Australia Station Intelligence Summary





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Naval Intelligence Division Navy Office Melbourne

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SECTION I.

R.A.N. AND OTHER COMMON EALTH NAVIES.

(a) ROYAL AUSTRALIAN NAVY.

H.M.A. Ships BATAAN and WARRAMUNGA.

BATAAN at present paying off in Sydney, will be accepted into reserve on 18th October, and WARRAMUNGA, after completing a comprehensive refit at H.M.A.Naval Dockyard, Garden Island, will commission with BATAAN's ship's company on the same date.

Korean Reliefs.

As a result of the decision to reduce the British Commonwealth Forces in Korea, ANZAC will not now relieve ARUNTA, who will return to Australia without relief in October. One destroyer or frigate will be maintained in Korean waters in future by the R.A.N., CONDAMINE relieving SHOALHAVEN in March 1955.

Survey Ships.

WARREGO completed her hydrographic duties in Exmouth Gulf in the first week of September and sailed on 10th September for Sydney, where she arrived on 23rd September.

While at Exmouth Gulf, WARREGO carried out a beach survey at Mauds Landing for the West Australian Petroleum Company who intend to build a jetty there for the in their Rough Range oil exploration work.

BARCOO finished her survey in the Keppel Island

area on 18th September and arrived at Sydney with her tenders, WARREEN and JABIRU, on 24th September.

R.A.F.A. TIDE AUSTRAL.

The 17,600 tons deadweight fast replenishment tanker, TIDE AUSTRAL, which is being built for the R.A.N. at Harland and Wolff's Yard at Belfast, Northern Ireland, was launched on 1st September by Mrs. J.B. Foley, the wife of Captain (S) J.B. Foley, CBE Royal Australian Naval Liaison Officer, London.

TIDE AUSTRAL is due to be completed in January 1955.

H.M.A.S. CONDAMINE.

On the morning of 12th July, while in port at Darwin, CONDAMINE was instructed to proceed to the assistance of a 40-ton landing barge "Triumph", which had broken down midway between Charles Point and Point Fourcroy to the west of Bathurst Island.

CONDAMINE sailed at 1100 and at 1400 reported that she had not located the barge, but was in R/T communication with "Triumph" who had no idea of her position, having broken down at 1030 on 10th July and drifted. CONDAMINE requested that a R.A.A.F. aircraft join the search and this was arranged.

At 1900 CONDAMINE reported that the R.A.A.F. Lincoln had located the barge 30 miles west of Gape Blaze near the Daly River, and by 2330 the barge was taken in tow. Towing commenced comfortably at 9 knots, but at 0800 on 13th July CONDAMINE signalled that she was unable to proceed at more than two

knots due to the weather and the appalling condition of the barge, particularly the ramp which was made of wood and which was now showing daylight between the planks. The barge was loaded with oil drums, old tractors, a land-rover truck and miscellaneous junk. When the front ramp seemed in danger of collapsing, the crew were taken on board CONDAMINE and speed was increased in anticipation that the barge would plane.

Shortly after the transference of the crew, an inspection was carried out by one of CONDAMINE's officers who reported that a large cement patch in its bottom had caused flooding, and that the ramp was breaking away from its hinges. The barge was consequently abandoned and lived up to expectations by sinking at 1630 about 50 miles north-west of Darwin.

"Triumph's" disconsolate complement, consisting of the half-caste Indonesian Master, Mr. Ah Mat, and his wife, the engineer, two army privates and six natives, were taken back to Darwin.

H.M.S. TELEMACHUS.

After an unpleasant Tasman crossing H.M. Submarine TELEMACHUS (Lieutenant-Commander R.M. Stafford, R.M.) reached Auckland on 12th July from Sydney for her second visit to New Zealand.

The submarine met extremely bad weather and spent much of her last few days in the Tasman Sea riding out a 20-foot swell. In spite of this, exercises with R.N.Z.A.F. search aircraft were carried out during the passage to Auckland.

4.

While on the New Zealand Station TELEMACHUS took part in a 34-hour joint maritime exercise on 28th-29th July. This exercise, held by the R.N.Z.N. and the R.N.Z.A.F., was similar to the Naval Control of Shipping exercise held by the R.A.N. in 1953, and was conducted from a specially designed control room manned by operational and intelligence staffs of both the Navy and the Air Force.

For the purpose of this exercise H.M.N.Z.S. KIWI, en route to Suva, was assumed to be an important merchant ship and H.M.N.Z.S. HAWEA was her escort. Both ships steamed through an area in which TELEMACHUS, posing as an enemy, was known to be. TELEMACHUS launched several attacks and herself came under attack from sea and air.

At the same time all merchant shipping in New Zealand waters, both ocean-going and coastal, was plotted to ensure that the threat of submarine attack did not extend to them.

TELEMACHUS sailed from Suva for Sydney on 31st July with her ship's company arrayed in multi-coloured shirts and sarongs, and a large supply of coconuts on board.

The return passage to Sydney passed without incident - except for one day of fair weather! This made only the fourth day of reasonable weather that TELEMACHUS experienced since leaving Sydney one month earlier.

H.M.N.Z.S. PUKAKI.

PUKAKI, en route from the Far East Station for

New Zealand, paid a visit to Port Moresby between 10th and 14th September. This visit was much appreciated by the local people who are always very anxious for a visit by a naval vessel. The ship's company was entertained lavishly.

