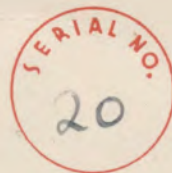


SECRET

Australia Station Intelligence Summary



DATE OF ISSUE 1 - AUG 1954

*Naval Intelligence Division
Navy Office
Melbourne*

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C O N T E N T S .

Page

SECTION I. R.A.N. MONTHLY NOTES.

Review of Principal Naval Activities	1
Extracts from or Summaries of Reports of Proceedings.	3

SECTION II. NAVAL (AND OTHER ARMED FORCES) INTELLIGENCE.

U.S.S.R.	11
Communist China	12
Japan	15
Thailand	17
Philippines	19
Indonesia	20
U.S.A.	20
France	21
India	21

SECTION III. EXTERNAL POLITICAL, POLITICO-MILITARY AND ECONOMIC INTELLIGENCE.

Korea	22
Communist China	22
Japan	24
Indo-China	25
Burma	26
Indonesia	27
Lebanon	29
Israel	30

SECTION IV. AUSTRALIA STATION INTELLIGENCE.

Harbour Improvements	31
South Australia	32

SECRET

CONTENTS (Continued)

Page.

New South Wales	32
Western Australia	34
Queensland	35
Northern Territory	36
Dutch New Guinea	38
Intelligence Officers in H.M.A. Ships	39
Shipping Information	40

SECTION V. SPECIAL ARTICLES.

U.S.-Pakistan Pact	42
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SECRET

SECTION I.

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

REVIEW OF PRINCIPAL NAVAL ACTIVITIES.

H.M.A.S. SYDNEY's Korean Duty.

The following are statistics of SYDNEY's second tour of duty in Korea and Japan (October 1953-May 1954) :-

Distance steamed:	40,000 miles
Hours underway:	2,400 (more than 50% of
Total sorties:	2,623 time away)
Total hours flown:	4,900 (approx. 1,000,000
Total deck landings:	2,625 miles)
Serious accidents:	Nil

Korean Relief.

SHOALHAVEN sailed from Sydney on 8th July for Korea, via Darwin and Hong Kong, to relieve MURCHISON, who arrived at Sydney from Japan on 26th July.

H.M.A.S. CONDAMINE.

CONDAMINE has been carrying out patrols in the area being fished by the Japanese Pearling Fleet off Northern Territory. No incidents have occurred, and the Fleet is reported to be having a very good haul of shell.

On 19th July CONDAMINE sailed for the Arafura

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Sea for a five-day cruise with His Excellency the Governor-General, Field Marshall Sir William Slim, embarked.

She is being relieved by HAWKESBURY in August.

H.M.S. TELEMACHUS.

TELEMACHUS sailed from Sydney on 6th July for New Zealand, and for a period after her departure exercised with Neptune A.S aircraft of No. 11 Maritime Squadron of the R.A.A.F. and, on approaching Auckland, exercised with aircraft from the R.N.Z.A.F.

She arrived at Auckland on 12th July and sailed for Suva on 22nd July.

Handover of First Jet Aircraft to R.A.N.

On 18th June at the de Havilland Aircraft Company's works at Bankstown, N.S.W., the first jet aircraft was officially handed over to the R.A.N. The aircraft, a Vampire jet trainer built at Bankstown, will be used for training R.A.N. pilots for the conversion from propellor aircraft to jet fighters and bombers. The Vampire will be operated from R.A.N.A.S. Nowra.

H.N.M.S.L.C.T.9607.

The Netherlands L.C.T.9607, which was towed to Cairns in May by AUSTRALIA, sailed from that port on 22nd May after temporary repairs were made.

En route for Brisbane at slow speed, she

again encountered trouble when leaking fuel tanks necessitated her requesting an escort. WAGGA, who arrived at Brisbane from Sydney on 1st June, sailed the same day for Port Clinton, where she took the L.C.T. in tow. An excellent towing speed was maintained as the L.C.T. made use of her own engines.

On 8th June the L.C.T. entered Cairncross Dock for a complete refit and a thorough inspection revealed that her condition was much worse than had been anticipated, necessitating a longer refit.

EXTRACTS FROM OR SUMMARIES OF REPORTS OF PROCEEDINGS.

H.M.A.S. AUSTRALIA Returns from Last Cruise.

AUSTRALIA, arriving at Sydney on 31st May after her last cruise before paying off for scrapping, made her way through the Heads to her berth at Garden Island shrouded by thick fog and unseen by anyone but two tugs which met her off Bradley's Head, and a Manly ferry which rashly decided to resume her run in the gloom. Photographers at vantage points were disappointed at not securing shots of the ship's return, although some cameramen obtained photographs as she berthed alongside the oil wharf.

Her paying-off pendant was 800 feet although, according to the Manual of Seamanship, it should have been 2,208 feet. The pendant, which had been supported by hydrogen balloons, was coiled into a barrel and was still attached to the mainmast when the Flag Officer Commanding the Australian Fleet handed the cruiser over to the Flag Officer-in-Charge, East Australian Area.

H.M.A.S. SYDNEY - Last Impressions of Japan.

During a visit to Yokohama in April a party of officers and men from SYDNEY attended an Anzac Day service at the British Commonwealth War Cemetery, and the Captain has given the following description :-

"The War Cemetery was a most pleasing surprise to us all and we saw it under the conditions of a beautiful spring morning. It is very unlike one's normal conception of a cemetery - a somewhat grim looking place with tombs and headstones varying in size, shape and inscription, and giving an appearance of crowded disorder. Instead we saw the uniform headstones and dignified memorials placed in spacious grounds among trees, sloping banks of flowering shrubs and expansive lawns."

In his Report of Proceedings covering SYDNEY's departure from Japan for Australia, the Captain has provided these comments :-

"Having previously seen Japan only in the Winter, I was struck with the amazing change in the countryside from the bleak and unfriendly appearance in the Winter to the richness of colour and beauty in the Spring.

In the past I had seen only the labouring and peasant types of natives, some dockyard officials and the masses in the streets of Tokyo. Except for the latter they were completely subservient in their attitude in those non-fraternisation days, and polite (?) to a degree that caused them to bow low while inhaling through their teeth with an infuriating noise. All this has been changed. The Japanese now appear to be naturally

polite with a desire to be friendly towards us. During this tour, moreover, I have met some cultured Japanese among business men and officials who have displayed a measure of charm that has surprised me.

