International Affairs:-

Indonesian claims to Dutch New Guinea and **recent reports** of the infiltration of Indonesian troops into Dutch territory have focussed attention on the propinquity of Australian territorial possessions and the possible repercussions if Indonesian claims materialise. The questions have been raised of the position of the border between the Dutch and Australian territories, the extent to which the border acts as a natural boundary between culturally different peoples and the effectiveness of the border as a defence barrier in the event of some foreign Power whose attitude is unsympathetic towards Australian interests taking possession of the Dutch territory.

The history of the delimiting of the Dutch border between Dutch New Guinea and the Territory of Papua and New Guinea began in 1828, when a Dutch expedition left Batavia with instructions to take possession of that part of the island of New Guinea lying west of the one hundred and forty degree east meridian. The expedition accomplished its task, but extended the Dutch

claims to cover all of the island west of the one hundred and forty-one degree east meridian.

When the Germans took possession of north-east New Guinea a treaty was concluded with the Dutch in 1885-1886 establishing the one hundred and forty-first meridian as the boundary between their respective territories. At first the British, who were in possession of the south-eastern portion of the island, also agreed on this meridian as the border between their territory and that of the Dutch, but in 1893 a combined party of British and Dutch officers were assembled in an attempt to determine a more workable and natural boundary; the one hundred and forty-first meridian being considered too artificial. This party recommended that the two Governments concerned adopt the mouth of the Bensbach River, located at 141 degs. 1 min. 48 secs. East longitude and 9 degs 7 mins 35 secs. South latitude as the boundary on the south coast. From this point the proposed boundary should proceed north along the same line of longitude to a point where the line meets the Fly River, thence along the waterway of the Fly River to the 141 degs. East meridian, thence along this meridian to the point of intersection of the British, Dutch and German boundaries at 5 degs. South latitude. The advantages of this proposal were considered to be that the boundary would be well defined at the coast, and unnecessary complications would be avoided by including all of the Fly River in British territory. In this way the British and Dutch would exchange about 280 square miles of territory.

These recommendations became effective in 1896. Although British New Guinea (Papua) has become an Australian possession, and

German New Guinea has become an Australian Trust Territory, no alteration in the Dutch New Guinea boundary has occurred, and it remains as delimited by the agreements of 1885-1886 and 1896.

Despite the time which has elapsed since the original delimiting of the boundary, no complete instrumental survey of it has been made. In 1910 a German-Dutch boundary commission traversed portion of the one hundred and forty-first meridian from the north coast to the Sepik River. By arrangement between the Commonwealth of Australia and the Netherlands Government a survey party was supposed to have agreed on the determination of the one hundred and forty-first meridian at a point on the north New Guinea coast in 1933, but a patrol officer investigating native disputes in the north-eastern New Guinea border area in 1948 reported that two positions, one Dutch and one Australian, are marked, each claiming to be the 141st meridian. The Dutch obelisk is 100 metres north-west of the Australian stone. There are no records of any actual Governmental survey of the south-eastern portion of the border, although petroleum companies working in this area have undoubtedly fixed the boundary with some accuracy. Thus at present the border exists as a well-defined line on maps or a concise statement of words in reports, but on the ground its position is still uncertain.

A study of the topography of New Guinea shows that the major topographic features of the island have an east-west trend. The boundary line runs, for its greater length, in a north-south direction, thus cutting across the main topographic pattern and apart from two instances, namely the position of

the southern end of the boundary at the mouth of Bensbach River, and the small section where the boundary skirts the Fly River, topographic features are completely ignored by the boundary and in no way help in fixing its position.

Since the boundary is not a natural one, there is no sharp demarkation between the areas it divides either in the nature of the terrain or in the inhabitants. Any Government claiming the right to the territory on one side of the border can quite logically claim the right to territory on the other side, using as a basis for its claims the similar cultures and racial bonds of the indigines.

The lack of any well-defined topographical features to mark the boundary make it ineffectual as a defence barrier. Fortunately the boundary area is extremely rough and inhospitable terrain. Coast and lowland swamps and rugged, mountainous inland topography, although preventing adequate patrolling of the border, also mitigate against penetration across the border from the adjacent territory. For hostile troops to invade Australian New Guinea, say in the interior mountain regions, it would first be necessary for them to penetrate similar country on their own side of the border. Supply lines and communications would be extremely difficult to form and maintain. The areas which favour penetration, namely the coastal areas, are also those areas which could be most easily defended. However, if penetration was successful the nature of the country would make it extremely difficult to dislodge the invader.

To summarise, the border between Dutch New Guinea and the Australian-controlled Territory of Papua and New Guinea is merely an arbitrary division of the island. The division is well delimited on treaties and on maps. The actual boundary on the ground is by no means



well defined either by survey or by topographic features. The artificiality of the boundary makes it ineffectual as a defence barrier, and renders it useless as a regional division based on cultural and racial distinctions.