On passage for Auckland PUKAKI also called at Cairns (16th - 18th September) and Brisbane (21st-23rd September).

H.N.M.S. TERNATE.

The Netherlands frigate TERNATE (formerly an O.M.S.) sailed from Sorong, Dutch New Guinea, on 19th September for Sydney, where she will undergo a refit at H.M.A. Naval Dockyard, Garden Island, commencing on 10th October.

The Netherlands authorities in Dutch New Guinea also considered sending one of the landing craft based on Hollandia to Australia for refit in October or November, but arrangements have been cancelled. This vessel was to have been the L.9608, a sister ship to L.9607, the craft which broke down off the Queensland coast en route to Brisbane in May, and which was safely towed to Cairns by AUSTRALIA. The cancellation was most likely due to a doubt as to whether the L.C.T. was seq-worthy enough to last the passage.

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(b) ROYAL CANADIAN NAVY.

New A/S Torpedo.

The R.C.N. recently received its first delivery SECRET

of the locally-manufactured 18-inch torpedo Mark 30; and naval aircraft have carried out successful trials with the new torpedo at Patricia Bay, New Columbia.

New Arctic Patrol Vessel.

H.M.C.S. LABRADOR, the first Arctic Patrol Vessel to be operated by the R.C.N., was commissioned at Sorel, Quebec, on 8th July.

While basically the same as the U.S. "Wind" class icebreaker, the design of LABRADOR has been modified in several respects. An innovation is the Denny Brown stabilizer, a device which reduces rolling in severe weather.

LABRADOR has a full load displacement of 6,400 tons; her length is 269 feet, beam 63 feet and draught 29 feet. Her total complement is 23 officers and 204 men, plus ten civilian scientists.

The main hull structure is of welded steel plate of $1\frac{5}{8}$ inches thick, and the ship is fitted with heeling tanks so that she can roll herself free of ice. The main propulsion is twin-screw diesel electric, capable of delivering a total of 10,000 SHP.

LABRADOR is fitted with a helicopter flight deck for carrying two helicopters which will be used for ice reconnaissance, ship-shore communications and transport, etc.

Technically the ship is a labyrinth of equipment, much of which will be employed in the collection of data on the Arctic. She is specially fitted and equipped to carry out surveys in various fields, in-

cluding hydrography, magnetism, meteorology, photography and oceanography.

LABRADOR was laid down at Marine Industries Ltd., Sorel, Quebec, in 1949, and launched in June, 1952.

Armament.

The R.C.N. have decided to fit British 3"/70 calibre guns in all 14 of the ST. LAURENT class destroyer escorts, with control to be the U.S.N. Gun Fire Control System Mark 69.

Close range armament is to be Bofors L70 40 mm. guns on single mountings in all new construction.

The R.C.N. has issued a contract for the development of a VT fuse for 4" ammunition. This is expected to take between 12 and 18 months to complete.

Personnel Strength.

The personnel strength of the R.C.N. at 30th April, 1954, was as follows:

	Officers	Men	Total
R.C.N.	2,403	14,656	17,059
R.C.N.(R)Active List.		3,607	5,030

The following is a comparison of the ratio of officers to other ranks in the R.C.N. and the R.A.N.:

R.C.N. One Officer to 6.7 ratings. R.A.N. One officer to 11 ratings.

Transfer of Minesweepers from R.C.N. to France.

Earlier this year four minesweepers built in Canadian shippards were turned over to France under the Mutual Aid Agreement of the North Atlantic Treaty.

The ships, measuring 152 feet overall, have the conventional raised forecastle, but the hull structures are composite and novel. The sides are planked with two thicknesses of wood laid fore and aft, and aluminium alloy side stringers are used at fore and upper-deck deck edges, at the turn of the bilge and at the keel. Diagonal bracing is used to tie the bilge and deck stringers for added sheer resistance. The waterline, in the fore body, is sheathed with light alloy to protect the wood planking against ice.

Designed for sweeping moored and ground mines, every endeavour has been made to achieve a ship with a minimum magnetic signature. Non-magnetic material is used wherever practicable; insofar as the hull and hull equipment is concerned, with particular emphasis being put on the use of aluminium. The towed acoustic sweeps are made, as far as practicable, of non-magnetic materials, and are individually degaussed. The ships are fitted with two 12-cylinder diesel engines and will sweep at upwards of 12 knots dependent upon the type of sweeping gear employed.

The ships are being renamed as follows.

Canadian Name		French Name		
H.M.C.S.	FUNDY	LA DUNKERQUOIS	E	
H.M.C.S.	THUNDER	LA PAIMPOLAISE		
H.M.C.S.	CHINGNEOTO	LA BAYONNAISE		
H.M.C.S.	COWICHAN	LA MALOUINE		

SECTION II.

NAVAL (AND OTHER ARMED FORCES) INTELLIGENCE INCLUDING TECHNICAL INTELLIGENCE.

U.S.S.R.

Reports of the Movement of Soviet Naval Forces.

A Soviet Task Force of three cruisers and twelve destroyers, presumably from the Northern Fleet, was seen off the Lofoten Islands at the end of August. Press reports suggested that the Force was proceeding to the Baltic; however no official reports have been received to confirm this.

This is the first time that a Soviet naval force of such a size has ventured outside its normal exercise area.