During our tour we have been shown nothing but kindness and a desire by the residents to seek out and meet our wishes."

H.M.A.S. MURCHISON - Exercises with U.S. Submarine.

During May MURCHISON took part in A.S.W. exercises with the U.S. Submarine BASHAW at the fixed submarine haven in Sagami Bay, Japan. This submarine, whose role is that of anti-submarine warfare, was not as modern as other submarines with which MURCHISON had worked, but as her submerged speed was eleven knots she provided an interesting problem.

These exercises, in which H.N.M.S. DUBOIS and H.M.N.Z.S. PUKAKI also took part, lasted three days. Each day exercises included two hours restricted invasion on the part of the submarine and it is worthy of note that the submarine was not once lost by MURCHISON during these periods.

It was found that, following the American policy, the most effective means for conducting three-ship attacks was for all ships to proceed in a circle around the submarine at from 1,200 to 1,500 yards range at attacking speeds of from 12 to 16 knots, with one ship leaving the circle to attack and re-attack in turn.

On the last day a successful hunter-killer exercise was carried out with the co-operation of a Neptune aircraft detailed for the purpose.

On one occasion a definite submarine contact, on which a successful attack was carried out, was gained through two wakes at a range of 6,000 yards.

New Guinea Welcomes.

During H.M.A.S. HAWKESBURY's tour of duty in North East Australian waters earlier this year many interesting places in New Guinea and the Solomons were visited. One such was Kiriwina Island in the Trobriands, where, on proceeding ashore, the ship's party was met by a guard of honour consisting of native police and numerous lines of mission girls, native chieftains and village councillors, all of whom seemed suitably impressed by the Captain's uniform, sword and medals. After inspecting this 'guard' the party was entertained by a native Sing-sing.

Kiriwina is famous for its wooden carvings, its comely native women, its giant yams and its suggestive dances - all sights which were seen during the inspection of the Mission Station and villages.

A final ceremony consisted of the Captain's official acceptance, on behalf of the Queen, for her ship, of a generous supply of fruit, yams, live chickens and carvings from the Paramount Chieftain, Metakata, and his subjects. Apparently the fact that impressed him and his aides during a visit to the ship earlier in the day was that she was sixtyone pigs long (a pig being about five feet); before this impressive figure his largest canoes paled into insignificance.

Metakata himself (before whom all the natives bow low to the ground), accompanied by his son and heir, his cook, his food-taster, his betel-nut bearer and his court jester, saw the ship's party off at the wharf before he boarded his litter to be carried back to his village and his thirteen wives. A rich and powerful chieftain, he obtains much of his wealth from the six months' supply of food that each of his wives must bring him as a dowry each year. The spare five and a half years' supply he presumably sells!

Later in the cruise HAWKESBURY visited Milne Bay and was given an impressive and novel welcome by villages at Gwalili and Ealeba. The first show of enthusiasm at the ship's arrival was an escort of the shore party's boat by two enormous war canoes which were driven furiously through the water by twenty-four happily-yelling paddlers.

At the wharf HAWKESBURY's party was met by village councillors and led through assembled villagers to the Council House where school children burst into the strains of the National Anthem. Passing beneath arches of hibiscus and frangipani, one of which formed the words "Welcome to the Navy", the party entered the Council House and were received by the Paramount Chief, not long returned from meeting the Queen in Australia (Look, I have not washed my hand since it shook hers!").

After the Chief's speech of welcome, given in quite good English, and some songs from the school children whose clear voices blended delightfully, the ship's party was entertained to lunch. Seated cross-legged on palm fronds on the floor, they picked gingerly at piles of taro, yam, sago,

fish, pig, and native asparagus and cabbage - all of which lay in profusion on banana leaves. This unique chance to enjoy a native-cooked feast in a native village was appreciated by the party who, however, failed to cope with the enormous quantities of taro that the villagers managed to stow away at the feast.

VISIT OF H.M.A.S. EMU TO NORTH-WEST AUSTRALIAN COAST.

The remote and sparsely-inhabited North-West Coast of Australia is seldom visited by H.M.A. Ships, but recently the R.A.N. Diesel Tug, H.M.A.S. EMU (Lieutenant-Commander J.A.Toulouse, RANVR.) undertook a comprehensive cruise in those waters. The main purpose of the cruise was to investigate means of improving the coast-watching reporting coverage in this area, and in this connection Mr. W.H. Brooksbank, Civil Assistant to the Director of Naval Intelligence, Melbourne, was embarked.

Rough weather was experienced in the run from Darwin to Cambridge Gulf; but a welcome contrast was soon to be provided in the form of a 25-miles' journey in the ship's motor boat up the Forrest River, where after passing through a gorge, the rock faces of which displayed an amazing variety of colour, the tranquil sight was witnessed of pelicans philosophising on a mud-bank. On a well-chosen site at still one more bend in the river, where the surrounding country was now displaying vegetation in the form of buffle grass, ghost gums, babobab trees and a stunted form of cypress pine, lay a well laid-out Anglican Mission Station; and the stay here permitted close observation to be made of the

types, modes and manners of the Australian aboriginal - and brought forward in the shape of souvenirs some boomerangs, spears, and that queerest of musical instruments, the didgeridoo.

From experience EMU had learnt that, owing to the presence of crocodiles in the north-western rivers it is desirable that her motor boat should carry firearms; but, while two or three were sighted among the mangroves skirting the lower reaches of the Forrest River, none presented a sufficiently firm target. Later, however, when EMU was at anchor in Napier Broome Bay, the crew had the satisfaction of hauling on board a particularly handsome-looking grey nurse shark which showed a strong reluctance to give up the ghost, and thus made proceedings even more interesting. A more pleasant undertaking was an oyster-gathering expedition to a near-by cove where there were obtained rock oysters of a size and succulence such as to render them the one topic of conversation for quite some considerable time.

It was in the Napier Broome Bay area, too, that a further overnight stay was made at a Mission Station -- this time one conducted by the Benedictine Order and whose staff included several Spanish priests and nuns. Here the substantial stone building in which visiting members of EMU's crew were quartered provided a welcome change from the less-impressive but equally white-ant-resistant galvanized-iron structures previously encountered. The "show-piece" at this particular Mission Station was a stockyard of really formidable construction and which served to strengthen an impression previously formed that if Christianity is to be instilled in the soul of an Australian aboriginal a missionary engaged

in this heart-breaking task must first of all demonstrate his prowess and ability as a stockman. Some disappointment was felt by the apparently retiring dispositions of the Spanish nuns, but it was evident that their hands had fashioned the delicious cream-puffs served at supper (to accompany the bottle of D.O.M. passed around by the Reverend Father Superintendent), and this subtle gesture of welcome was highly appreciated.