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CENSORSHIP OF JAPANESE WAR CRIMINAL MAIL.

The Translator who was attached to the Department of the Army and later to the Naval Intelligence Division, Navy Office, for the purpose of the censorship of mail to and from the Japanese War Criminals at Manus makes the following observations :-

Over a period of 5 years it was found that Japanese war criminals and their relations did their utmost to circumvent the regulations.

Methods used were various, and were changed as each was discovered. They included :-

- (a) Inserting letters between pages of books sent from Japan.
- (b) Writing messages on blank pages and margins of books sent from Japan.
- (c) Using katakana instead of kanji, thus making codes possible.
- (d) Including letters to criminals among official documents to lawyers during trials. Lawyers documents were exempt from censorship.
- (e) Where a war criminal did not write home regularly, another war criminal would

borrow his name as writer to send an extra letter home each month. It is advisable to attempt to familiarise individual handwriting.

(f) Enclosing notes with parcels of books and newspapers.

The monthly contents of letters from the compound were inclined to follow the same pattern, indicating that some form of internal censorship was imposed before the letters reached the Australian authorities. It is probable that military discipline still prevailed in the compound.

Great pains were taken by certain women in Japan to organise comforts and recreation material for the war criminals. In doing this they utilised the Rehabilitation Department, the Japanese Red Cross and the Japanese Y.M.C.A. It was found at an early date that none of these bodies could be trusted not to abuse censorship regulations.

In the letters themselves the language used was simple and straightforward. Some recorded messages were received (contrary to censorship regulations) which it would have been impossible to censor because of variations in volume and use of dialects.

The overall impression gained was that the Japanese ingenuity for evading censorship was great, and continual care had to be exercised in dealing with this mail.

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SECRET

JAPANESE PEARL FISHING ACTIVITIES.

Japanese pearl fishing off the North Australian coast commenced in 1935, after two years investigation of the industry and the pearling beds. By 1939 the Japanese had taken over 12,000 tons of shell, an average of 3,000 tons per year, and the pearling beds were becoming rapidly depleted.

According to the terms of the Peace Treaty, Japan was placed under an obligation to enter into negotiations with Australia in regard to fishing rights off our coasts. Her representatives commenced such discussions at Canberra in April this year, the object being to draw up an agreement which would ensure the orderly development of the pearling industry and the conservation of pearl shell near the Australian coast.

A pearling fleet of 25 vessels which had assembled in Japan in March, sailed for Australia in May and arrived off Darwin on 5th June. The Japanese Government gave assurances that there would be no prejudicing of Australian interests; the fleet would be managed in an orderly fashion with no violation of Australian waters or territory. The fleet operations were to be confined to an area of 900 square miles to the north-west of Bathurst Island. This area was about 150 miles from Darwin and 35 miles from Bathurst Island. The presence of a mother ship would make the fleet self-contained.

Until early August the negotiations gave promise of a successful conclusion. The Japanese indicated that they would agree to a Pearl Fisheries Agreement for an initial period of three years. Under the terms they would refrain from fishing off Broome and in Torres Strait; they would limit their catch to agreed figures.

related to specified areas; and they would not fish within 10 miles of the coast nor violate Australian territories.

On 10th August the Japanese pearlers notified that they were transferring operations to an area 85 miles from Darwin where Australians were fishing. They also stated that they intended to take a certain tonnage from this area - a quantity which would leave only a small catch to the Australians without the beds being seriously depleted.

The Japanese Government was promptly informed that this constituted a breach of faith and that accordingly the negotiations were broken off.

The Commonwealth Government then introduced a Pearl Fisheries Bill, amending a 1952 and an earlier 1953 Bill, proclaiming that, for sedentary fishing purposes, Australian waters extended to the "Continental Shelf"; that is, to the 100-fathom line. This Bill requires that Australians and foreigners alike wishing to exploit the sea bed within this area will need a fishing license. By this means the Government can exercise a control of any individual by withholding licenses, or by endorsing licenses for certain periods or for certain areas only. In all cases the amount of shell that can be fished will be stipulated.

It is important to note that this Bill applies only to "sedentary fishing" and not to "swimming" fish. Sedentary fishing is defined as the exploitation of the resources of the sea bed, and in the case of Australian waters applies to pearl, pearl shell, trochus, greensnail and beche-de-mer.

This Bill has now been proclaimed by the Governor-General and will operate from October 12th. Under the Bill, Resident Magistrates in the three States bordering the fishing area have been given power to deal with infringements in their local courts. The policing will be carried out by R.A.N. and R.A.A.F. patrols.

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**SECRET**

Transit List

This document is to be treated as "SECRET". It is to be passed by hand from Officer to Officer and finally returned to the Commanding Officer.

Name of Officer to be passed to	Initials of Officer read by, and date passed on