In the Far East, a recent report from Nakhodka states that the Soviet submarines normally based there have, at least temporarily, departed. The only Naval vessels sighted were one frigate, two M.T.B's and eight harbour patrol M.L's.

A Chinese Nationalist press report claims that a Soviet Task Force comprising two cruisers, four destroyers, and four minesweepers was sighted off Tsingtao about the middle of September, proceeding South. A report from this source in August that a Soviet Task Force of somewhat similar dimensions was in the vicinity of Hainan was not confirmed.

Naval Training Cruise.

The three-masted sailing ship ALFA, with auxiliary motor, is on a 5,000 miles cruise from Leningrad to Rostov via Gibraltar and the Black Sea. The greater part of the crew are said to be students of the Admiral Makarov Naval Engineering College in Leningrad and the Rostov Naval College.

Soviet Navigational Radar Set.

The following Soviet vessels are known to be fitted with navigational radar equipment believed to be of Soviet design and manufacture, for operation in "X" band :-

Merchant Vessels.

ADMIRAL USHAKOV
ALEXANDER MOZHAISHY
ARMAVIR
BELOOSTROV
BUDENNOVSK
KIM
KRASNODAR

SERGO SEVASTOPOL SOVYETSKAYA NEFT VILNUS VISSARION BELINSKY VOLGA-DON

Icebreakers.

L. KAGANOVICH

V.MOLOTOV

The only naval vessel known to date to be fitted with this equipment is the training ship KOMSOMOLYETS (V-361).

The Soviet designation of this equipment is believed to be "Neptune".

The exact capabilities of the equipment are not known, but it is estimated that its maximum range against surface targets may be between 20 and 30 miles. It is considered likely that this type of array will appear in due course in other Soviet and Satellite vessels.

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KOREA.

Transfer of U.S. D.E's to South Korea.

Following upon the visit of Dr.Syngmann Rhee to the United States, the South Korean Government will probably receive two destroyer escorts from the U.S.N.

This aid is far short of that sought by Rhee, but his requirements were looked upon in the United States as being exaggerated demands.

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JAPAN.

Formation of Third Fleet,

The Maritime Self-Defence Force has announced the formation of its 3rd Fleet comprising the 12th, 13th and 20th Squadrons of L.S.S.L's with the frigate UME as flagship. Each Squadron consists of four L.S.S.L's.

Rear-Admiral Eizo Yoshida has been appointed to command the 3rd Fleet in addition to his present

appointment as Assistant Senior Superintendent of the National Defence Agency.

Naval Air Power.

Rear-Admiral Nomura, Japanese Ambassador to the United States at the time of the attack on Pearl Harbour, and now a member of the Diet, has criticised the Defence Forces for the lack of Naval air power in their planning.

He claims that the future role of the Japanese Navy is the protection of lines of communication and that this cannot be accomplished without a strong Navy including Carriers. Rear-Admiral Nomura has been an outspoken advocate of rearmament and has held honorary posts in exservicemen's organisations aimed at popularising the concept of self-defence.

Self-Dofence Forces' Reserve System.

Statutory provision has now been made for the formation of Reserves for the Japanese Self-Defence Forces. It is now possible for personnel completing their term of active duty enlistment to volunteer for three years of reserve status. Previously they reverted to civilian life on the completion of their active duty.

Although this reserve system has been established, the 1954/55 Budget has allocated funds for the Ground Self-Defence Force (Army) Reserve only and makes no provision for the Maritime Self-Defence Force or Air Self-Defence Force Reserves.

Possible Procurement of Light Naval Craft From Italy.

It has been suggested that ex-Admiral Tamura, who is in Italy ostensibly to visit . old friends, is in fact negotiating for the supply to Japan of light naval craft.

He has visited Fiat and various other engineering firms and shipyards, and has had an interview with the Chief of the Italian Naval Staff.

Should Japan decide to buy any naval equipment from Italy, payment will be made in kind.

Recruiting of Other Ranks for Self-Defence Forces.

The recruiting of other ranks to follow that of officers for the three Services in Japan is now under way.

It was intended that by 30th September 1,000 should be recruited for the Ground, 1,600 for the Maritime and 1,500 for the Air Self-Defence Forces. Successful applicants will be enlisted in January and February 1955.

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INDO-CHINA.

French Naval Dispositions.

All French Naval aircraft have been evacuated from the Tongking Delta. Privateers and Corsairs are now distributed between Tourane and

Saigon and the carrier BOIS BELLEAU has embarked all Hellcats and Helldivers previously based ashore.

BOIS BELLEAU and the cruiser MONTCALM are to remain in Indo-China waters for the present. The cruiser GLOIRE is returning to France and it is expected that the carrier ARROMANCHES and her plane guard, the frigate SENEGALAIS, will follow shortly.

The six Dinassauts (Naval Assault Divisions), including the two operated by the Vietnamese previously based on Haiphong, have moved south to Central and Southern Vietnam, which now leaves little at the former Naval Base at Haiphong.

Flag Appointment.

Vice-Admiral Jozan is about to relieve Vice-Admiral Auboyneau as Admiral Commanding French Far Eastern Naval Forces (ALFMEO). Vice-Admiral Jozan is an enthusiastic supporter of Naval Air and has received rapid promotion. He has shown himself most co-operative towards the British, and his ability and tenacity suggest that he is one of the "coming men" of the French Navy.

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INDONESIA.

Australian Services Attache to Djakarta.