A brief period of berthing at the iron ore loading jetty at Cockatoo Island, Yampi Sound, and a motor boat excursion up Coppermine Creek, followed by a highly welcome (if tough) meal of dugong added variety to EMU's cruise. It had for its terminal point Derby, whose inhabitants derive their living through the export of cattle from the hinterland in between the times they are not breasting the bar at either of the two public-houses which dominate the place, and which re-open at 0700 as a gesture of sympathy to those persons who cherish the doubtful belief that they will thus find a curative for a 'hang-over' and who are known locally as "The Dawn Patrol".

SECTION II.

NAVAL (AND OTHER ARMED FORCES) INTELLIGENCE
(INCLUDING TECHNICAL INTELLIGENCE.)U.S.S.R.New Jet Bombers.

The Soviet have two new large jet aircraft, Type 37 and Type 39. These aircraft took part in the May Day Fly-past in Moscow.

Rough estimates of their performance, based on the first assessment of photographs taken during the fly-pass, are listed below. These performance figures will be subject to wide variation depending upon the power units installed.

Type: Four-jet heavy bomber.

Type 37.

Overall length.	155 feet
Wing span.	190 feet
All-up weight.	300,000 lbs.
Max. Ceiling.	50,000 feet
Combat Radius	2,700 N.M.
Cruising speed.	400 knots
(at bomb-load of 10,000 lbs.)	

Type: Twin-jet medium bomber.

Type 39.

Overall length.	95 feet
Wing span.	105 feet
All-up weight	135,000 lbs.
Max. ceiling	50,000 feet
Combat Radius	2,200 N.M.
Cruising speed.	450 knots
(at bomb-load of 10,000 lbs.)	

M.I.G.17 Aircraft.

The Soviet Naval Air Force is being partially equipped with this type of aircraft (previously known as Type 38).

M.I.G.17 is a larger aircraft than the M.I.G. 15, although similar in shape. Provisional estimates of its capabilities are :-

Maximum speed at sea level	-	599 knots
Maximum speed at 35,000 ft.	-	547 knots
Operational ceiling	-	53,000 feet
Absolute ceiling	-	57,000 feet
Rate of climb at sea level	-	10,500 ft.per minute
Time to climb to 50,000	-	10.2 minutes
Armament	-	2/23 mm, 1/37 mm.
Fuel (all internal)	-	430 gallons
Radius	-	235 miles

COMMUNIST CHINA.Possible Destroyer Construction at Shanghai.

On a slipway at Pootung is a vessel under construction considered by a number of reliable observers to be "almost certainly a destroyer".

Ex L.S.T. Type Transports at Woosung.

Two large vessels, the hulls of which were apparently ex-L.^c.T's, have been sighted at Woosung. They have been fitted with large deck-houses extending the entire length of the hulls and could be used for accommodation or cargo.

Two smaller but similar craft were sighted

with the doors open and a number of people inside,
Tsingtao Naval Base.

An observer reports that, although the Arkona Island M.T.B. base appears to be controlled by C.C.N. authorities, a number of Russian personnel wearing Chinese naval uniform have been observed at the base. This confirms previous reports that Russian technicians are still responsible for technical maintenance.

Persistent rumours of a submarine base at Tsingtao have been heard, but no submarines have been seen.

Rumours were apparently prevalent to the effect that subterranean pens with under-water entrances, originally constructed by the Japanese for the housing of torpedo war-heads and suicide boats, had been converted into submarine pens by the Chinese. In this regard it is noted that the M.T.B. base area is continually dredged practically to the shoreline for no apparent reason. It is possible that if these pens exist their entrances are being kept clear.

Hsaio Chiang (small harbour) is a prohibited area reserved for the C.C.N.

The observer could give no estimate of the total Tsingtao garrison strength but stated "the area is literally alive with service personnel."

Naval Airfields - Tsingtao Area.

Information from a source who was in Tsingtao until early this year indicates that

there are to his knowledge three naval airfields on Shantung Peninsula. These are :-

- (a) Erh Shih Li Pu (South of Wei Hsien)
- (b) An airfield South of Chiao Hsien.
- (c) Tsang K'ou (about 6 miles North of Tsingtao).

Tsang K'ou airfield is now operated solely as a Naval flying training establishment and is known as the Second Naval Flying Training School. Although a small number of Russian personnel wearing C.C.N.A.F. uniforms are at the airfield, instruction in flying, ground subjects and all maintenance appear to be carried out by Chinese Naval personnel.

Approximately 6,000 personnel are reported based on this airfield, organised in three battalions :-

- (1) Administrative Personnel - Instructors and Trainees.
- (2) Maintenance personnel.
- (3) Stores personnel.

The trainees comprise approximately 200 Chinese Naval personnel, but the impression gained was that emphasis was upon ground training since not more than 3 or 4 aircraft are airborne at any one time.

Soviet Destroyers handed over to C.C.N.

According to a Japanese News report the

U.S.S.R. have handed over three destroyers to Communist China. These destroyers are said to be about 1,500 tons and to have arrived at Whampoa during the last half of May. The report goes on to say that they were taken over by the Central-South China Naval Command at a ceremony in which high Chinese and Soviet officials participated. It further states that the destroyers joined the Chinese 5th (? Third) Fleet, which is under the control of the Central-South China Naval Command.

"S" Class Submarines sighted at Tsingtao.

A British merchant vessel sighted two submarines of Russian "S" Class type at Tsingtao between 28th and 30th June. The previously reported 'M' Class submarine was also present.

The two newly-sighted submarines were berthed bows on to No.5 Mole in position 36 degs.05 mins. North 120 degs. 18 mins. East. Both craft were painted naval grey and appeared to be in good condition. Pendant numbers 401 and 402 were seen painted on the conning towers. No radar or snort was seen.

Both submarines were flying the Chinese Communist Ensign (possibly as a subterfuge) and C.C.N. personnel were seen being ferried across harbour to ships. Naval personnel were sighted on board both craft but it could not be established whether all were Chinese as some Europeans were also sighted.

JAPAN.

Naval Ship Construction.

The following 30 ships are listed for

construction in Japan under the 1953-54 Budget allocation for the Coastal Safety Force (Sea Self-defence Force) and the Maritime Safety Board:-

<u>No.</u>	<u>Type</u>	<u>Armament</u>
8	300-ton Sub.Chasers	1x20mm-2 dble 40 mm
2	1,600-ton Guard Vessels	3x5" -2 tple 40 mm
3	1,000-ton Guard Vessels	2x3" -2 dble 40 mm
9	60-ton M.T.B's.	2x40mm-2 Torp.tubes
1	600-ton M/S	1 dble 40mm-2x20 mm
3	320-ton M/S	1x20 mm
3	30-ton M/S	-
<u>1</u>	1,000-ton M/Layer	1x3" -2x20 mm
<u>30</u>		

(The respective allocations are not known.

All the vessels are due for launching before August, 1955).

60 small base craft are also to be constructed in this programme. Armament and associated equipment is to be supplied by the U.S.

Maritime Safety Board to Arm More Vessels.

The Maritime Safety Board is to arm 20 more patrol vessels in addition to the 8 already armed.

With the completion of this programme scheduled for April, 1955, nearly one-third of all M.S.B. patrol vessels will be armed.

Gun crews are being trained at Gunnery Schools at Kure and Maizuru.

Recruitment of Officers for National Defence.

A programme has been launched for the re-cruiting of 3,970 officers for posts in the expanding Defence Forces. This programme is limited at present to the Army and Air Force with a goal of 3,450 officers for the Army and 520 for the Air Force.

Ranks range from 2nd.Lieut.to Captain in the Army and from Lieut.to Lieut.-Colonel in the Air Force.

The Navy already has an officer strength of 1,401 and this will later be increased to 1,622.

U.S.Troops to Leave Hokkaido.

Press reports have been persistent that U.S. troops will evacuate Hokkaido this year and the area, the nearest to Russian-held territory, will be taken over by the new Japanese Self-Defence Forces.

THAILAND.Royal Thai Navy.

The Royal Thai Navy suffered a setback following the coup d'etat of 1951, when the strength of the Marine Corps was reduced to one battalion which was charged with the guarding of the Sattahib Naval Base.

Before the coup the effective force of the Royal Thai Navy was 1,550 officers (including Marines) and 15,400 men, of whom 6,000 were Marines.

Following the coup the effective strength dropped to 895 officers and 12,004 men, very few of whom were Marines. By December 1953 Naval prestige had risen somewhat and the Marines had

been reformed. The strength then was :-

	<u>Officers.</u>	<u>Men.</u>
Afloat	286	3,461
Ashore	819	4,659
Schools	79	1,406
Marines	55	1,893
Coast Def.	15	609
Reserves	236	21,844
	<u>1,490</u>	<u>33,872</u>

Naval Order of Battle.

<u>Type</u>	<u>No.</u>	<u>No. Operational and Condition.</u>	<u>Non- Op- erational.</u>
Frigates	5	2 Good	3
Patrol Vessels	22	11 Fair	11
Minelayers	2	2 Good	-
Minesweeper(C)	2	3 Good	-
Minesweeper(O)	1	1 Doubtful	-
M.T.B's	3	-	3
Amphibious Craft	12	11 Doubtful	1
Auxiliaries	18	17 Doubtful	1

Naval Bases.

Bangkok is the main base and the only one with a dockyard or facilities for the docking or repair of ships. The Naval College is also located at Bangkok.

Sattahib is an anchorage and advanced base with refuelling facilities. The airfield and air station previously under Naval control were turned over to the Air Force after the 1951 coup d'etat. The Recruit School and Petty Officer's School are

at Sattahib.

PHILIPPINES.

Philippine Navy.

The strength of the three afloat commands of the Philippine Navy is as follows :

- | | |
|------------------------|-----------------------------------|
| (a) Patrol Force. | 5 Escort vessels. |
| | 12 Submarine Chasers. |
| | 1 Minesweeper. |
| (b) Service Squadron. | 5 LST's. |
| | 1 L.C.I. |
| | 1 Rescue Ocean Tug. |
| | 2 Self-propelled Fuel Oil Barges. |
| | 1 Self-propelled Water Barge . |
| (c) Lighthouse Service | 2 Submarine-chasers. |
| | 2 L.C.I's. |

The present naval bases are :

- (a) Cavite-Operating, supply, training and repair.
- (b) Manila Bay - Headquarters.
- (c) Sulu Sea (Bongao)-Frontier headquarters.
- (d) San Vicente, Poro Point, Zamboanga - Fuelling ports.

Four flying boats are maintained and operated for the Navy by the Air Force.

INDONESIA.Construction in Germany of Craft for Indonesian Navy.

The shipyard of Abeking and Rasmussen, in North Germany, has completed the first of a series of five fast naval craft for the Indonesian Navy. This vessel, PULAU RAU, is approximately 131 feet in length, with a beam of approximately 19 feet. She is equipped with two 12-cylinder M.A.N. diesel engines of 1,400 h.p. each, which will give her a speed of 25 knots.

These craft will also be fitted with radar. A sister ship, PULAU RAAS, has recently been launched.

U.S.A.Naval Air-to-Air Guided Missile.

The U.S. Department of Defence has announced the production of a new Naval air-to-air guided missile, the Sperry Sparrow.

It is claimed that the Sparrow is rocket-powered, fully manoeuvrable at supersonic speeds and light and compact enough to be carried in multiple units and launched from jet fighter aircraft.

Training of aircraft ship and shore-based personnel is under way for the operational use of this weapon by carriers and shore-based aircraft of both the Atlantic and Pacific Fleets.

FRANCE.Angled-deck Carrier.

The 1954 French budget provides for the construction of an angled-deck carrier which should join the fleet in 1959. It will be named "CLEMENCEAU".

INDIA.First Soviet Naval Attache.

The first Soviet Naval Attache in India arrived in New Delhi on 13th June.

He is Captain (First Rank) Mikhail Nikolaevich DOROKHOV; who spent two years in Washington up to 1948 and has apparently held a recent appointment on the directing staff of the Naval College, Leningrad.

Soviet Attaches.