The Commonwealth Government has appointed Lieutenant-Colonel F.E. Kiel as Services Attache to the Australian Embassy in Djakarta.

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INDIA.

Egyptian Naval Observers in Indian Naval Vessels.

The Indian Navy refused to consider a request that Egyptian naval officers be permitted to join Indian ships as observers during recent joint exercises at Trincomalee.

Indian comment was that the Indian Navy, the Royal Navy and the Royal Pakistan Navy are very much a "closed shop".

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GOA.

Strengthening of Army and Naval Forces.

The Portuguese garrison in Goa is being increased to between 1 and 2 brigade groups composed largely of East African troops.

The Portuguese are reticent about plans for future naval strength at Goa. It is possible that the sloop GONCALVES ZARCO is on the way to join BARTOLOMEU DIAS and PEDRO NUNES.

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U.S.A.

Conversion of Two Merchant Vessels to Naval Store Carriers.

Two U.S. Victory ships "HIBBING VICTORY"

and "ESCANABA VICTORY" have been converted into refrigerated store ships for service in the United States Atlantic Fleet.

Both vessels were stripped down to bare hulls and rebuilt into fully insulated and refrigerated ships. A large number of refrigerated compartments were constructed and thermostatically controlled refrigeration plant was installed. The vessels have accommodation for 15 officers and 210 ratings.

They have been renamed U.S.S. DENEBOLA and REGULUS respectively.

SECTION III.

EXTERNAL POLITICAL, POLITICO - MILITARY, AND ECONOMIC INTELLIGENCE.

U.S.S.R.

Shooting-down of U.S. Navy Bomber by Soviet Fighters.

Two Soviet M.I.G. type fighters shot down a U.S. Navy bomber on 4th September 44 miles off the Soviet Far East coast, approximately 100 miles East of Vladivostok.

The United States lodged a protest with the Soviet Government against this unprovoked attack upon one of her aircraft but the Soviet replied claiming that the bomber had violated her State frontier.

In a second Note to the Soviet Government the United States rejected the Soviet reply as being completely without foundation.

The United States also lodged a complaint with the Security Council of the United Nations.

Polar Research Stations.

It is reported that two Soviet Arctic research stations have been established on ice islands in the vicinity of the North Pole. They are of some considerable size, equipped with tractors, and are in touch with the Soviet Union by radio and helicopter.

It is possible that one will drift down the east coast of Greenland towards the Denmark Strait, and the other north of Greenland towards Ellesnere Island.

The stations are known as S.P.3 and S.P.4. S.P.1. was the now well-known drifting expedition led by Papanin in 1937-38. Nothing is known of S.P.2.

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KOREA.

Reduction of British Forces.

It is planned to reduce the British Commonwealth land forces in Korea from three Brigades to one and to reduce the Naval and Air Forces proportionately.

This move follows the reduction of U.S. Forces in the area and the strengthening of South Korean Forces.

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JAPAN.

Economic Position.

Japan is facing an increasingly serious unemployment problem. From the latest official estimate of total unemployment it would appear that some 12 per cent of the Japanese labour force is now unemployed.

This position has resulted from the falling-

off in foreign demand for Japanese products and the deflationary policy adopted by the Government over the past year. Prices of many commodities have been declining since February and there is an acute shortage of funds in the general money market. Many large-scale enterprises have become embarrassed by a rapid accumulation of stocks, and medium and small-sized concerns, which are heavily dependent on bank credit, are in financial difficulties. Many enterprises are putting off labour and cutting wage rates, and in the machinery, paper and pulp industries there is a marked trend towards the introduction of longer working hours.

There has been much criticism of the Government's deflationary policy and increasing pressuse for the active development of export markets in Communist China and the U.S.S.R.

While the Government has not given any indication that it intends to relax its stringent monetary policy, it now seems more disposed to trade with the Communist world.

The benefits to be gained from increasing this trade are doubtful and they appear to have been exaggerated by Japanese business, for even a substantial expansion would not immediately improve the unemployment situation.

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COMMUNIST CHINA.

Convoying of Shipping in the Hainan-Pearl River Area.

It now appears that Soviet and Satellite shipping approaching Whampoa is proceeding in convoy from Hainan.

The vessels assemble at Yulin (Hainan Island) and are then escorted to and up the Pearl River by a collection of Chinese Communist Naval vessels which include Y.M.S's, L.C.T's, and M.T.B's.

At present it appears that fewer vessels are on the way to the Far East but the Pearl River area is still congested with shipping, with a maximum of ten vessels discharging at once.

Communist China's Threat to Nationalist-held Islands and Formosa.

Tension on the China Coast has increased as the result of the armed clash between Communist and Nationalist forces in the Amoy-Quemoy area ollowing upon renewed communist threats to in-rade Formosa and smaller Nationalist-held islands.

After the shelling of Quemoy Island and a raid by a Communist reconnaissance party, National-ist ships and aircraft attacked Communist batteries and junk concentrations at Amoy. A surprising feature of this clash was the absence of Communist air opposition.

There has been speculation in Formosa that

the action of the Communists may have been a smoke screen for operations projected elsewhere and Nationalist sources have drawn attention to what they allege is a force of 200,000 Chinese Communist "volunteers" massed along the northern border of Thailand and Burma.

Similar clashes on the China coast appear inevitable, and there have been unconfirmed reports of Communist activity along the Fukien coast and a report of joint Naval/Air operations in the area North of the Tachen Islands. These may presage a shifting of focus to the North.