Colonel V.N. DUBROVIN, recently Russian observer with the Vietminh forces in Indo-China, has recently arrived in Karachi as the first Soviet Military Attache to Pakistan. In February when the Soviet Ambassador requested an exchange of Attaches he mentioned that it was the Soviet intention to send Naval and Military Attaches, so presumably a Naval Attache can be expected shortly.

S E C T I O N III.

EXTERNAL POLITICAL, POLITICO-MILITARY, AND
ECONOMIC INTELLIGENCE.KOREA.Withdrawal of Chinese Communist Armies.

A report states that Chinese Communist Force Units are to be relieved by the North Korean Army in the near future. This report lends significance to previous reports that all C.C.F.-held front-line positions will shortly be taken over by the N.K.A.

It is believed that there are now only four Chinese Communist Armies on the Central and Western Fronts in Korea.

Integration of Chinese Communist Force Personnel
into North Korean Army.

A report states that it is believed that C.C.F. personnel have been receiving Korean language instruction in China prior to their integration into N.K.A. Units.

COMMUNIST CHINA.Changes in the Administrative Organisation.

The Central People's Government has announced that the Administrative Committees in China's six 'greater' administrative areas are to be abolished and that provinces under their direction will come directly under C.P.G. Liaotung and Liaosi Provinces will be reconstituted into Liaoning Province, Sungkiang Province will be in-

incorporated into Heilung Kiang Province and Ningsia Province into Kansu Province.

Eleven municipalities now under direct administration of C.P.G. will come under provincial jurisdiction. Only Peiping, Shanghai and Tientsin remain under C.P.G. direct control.

1954 Budget.

The Chinese Communist Government's announcement of 1954 budget estimates and 1953 budget results admits that 1953 military expenditures were greater than planned, and that expenditures on economic construction were 17 per cent less than planned, according to a United States official in Hong Kong. The extent to which military expenditures exceeded plans was not revealed. The drop in economic construction expenditures reflects a scaling-down of investment plans during 1953. The elimination of five new construction projects and of several mine reconstruction projects during 1953 is evidence of Communist China's inability to execute planned 1953 investments.

Total expenditures for 1954, expressed in dollars, are estimated at \$10,500,000,000. Of this total, it is estimated that \$4,750,000,000 will be allocated for national economic construction, and \$2,225,000,000 for national defence. The reporting official believes that additional military expenditures are concealed in other categories of the budget.

Comment: Planned total expenditures for 1954 are 16 per cent greater than actual 1953 expenditures. Defence expenditures are about the same as in 1953 and represent 8.5 per cent of the gross

national product. Some expenditures for defence purposes probably are concealed in other categories of the budget. The continued high level of military expenditures in the face of the need for funds for the development of the national economy is indicative of the importance that the Chinese Communists attach to a strong military posture.

JAPAN.

National Defence Appointments.

It is believed that the Japanese Government has decided to appoint Senior Safety Superintendent (Lieut.-Gen. Hayashi) as Chairman of the Joint Chiefs of Staff.

The Senior Safety Officer (Colonel Tsutsui) will take over as Chief of the Land Staff, and the Chief of the National Safety Force (Army) Secretariat, Kamimura, will become Chief of the Air Staff.

The Deputy-Director General of the National Safety Agency, Keikicki Masuhara, is to be Chairman of the newly-established Guided Missiles Committee.

Representatives from the Navy do not appear to be included in any of the major appointments.

Jet Engine Contract.

Since the Kawasaki Aircraft Company successfully bid for the U.S. Far East Air Force jet engine contract a protest has been lodged with U.S. authorities in Japan by the Japanese Ministry of International Trade & Industry (MITI) on behalf of the Japan Jet Engine Company.

It is claimed that the FEAF violated an agreement with the Head of MITI that it would pay heed to the Japanese Government's recommendations on this subject before allocating contracts.

It appears that agreement has been reached after meeting between the Japanese Minister for Foreign Affairs, the FEO (Federation of Economic Organisations) and FEAF on the basis that the Kawasaki Aircraft Company will not be permitted to manufacture jet engines but will merely carry out repairs on them.

INDO-CHINA.

General Situation.

The cease-fire agreement was signed on 21st July and became effective in North Vietnam on 27th July.

It divides Vietnam at the 17th Parallel and follows the course of the Song Ben Hoi River from the Laotian border to the sea.

Opposing forces are to be regrouped on either side of this line within 300 days and two Commissions are to be set up, one, a Three-Nation International Control Commission comprising India (as Chairman), Poland and Canada and the other, consisting of equal numbers of both sides, will operate in Vietnam. It is understood that the International Commission will supervise the

overall cease-fire.

The Agreement means that the French will lose control of all Tongking including the Red River rice bowl, including the northern capital Hanoi and the only deep-water port in the North, Haiphong.

France and Vietnam will retain, inter alia, the Mekong River rice-producing area in the south and the strategic air base at Tourane.

BURMA.

Karen State Government.

The Karen State Government, which has existed for some years as a shadow body but has been prevented by the insurrection from administering its territory, commenced functioning on 1st June. The Karen State covers the former Salween district and the townships of Kawkaik, Kya-in, Hlaingbwe, Pa-an and Thandaung. It is inhabited largely by Hill Karens who comprise about one-quarter of the approximately two million Karens living in Burma. The remaining Karens live mainly in the Delta area and may be encouraged to migrate to the Karen State by the Union Government which is opposed to territorial sub-division of the Delta.

This development has been made practicable by the Government's success against the Karen insurgents. Further successes would strengthen the Karen State Government's authority throughout its allotted territory.

Purchase of Aircraft.

As an outcome of the recent visit of a

Burmese Services Mission to Israel, an agreement has been signed for the purchase of 20 Spitfires for the Burma Air Force at a cost of £5,000 each.

At present the Burma Air Force is negotiating with the British Embassy for the purchase of a small number of Vampire aircraft. The Air Attache was hopeful of getting the planes supplied to them.

INDONESIA.

Electoral Machinery.

Representatives of the Indonesian Government were in Australia studying Australia's electoral machinery and campaigns during the Federal elections in May. This survey was made to assist the Indonesian Government to organise its electoral machinery to prepare for Indonesia's first general election to be held late this year - depending upon a register of electors being completed by that time. It is understood that the last census held in that country in 1930 disclosed a population of 78,000,000.

Voting will be compulsory for both men and women, the minimum age being 18.

East German Trade Delegation.

The arrival of an East German trade delegation is believed to have caused embarrassment to the Government, who have found it necessary to arrange talks on a non-governmental basis.

Relations with Japan.

Relations with Japan deteriorated when the

Indonesian Government announced that no entry visas would be granted to Japanese unless reparations were forthcoming.

New Graving Dock at Emmahaven (Sumatra).

Fairly reliable reports received in 1953 stated that a graving dock capable of taking vessels up to 600 g.r.t. had been built at Emmahaven (Telok-Bajar), the port for Padang.

Associated shipbuilding and ship-repair facilities were reported to have been provided, but details of the plant and equipment are not known.

Insurgent Leader Kahar Muzakkar.

An unconfirmed report claims that Kahar Muzakkar, the insurgent leader in the Celebes, has died from tuberculosis.

Industrial Development and Trade Agreements with France.

Indonesia has signed two agreements with France. The first of these is an Industrial Development agreement, whereby credit facilities up to Rupiahs 400 million (£A16 million) are granted to Indonesia for the manufacture and delivery of capital goods ordered in France during the next twelve months. Payment will be made in instalments covering a period of seven years from the date of order.

The agreement also provides commitments by the French Government to use its good offices in order that French manufacturers will provide

free of charge and for a reasonable period, qualified technicians to start the plans and train the Indonesian technical and managing staff.

A Joint Industrial Committee will be set up in order to examine and solve any problem connected with the implementation of the agreement.

A trade agreement covering 12 months from June 1954 was also signed between the two countries. This agreement covers an export trade from Indonesia of 12 billion francs and imports of 8,385 million francs allowing for a trade surplus of Rp.125 million (£A5 million) in favour of Indonesia.

MIDDLE EAST.

LEBANON.

Sale of Lebanese Tankers to Poland.

The recent sale of two tankers by Lebanon to Poland has caused the United States to issue a warning to the Lebanese Government that it might reconsider the question of economic aid to Lebanon.

The two tankers were bought from Sweden by a Lebanese ship-owner, who immediately sold them to Poland at a handsome profit. The licence to sell the ships was granted by the Lebanese Minister of Trade despite the opposition of other members of the Cabinet.

The Lebanese Government is reported to have rejected the U.S. protest and ordered the two ships to sail for Poland. In the meantime the tankers have been detained by the Swedish authorities on the grounds that their sale violated Swedish export regulations.

ISRAEL.Oil Search.

Geologists from a joint American-Israel oil syndicate called Lapidos which has been drilling for oil in Israel for the last year, have claimed that preliminary drilling has provided definite evidence of the existence of oil in Israel and that it will be discovered in large quantities inside six months.

Israel has been dependent on oil from outside sources such as the Soviet. Middle East oil has been denied to her owing to Arab-Israel hostility.

SECTION IV.

AUSTRALIA STATION INTELLIGENCE.HARBOUR IMPROVEMENTS.Gladstone.

The Gladstone Harbour Board has decided to extend further the present jetty an additional 225 feet.

Work has begun on the original 225 feet extension with the construction of concrete piles.

Brisbane.

A plan for the future development of port facilities on the South side of the Brisbane River is being investigated by the Queensland State Government.

At the present time the main facilities lie on the north side of the river and further development on this side would seriously increase the traffic problems.

The area to be investigated is at Colmslie and situated between the Brisbane Abattoirs Wharf and the Cairncross Dock. No difficulty would be experienced in connecting this location with the Queensland Railway system.

Newcastle.

A new wharf will be built at the Gray St. Dolphins, Wickham, Newcastle, at a cost of £8,000, by Commonwealth Oil Refineries Limited.

It will have speedier bunkering facilities than the present wharf.

Water Scheme for Port Pirie Uranium Plant.

The South Australian Public Works Standing Committee has approved a new water scheme for Port Pirie at an estimated cost of £100,000 with the main objective of supplying the Uranium Treatment Plant, at present in the course of construction, with an assured, uninterrupted water supply. The requirement of the plant is estimated to be 500,000 gallons per day with a provision of an extra 200,000 gallons per day based on the possibility of duplicating the plant for increased production. For the treatment of uranium ore to produce high grade uranium salt it is necessary to have an adequate supply of water with an assurance of no breakdown in supply, because certain of the processes require that there should be water available continuously at constant pressure.

NEW FISH PLANT - PORT LINCOLN.

A £27,000 fish processing and freezing plant, situated at Proper Bay about 3 miles from Port Lincoln, was opened on 28th June. Owned by the Port Lincoln branch of the S.A. Fishermen's Co-operative, it will be capable of processing 10 tons of any type of fish daily and storage space for 20 tons of treated fish is provided. All the machinery installed is automatically controlled.

AUSTRALIAN OIL REFINERIES LIMITED'S OIL REFINERY
AT KURNELL, NEW SOUTH WALES.

The General Manager of Australian Oil Refineries Ltd., recently signed an agreement for the sale of 264 acres of Crown land on a 90-year lease. This land, with private land acquired, gives A.O.R. an area of 400 acres, where the company is building a £25,000,000 oil refinery.

The company has a lease of 10 acres of the bed of Botany Bay for wharves and anchorages. When the refinery is established it will employ between 400 and 600 workers. Ninety per cent will be Australian and the remainder British and American.

The refinery will handle 1,000,000 tons of crude oil a year, mostly from Sumatra and Indonesia. Of the output, 60 per cent will be petrol, 20 per cent diesel oil, and 10 per cent kerosene.

So that products of the refinery may be railed to other parts of New South Wales, the company also intends to build a 15-acre railway goods and shunting yard on the northern side of Botany Bay near Bunnerong Powerhouse, the intention being to lay pipelines on the bottom from Kurnell to La Perouse.

MINING OF PERLITE IN NEW SOUTH WALES.

The Richmond-Tweed Regional Development Committee decided recently to ask the N.S.W. Mines Department to undertake a survey for the development of perlite on the North Coast.

The Committee was told by a Government officer that perlite, among other uses, was used

as insulation against atomic radiation.

The Committee's request followed a move by the Byron Shire Council for an examination of the industry in the shire area.

The Council said that the development of the perlite industry could add to the wealth of the district and to the nation as a whole because the potential of perlite as a dollar-earner was very high

KWINANA (W.A.) OIL REFINERY.