The uncertainty as to whether the United States 7th Fleet will intervene if they attempt to occupy Nationalist held islands must pose a problem for the Communists.

Compensation for the loss of British Aircraft.

The United Kingdom Government proposes to lodge a consolidated claim for £375,000 with the Chinese Communist People's Government to cover the total loss and damage suffered when a Cathay-Pacific aircraft was shot down by Communist planes on July 23rd. This amount would include a collective claim on behalf of relatives of the deceased and of survivors.

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INDO-CHINA.

South Vietnam - Government Crisis.

Rumours over the past few months that General SECRET

Hinh, Vietnam Chief of Staff, with the support of religious sects in South Vietnam, would lead a revolt against the Government of Ngo Dinh Diem have been substantiated to some extent by recent open disagreement between the two.

After ignoring the instructions to resign issued by Emperor Bao Dai from his residence in the South of France, where he has spent these past troubled months, Diem countered by dismissing the Chief of Staff, who with the support of the Army refused to be dismissed. Each has now barricaded himself in his quarters and Diem is trying to split the religious sects away from Hinh.

This clash has occurred at the time when the French have handed over control of the administration to the Vietnamese. So far the police have remained loyal to Diem.

The United States is supporting Diem, while the French are backing Hinh.

Evacuation from Northern Vietnam.

Over 286,000 Service and civilian personnel have been evacuated from Northern Vietnam by sea and air. Large quantities of stores and vehicles have also been evacuated.

H.M.S. WARRIOR undertook two trips to the delta area but there were insufficient evacuees coming forward to warrant a third trip. WARRIOR's trips afforded her unusual and colourful experience, not the least of which was a successful deck landing by the stork one middle watch with a

new Vietnamese lady!

The French are regrouping into five Divisions in the South and their dispositions are consistent with their reported plan to withdraw within two years.

LAOS - Vietminh Infiltration.

Vietminh infiltration into Laos seems to indicate that in the event of elections the country will most certainly go Communist, leaving only Cambodia and Central and Southern Vietnam outside the direct control of the Communists. In this event there seems little likelihood of the Southern States resisting the Communist infiltration tactics short of reopening the war.

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SOUTH EAST ASIA TREATY ORGANISATION.

The South East Asia Treaty was initialled in Manila on 8th September by the United Kingdom, U.S.A., France, Australia, New Zealand, Pakistan, the Philippines and Thailand.

It is designed to counter armed aggression, to prevent and counter subversive activities directed against territorial integrity and political stability, and to promote economic progress and social development by economic co-operation and the provision of technical assistance.

A council is to be established to consider the implementation of the Treaty and for consultation on such military and other planning as may be required.

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India has criticised the Treaty because "countries who have nothing to do with the region culturally, socially or geographically" have assumed unilateral protection over South East Asia. She also claims that "SEATO accentuates the disequilibrium in Indo-Pakistan relations brought about by U.S. military aid to Pakistan."

Burma, on the other hand, although unwilling to join a West-sponsored pact because of her proximity to China, is not averse to the existence of such an agreement.

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INDONESIA.

Soviet Embassy.

The newly appointed Soviet Ambassador to Indonesia, Dimitry Zhukov, has arrived in Djakarta. It has been reported that his staff will number 15 - and no 60, as previously feared by the Indonesian Government.

Trade Agreement with Communist China.

The Trade Agreement between Indonesia and Communist China, signed on 1st September provides for trade of £3,000,000 sterling each way for the 12-months period beginning on 5th September, 1954.

The goods to be exchanged are similar to those provided for in the 1953 Agreement but rubber is not listed as an Indonesian export. This suggests that Indonesia is not now prepared to ignore the embargo openly. Even if completely rea-

lised, trade under this agreement will not represent more than 1% of Indonesia's total trade and is not likely to make any appreciable contribution to Indonesia's serious foreign trade and payment problems.

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PHILIPPINES.

Indonesian Infiltration.

President Magsaysay has ordered the round-up of an estimated 6,000 Indonesians who have entered the Philippines illegally and are believed to be concentrated in the Davao area on Mindanao Island.

A House of Representatives Sub-Committee is at present investigating Communist movement into the Philippines from Indonesia.

U.S. - Philippine Council.

The U.S. Secretary of Defence and President Magsaysay have agreed on the establishment of a permanent U.S. - Philippines Council under the Mutual Defence Treaty. President Magsaysay is under pressure at home to have the treaty amended so as to oblige the U.S. to go to war if the Philippines are attacked.

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SECTION IV.

AUSTRALIA STATION INTELLIGENCE.

HARBOUR IMPROVEMENTS.

Development of Sydney's Port Facilities.

Extensive modernisation of port facilities in Sydney is now being accelerated by the N.S.W. Maritime Services Board.

One of the striking features of the plan is a port roadway, starting from West Circular Quay, running right around Darling Harbour and Pyrmont wharves and linking up an elaborate system of new wharves and jetties.

Behind the existing and extensive work on new wharves is a big reclamation scheme now proceeding at Homebush Bay. Between 300 and 400 acres will be reclaimed and become available for industrial expansion along the harbour front.

The new No.8 berth at Pyrmont has just been completed and the new No.7 is nearing completion. Both will have rail communication and a commodious shed 120 feet wide and 480 feet long.