Construction of the Australian Petroleum Refinery Limited's oil refinery at Kwinana, Cockburn Sound, is proceeding very satisfactorily. About 3,000 men are at present employed and the permanent staff necessary to conduct the refinery will number about 1,000. To house them a town, known as Medina, situated in the vicinity, is rapidly coming into being.

About £40,000,000 is being spent on the scheme, and the Tank Farm will consist of over 70 tanks, several of which are of 20,000 tons capacity. The installation will produce about 3,000,000 tons of refined products per annum.

The crude oil for the refinery will come from Kuwait (Persian Gulf), and the Oil Jetty (steel piles, concrete decking) will be ready for use not later than January, 1955. It extends about 1,000 feet from the shore, and from its arm there are projected three T-heads, each capable of berthing (with the aid of dolphins) the largest-type tankers. The depth of water alongside is 38 feet M.L.W.S., and the dredging of the channel

of approach is well advanced. The crude oil will be discharged from the tankers through three independent pipeline systems, each of 1,000 tons capacity per hour.

Australasian Petroleum Refinery Limited is an associate of the Anglo-Iranian Oil Company.

The Australian distribution of the products from the Kwinana refinery will be undertaken by Commonwealth Oil Refineries Limited.

Cement Works, Stuart, Queensland.

The Chairman of Directors of North Australian Cement Ltd. has stated that the new cement works at Stuart (Townsville area) will begin production in August. The plant has a capacity of 60,000 tons of cement a year, which will more than satisfy present requirements in North Queensland.

Cairns Oil Fuel Installation.

The Department of Works commenced repairs to the twelve-inch furnace fuel oil line at Cairns on 22nd June. Repairs will be effected to 700 feet of the line from Alligator Creek bridge to Bunda Street.

Sections of the distillate lines are un-serviceable and are to be repaired in due course.

Geological Survey, Gulf of Carpentaria and Cape York Peninsula Areas.

In the Gulf of Carpentaria and Cape York Peninsula areas geologists for the Frome-Broken Hill Co. Pty. Ltd. are conducting aerial, geological and seismic surveys over a large part of

this area. No information has been received on the progress of this survey.

NORTHERN TERRITORY.

Wharfage Situation at Darwin.

No definite information can be obtained on the date of completion of repairs to the Boom Jetty—the unofficial view of the Department of Works is the end of the year. Apart from the Refitting Jetty, which only accommodates H.M.A. Ships, the Fort Hill Wharf is the only available berth in Darwin and this fact has given rise to a vicious circle of circumstances. Visits of vessels from both the East and West have been cancelled, due to the necessity for them to remain at anchor until the berth is cleared. The cancelled vessels would have brought to Darwin, equipment necessary for the construction of the new Stokes Hill Wharf, the first portion of which was due to be completed in September, but which will not now be completed until the end of the year. Necessary equipment for the Boom Jetty has also been delayed because of lack of shipping to the port.

Use of the 'Manta' Under-water Glider for search of Pearl Shell.

It is reported that the Darwin pearlers, Haritos Brothers, plan to build an under-water glider to search for pearl shell off the North Australian Coast. French designers recently perfected the glider, which is known as a 'Manta Board'. Towed behind a vessel, the 'Manta' is controlled by a diver strapped to the upper surface of its triangular body. By moving ailerons and elevators, the diver can make the craft move in any direction

under water. At present pearl divers discover beds while walking on the ocean bed, the ship above drifting with the current. However, as the 'Manta' board moves across the sea bed in water up to 20 fathoms, the diver may signal to the surface when he sights shell beds. These beds are mapped by the crews of the lugger which later sends down divers for closer examination.

The 'Manta' is built of timber frames and filled with cork. This brings it to the surface when the tow is ended. Techniques have been worked out to stage the 'Manta' on the way up so that the operator will not suffer from diver's paralysis.

Loss of Launch "TIKI".

"TIKI", the launch which was involved in the transportation of the Ambonese Lokollo to Ceram in February, 1952, struck a reef several hundred yards off Braithwaite Point, 45 miles east of Goulburn Island Mission Station, and sank within five minutes, on 2nd June. "TIKI" was owned by Haritos Bros. of Darwin and had just completed the delivery of a cargo of aviation spirit to Millingimbi Mission. The crew were only able to lower the 9 ft. dinghy and salvage a few tins of food before the launch broke up. The crew of four sailed in the dinghy to Goulburn Island Mission, which they reached on the afternoon of the 4th June.

During the last 2½ years, "TIKI" had :-

Tried to carry Lokollo (an advocate for the East Moluccas Separatist Movement) to Ceram, 600 miles north of Darwin, but was turned back by the Dutch Frigate "BOEROE".

Lost a man overboard in stormy weather near Cape Don Lighthouse.

Been used by a former skipper to unlawfully carry a runaway half-caste girl from Croker Island Mission to Darwin. The skipper was later fined.

Been nearly wrecked on a reef near the Vernon Islands six months ago.

Mica Fields at Harts Range and Plenty River.

After carrying out an inspection of the mica fields at Harts Range and Plenty River, Mr. J.M. Gibbons, a mica expert from England who is here to advise the Government on ways of boosting Australia's mica industry, stated there appeared to be plenty of high-class ruby mica, required for television equipment, at the two fields, but it would be necessary for Australia to change her methods of packing and grading to compete in overseas markets. Mr. Gibbons pointed out that India, which produced 80 per cent of the world's mica, set the standard and all other mica producing countries except Australia, adopted the Indian grading system, or something like it.

DUTCH NEW GUINEA.

Naval.

It has been confirmed that the Netherlands destroyer PIET HEIN will sail for Dutch New Guinea in August to relieve H.N.M.S. VAN KINSBERGEN.

The Survey ship LUYMES will sail for Dutch New Guinea in September to relieve H.N.M.S. SNELLIUS, which is at present in Brisbane for repairs.

Intelligence Officer in H.M.A. Ships.

Lieutenant J. Lancaster, R.A.N., has assumed the duties of Intelligence Officer in H.M.A.S. CONDAMINE.

SHIPPING INFORMATION.Launching of M.V. "INYULA".

The 7,000-ton motor collier and bulk cargo-carrier "INYULA" was launched at Evansm Deakin Ltd.'s shipyards, Brisbane, on 29th May.

The "INYULA", powered by a 2,800 B.H.P. diesel engine, which will give her a cruising speed of 12 knots, is designed to carry bulk cargo only.

"INYULA" will not be equipped with loading or unloading facilities and will depend on mechanical installations at loading and unloading ports.

Adelaide Steamship Co. Ltd. - Vessels on order.

The Adelaide S.S. Co.Ltd., has three diesel vessels on order, and the first of these, the "MALTARA" of 1,100 tons, is due at Port Adelaide in August. She will be used to carry limestone from Kleins Point and Rapid Bay to Port Adelaide for the Adelaide Cement Company. At present the limestone is loaded into barges and towed to Port Adelaide by tugs.

The next vessel to arrive will be the "MINKARA", of 3,500 tons. The "MINKARA" was purchased when partly built in Scotland and is due about November. She will be used on the Interstate run carrying general cargo.

Coast Steamships Limited's new vessel "PARNDANA".

The "PARNDANA", at present being built in Holland for Coast Steamships Ltd., should reach Port Adelaide in March or April next year. A diesel vessel of 400 tons, she will replace the 43-year old "KOPOOLA" on the Kangaroo Island run, with occasional visits to West Coast ports.

SALE OF NORTH COAST S.N. CO'S VESSELS.

The former North Coast S.N.Co's motorship "WYANGARIE" has been purchased by Australian Steamships Pty.Ltd. and will be engaged in interstate trade - mainly carrying explosives. Of 1,068 tons gross, "WYANGARIE", which was built at Copenhagen in 1938, is reported to have been sold for £90,000.

The twin-screw steamer "UKI", of 545 tons gross, built at Glasgow in 1923, was sold to Mr. Maurice Bern for about £10,000. This vessel is continuing in the Sydney-North Coast trade.

Negotiations for the sale of the remaining seven vessels are still proceeding and it is probable that some of these will be purchased by a well-known interstate shipping company. The vessels still awaiting sale are the steamers "ARAKOON", "BANGALOW", "BONALBO", "ULMARRA" and the motorships "COMARA", "MELINGA" and "WYRALLAH".

GERMAN LINES RETURNING TO AUSTRALIAN TRADE.

Geo. Wills and Co. have announced that the Norddeutscher-Lloyd and Hamburg-Amerika Lines are resuming their services from the Continent to Australia. The "WESERSTEIN", owned by the former company, is scheduled to arrive at Fremantle about

21st August and then call at Adelaide, Melbourne, Sydney and Brisbane. Completed in 1953, she is of 7,000 tons gross, 10,130 tons D.W. Service speed is $16\frac{1}{2}$ knots.

The second vessel is the "HEIDELBERG", owned by the latter company, and she will leave in late August and call at the main Australian ports. Also completed in 1953, the "HEIDELBERG" is of 9,185 tons gross, 11,299 tons D.W. and has 523,392 cub. ft. of bale space. Service speed is $16\frac{1}{4}$ knots.

This joint service provides for a monthly service to and from Australia and it is expected that each company will place five $16\frac{1}{2}$ knot ships in this trade.

SECTION V.

SPECIAL ARTICLES.

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

U.S. - PAKISTAN PACT.

The following extracts have been taken from an article on the U.S.-Pakistan Pact which appeared in a recent issue of the Contemporary Review :-

"Pakistan is one of the few countries in South Asia which appealed for military assistance from America. The Mutual Security Act under which aid should be given clearly defines its objective and totally precludes its use against any of the neighbouring countries.

Pakistan with a population of 76 million is not in a position to aggress, for she cannot meet the needs of her army by herself. She has at present no heavy industry to keep her forces going, and the military equipment Britain and America can spare is the only source available. General Sir Douglas Gracey recently said "A strong Pakistan is essential for peace in the world and particularly in this area". He expressed surprise at the talk in some quarters regarding Pakistan's aggressive designs. "I have been the Commander-in-Chief there and I ought to know". In the shifting sands of the Middle East the countries which fully realise the Soviet threat are Turkey and Pakistan. In the event of war Turkey can be outflanked by Soviet forces if Pakistan and Iran keep aloof leaving a gap wide open in the armed circle round the communist empire. For the past few years the Western

powers have sought to fill in this vacuum in the Middle-East, but the Arab nations are interested mainly in the suppression of their common enemy Israel.

New alignments under way between Pakistan and Turkey can pave the way to strengthen Anglo-American policy in the Middle-East, and the move can bring other islamic states, Iran and Iraq, into the defence line extending along the Persian Gulf. When Iran's economy is rebuilt and the oil dispute is settled, it is likely that she may complete the network. These developments modify the concept of Middle East defence as envisaged with the co-operation of the Arab League countries, especially Egypt. American jet planes flying from air bases in Pakistan and Turkey can give adequate support to the armies of these two countries in the event of a Russian invasion of the Middle-East. Soviet aggression would probably be made through the Khyber Pass, the route taken by almost every invader of India from the north, combined with an air attack from the newly constructed air fields in Tibet and South China. The nature and closeness of the threat has made Pakistan seek Western military aid in accordance with the principle of collective security. The 30 million dollars set apart for military assistance to the Middle East includes both Pakistan and India, but it is evident now that American strategy aims at preventing India from influencing Arab nations to neutralism. The violence of India's reaction has hardened opinion in America to the possible danger of other South Asian countries adopting an ineffectual stand against communism. Pakistanis feel that thousands of them would be given a chance to earn their livelihood and will be able to help the restoration of their country's agricultural economy as a result of the military aid.

The relations between Pakistan and India are still strained over the Kashmir problem, the Canal water issue, evacuee property claims and boundary disputes. In such a position it is only natural for India to fear the military rearmament of a neighbour who might turn out to be an enemy with added strength. Special attention extended to a country within the Commonwealth fold can only be given with due consideration to the feelings and interest of other members. Pakistan has been a loyal friend of Britain and America, realises the positive dangers facing the free world, and feels that she has the potential and incentive to be like Turkey in her stand against aggression, not following a policy of vulnerable isolation. Viscount Swinton, the British Commonwealth Relations Secretary, said in a recent statement at Karachi:- "It was Pakistan's firm desire to remain in the Commonwealth". He added that his tour had shown him that the character of the Commonwealth was unity through diversity. Pakistan has often voiced her determination to remain within the ranks of the free nations and to make her contributions to the security of Asia. If the Pentagon armed any Asian country, it would be for the same purpose as she armed Greece, Italy, and Yugoslavia - to make weaker nations strong enough to resist Soviet aggression.

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