The Board is also now erecting a new cargo shed on No.24 Pyrmont, and the wharf has been expanded to link up with No.23. The shed here, when completed, will be 120 feet wide by 340 feet long, and it will also have doors 26 feet high.

Important work is also proceeding to modernize wharf facilities at Balmain. The new No.1 SECRET

coal wharf has been completed amd is now in use. It is equipped with two 20-ton cranes for the use of the coal industry. The new No.2 wharf is nearing completion, and, like No.1 wharf, will have rail tracks. No.2 is intended to supplement facilities for the coal export trade and will also be used for the lighterage trade of the port, which will be transferred from Pyrmont when the necessary rail connections have been made.

Two old berths at Darling Harbour, Nos.26 and 27, have now been demolished and the piles are going in on these sites for what will be the new No.13 Darling Harbour. Nineteen of the old existing jetties are to be demolished. These lie between No.6 and No.34, and in their place will be constructed seven modern wharves and a long shore berth.

The new No.13 Darling Harbour is for the interstate trade, but the Board's plans provide also for it to fit in with the general plan for improved facilities for overseas trade if necessary. On No.34 Darling Harbour a new shed has been erected and is now in use.

Iluka, N.S.W.

Construction of a deep sea port at Iluka, to cost more than £4,000,000, is now under way by the New South Wales Department of Works.

Although commencement of the project was approved four months ago by the Premier and the Minister for Works, authority for the project was given by State Parliament in legislation passed in

1950. Construction of the 3,000 ft.-long break-water, which is the main part of the project, has only begun in the past few months.

From 65 to 70 men are engaged on the break-water, which will take 15 years to complete. Before 15 years, however, it will be possible for vessels of moderate size to use the port, but shelter of the complete breakwater will be necessary before deep sea vessels can enter. So far, £350,000 has been spent on preparatory work.

Wallaroo (S.A.)

The South Australian Harbours Board is at present engaged in dredging the deep-sea berths of the new jetty at Wallaroo to the official depths. Work on five of these has been completed and the sixth will be finished shortly.

The last dredging undertaken at this port was in 1927.

Port Pirie.

The dredging programme is nearing completion. A depth of 20 feet L.W.S.T. is now provided in the channel between No.11 and 12 beacons; the berths have been restored to the official depths and the swinging basin is being enlarged to 650 ft. Eventually the depth of the whole channel will be 21 ft. L.W.S.T.

The Harbours Board has prepared a plan to provide a special oil dock at Fibre Creek (near No.11 beacon), where tankers can discharge their

cargo instead of entering the wharf area proper as they do now. One berth will be provided and pipelines will carry the fuel to the existing storage tanks.

THE NORTH KIMBERLEY SURVEY & MAPPING EXPEDITION.

A large tract of land west of Wyndham to the King Edward River is being examined and classified by a survey expedition from the W.A. Lands Department. The expedition consists of a survey section of 6 men, a reconnaissance party of a constable and 3 natives and a transport party of 5 men. It is well equipped, having a bulldozer, 5 all-wheel drive vehicles as well as a donkey team and horses. The broad purpose of the venture is to obtain a general stocktaking and to indicate the potentialities of the area. Detailed objectives are:

- (i) Establish a track from Kalumburu Mission (Napier Broome Bay) up the King Edward River and across to a crossing upriver on the Drysdale.
- (ii) If possible, prepare an airstrip near the Drysdale crossing.
- (iii) Locate a stock route from the King Edward River region to the stockroute between Wyndham and Karunjie.

Later the party is to be joined by officers of the C.S.I.R.O., who will examine plant life and assess economic possibilities.

NEW FLYING DOCTOR COMMUNICATIONS BASE AT DERBY (WESTERN AUSTRALIA).

The Flying Doctor Service will build a new base at Derby to supplement the one at Wyndham established in 1934.

The new control centre will cost £16,000 and will handle increased teleradio traffic, improved reception being expected by the avoidance of the rugged King Leopold Ranges.

Derby is an ideal spot for the new centre, as it has a fully equipped hospital and is a Mac-Robertson Miller Airways base.

MINING OF IRON ORE, WHYALLA AREA, SOUTH AUSTRALIA.

There are five sources of iron ore near Whyalla in the Middleback Range, namely :-

Iron Knob. - 98% of the ore shipped from Whyalla comes from this deposit which is recognised as one of the richest iron-ore deposits in the world. Partly because of its richness and the ease with which it can be mined, the ore provides Australian industry with the cheapest steel in the world. Ore is not 'mined' in the conventional sense, it is blasted from the core of the mountain and loaded straight into 30-ton rail trucks for delivery to nearby crushing plants. After crushing, the ore is railed 34 miles to Whyalla, where it enters the smelting plant to emerge as pig-iron, or is shipped to the steel mills of Newcastle or Port Kembla.

Quarry 'D' on the Southern end of the Iron Knob deposit, from which most of the ore now comes, was actually the first quarry worked. Quarry 'C' is not now in production but there is a reserve of high-iron, low-manganese ore available for special emergency.

<u>Iron Monarch.</u> - Four quarries are being worked on a smaller scale, mainly because of the irregularities in the manganese content of the ore.

Iron Baron and Iron Prince. - These two hills lie at the Northern extremity of the Range and are also worked on a small scale. A rail track which connects with the Iron Knob railway 13 miles from Whyalla is 16 miles long.

<u>Iron Duke.</u> - Forms the Southern end of the range and is 20 miles South of Iron Baron and Iron Prince. This deposit is not being worked.

The quantity of ore mined at Iron Knob for the year 1953-54 was 2,703,907 tons, the highest since 1947 except in 1952-3 when the tonnage was 2,774,067.

NEW FISHING INDUSTRY, GULF OF CARPENTARIA.

The Queensland Government will subsidise a new fishing industry to supply deep-freeze fish to the West and North-West of North Queensland.

The industry will be based at Karumba on the Gulf of Carpentaria and will fly the fish to a base at Cloncurry for distribution. The Company will operate in a 70 ft.launch, powered by a 250 H.P. engine, along the river mouths of the Gulf of Carpentaria.

NEW FERTILIZER PLANT AT CAIRNS.

In September, the new £400,000 factory of Australian Co-operative Fertilisers and Shirleys Fertilisers Ltd. at Cairns will commence manufacturing sulphuric acid and superphosphate for the Northern Canefilds.

Plant for grinding phosphate rock is already operating.

When the factory is operating fully it will produce 15,000 tons of superphosphate a year, enabling the Pinkenba production to be concentrated in Southern Queensland.

NEW PILOT VESSEL FOR BRISBANE.

A new pilot vessel will be delivered to the Department of Harbours and Marine in November. At the present time she is undergoing trials in the Isle of Wight, where she has been built. She is 200 ft. long with a draught of 11 feet and will be named "MATTHEW FLINDERS". She will replace the present pilot vessel, whose future is undecided at this stage.

FRASER ISLAND METAL SEARCH.

The Queensland Minister for Mines has announced that authorities to prospect for zircon, rutile monazite and tin over 520 acres on Fraser

Island and two areas totalling 1,060 acres on the beaches north and south of Maroochydore have been granted to Mineral Deposits Syndicate.

The authorities had been issued because known deposits on the South Coast were rapidly diminishing.

Titanium and Zirconium Industries Pty.Ltd., have announced they will install equipment to boost production of rutile and zircon from mineral sand deposits on Stradbroke Island.

NORTHERN TERRITORY.

Boom Jetty, Darwin.

Repairs continue to be executed by the Department of Works. All the broken piles have now been renewed. Wooden fender piles are being shaped and it is expected that they will be driven en when the rubber cushions have been delivered. No date can yet be given for the completion of these repairs.

Uranium - Publicity.

It is reported that the Australian Atomic Energy Commission has decided that for the present there will be no restriction on uranium mining companies publishing information normally disclosed regarding their operations. This includes estimated ore reserves, grades of ore, and rates of output which may be freely published, subject to the provisions of the Companies Act.

However, where deposits are discovered which will add substantially to known ore reserves, it may be necessary for security reasons, to place restrictions on the publication of certain information.

Assay results and reports by the Bureau of Mineral Resources must not be published without the permission of the Director of the Bureau.

New Uranium Discovery.

A discovery of uranium ore has been made 72 miles east of Pine Creek near the headwaters of the Katherine River. It is 20 miles west of the western border of Arnhem Land and 20 miles east of the Coronation Hill uranium field.

High-grade uranium ore forms a deposit of considerable width and more than one and a half miles long. High ranking geologists consider the field is likely to prove the most important yet discovered in the Territory and that it may dwarf Rum Jungle, if the promise shown by the surface indications is borne out by later developments. Top geologists from Rum Jungle and from the Australian Atomic Energy Commission have visited the field to survey its potential and have returned to Darwin very impressed with its possibilities.

New Vessel Chartered for N.W. Coast Service.

S.S. "PETER REED", a Norwegian oil-fired turbine steamer of 2,700 tons, with a speed of 11 knots, has been chartered by the West

Australian Government for two years, for service on the north-west coast.

TERRITORY OF PAPUA-NEW GUINEA.

United States Survey.

Four United States Survey vessels will shortly be operating in New Guinea waters. The first of these vessels, F.S.392, arrived at Rabaul on 9th August and the second vessel, F.S. 216 on 16th August. The remaining vessels, F.S.220 and F.S. 267, have not yet left Japan.

Vessel F.S.392 will be engaged on astronomical observations. She will establish shore parties at points on New Britain, New Ireland, Bougainville and the Admiralty Islands. The other vessels will carry out a ship-shore triangulation survey of New Britain.

The survey will be carried out under the co-operative mapping agreement between the United States and Australia made in 1947. Its object is to map islands of military interest to both countries.

The project is expected to take 12 months to complete.

Earlier this year, the United States proposed to carry out the survey with Japanese crews and technicians. Later it proposed that Japanese crews only would be used. The United States later accepted the Commonwealth

Government's attitude that Japanese could not be used, either as surveyors or as members of the survey ships' crews. It was agreed that the technical work should be carried out by American and Australian surveyors.

SHIPPING INFORMATION.

Slow Turn-Round of Shipping.

A report issued late in July by the Australian Stevedoring Industry Board reveals that the rate of turn-round for the first six months of this year has fallen alarmingly in ports of Sydney and Melbourne.

Turn-round in Melbourne for the April-June period this year was 1.3 days longer for overseas ships and 1.6 days for interstaters than late in 1953.

Average amount of cargo handled in Melbourne in the same periods fell from 459 tons to 343 tons on overseas ships and from 478 tons to 349 on interstate ships.

The length of stay of overseas ships here increased from four to six days and interstaters from 4.4 to 5.3 days.

New Tug for Melbourne.

The tug "BATMAN", a sister vessel to the tug "HOWARD SMITH" and built at Sydney, will shortly commence towing operations at the port

of Melbourne.

She will be operated jointly by Howard Smith Limited, Huddart Parker Limited, the Melbourne Steamship Company and James Patterson and Company.

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.).

FORMOSA - IN FOCUS.

Since the Nationalist Chinese Government fled from the mainland and set up their administration at Taipei in December 1949, the eyes of the world have been turned towards this island, which lies 100 miles off the China Coast.

From his island-stronghold Chiang-Kai-Shek has continually propounded his determination for a "Revanche", while across the Channel Mao-Tze-Tung has been threatening to round off China's natural boundaries by incorporating the Taiwan Province (Formosa). Meanwhile America, which pledged herself to defend Formosa aginst aggression in 1950, a promise she reiterated in February, 1953 with a wider promise, has been patrolling the Straits with her Seventh Fleet, and has been supplying the island with economic and military aid.

The recent flare-up between Nationalist and Communist Chinese around Amoy and Quemoy, has once more centred attention on this part of the world, because some see this clash as a preliminary step to an all-out fight for Formosa.

Although during its five years' exile, the initiative has passed from the Taipei to the Peking Government, the question now being how long can the Nationalists stave off an invasion from the Mainland, rather than when will they launch their attack on China, a showdown in this part of the world would have wide implications.

Let us then turn to this focal point in the news, and examine Formosa's characteristics from a geographical, economic, political and military point of view.

With the coming of the Japanes to the island in 1895, Formosa's centuries-old stagnation was over. Her new masters built roads and railways, developed her agricultural belt, and constructed several airfields as well as two well-sheltered, deep-water ports. Though Formosa's economic life, which has been subservient to Tokyo's, crumbled with the defeat of Japan in 1945, the foundation stones had been laid for the development of a flourishing territory.

A harsh and corrupt Nationalist government, however, allowed agricultural and industrial production to depreciate until, in 1949, Chiang-Kai-Chek's Administration was brought face to face with the reality that it must come to terms with the native Taiwanese. Since that time a more humane and efficient government has tried to eradicate the memories of such stupid brutalities as the 1947 massacre, and to develop the economic life of the island.

Formosa supports a population of eight and a

half millions. This number is made up by the native Taiwanese, who are descendants of the 17th Century political refugees from China, the aborigine tribes, who inhabit the mountainous central regions, and the Nationalist Chinese. The lastnamed can be divided into three categories - those who fled from the Mainland with Chiang-Kai-Shek - the Kuomintang troops, who have been evacuated from Burma - and the South Korean prisoners-of-war, who were repatriated to Taiwan. Concentration of population is found in the urban centres and the fertile lowlands.

Formosa is governed on the basis of the 1946 Chinese Nationalist Constitution, which of course was drawn up for the whole of the Mainland as well. In the adaptation of this system to Taiwan, few modifications have been made, because uppermost in the minds of the rulers has been the hope to return to China proper. As a result all the machinery of Government on the central, provincial and local level has been retained. Consequent overlapping of functions leads necessarily to additional expenses and less efficiency.

Just as the Central Government dominates the fifteen provincial administrative bodies in Taiwan, and the local municipalities, so the Executive Yuan, which is headed by the Premier, dominates the other four Yuans, which, with their subdivisions, make up the Central Government. The function of the Legislative Yuan, made up of twelve committees, and theoretically elected every three years, is to approve, or otherwise, of policy initiated by the Cabinet (i.e. Executive Yuan).

As the President appoints the Premier, he has theoretic control of the initiation of policy. In addition since April, 1948, the National Assembly has granted emergency powers to the President to govern by edict. Except for a brief period of retirement, between 1949-1950, Chiang-Kai-Chek has held this all-powerful position. The Nationalist China leader's dominance was shown in an undemocratic light in the March elections of this year. Failing to get the necessary 50% majority in the first ballot, Chiang ordered another election, in which, of course, he swept the poll.

Despite Chiang's claims to the contrary, Taiwan is a one-party state, though weaknesses in party discipline give plenty of scope for the growth of factions.

Internal Communications on the island are adequate, though the mountainous region down the centre almost divides Formosa into two. The main railways (narrow-gauge) and highways follow a north-south pattern, while a few minor roads connect the east to the west.

External contact is mainly confined to air transport, because during their tenure of office, the Japanese prevented trade being carried out in any but their own ships, and since 1945 the Chinese have followed a similiar policy, Several airfields are located in the northern part of the island and down the West Coast, but Karenko is the only suitable landing place on the East Coast.

Taiwan is self-sufficient in basic food items and with the Economic Co-operation Administration Aid

she would be economically solvent except for the necessity of supporting a large army.

Formosa is predominantly given over to agricultural production, with 24% of her land under cultivation and two-thirds of her native population engaged in farm work, while many others are dependent for a livelihood on agriculture or closely related industries. Extensive use of fertilisers, multiple-crop schemes and irrigation enable the inhabitants to get a high productivity from the land available for cultivation. Sixty-one per cent of the arable land, which lies along the northern coast and down the western low-lying plains is irrigated.

During the last year the Nationalist Government has initiated agricultural reforms, which involve the re-distribution of over a quarter of the island's arable land.

Taiwan's economy is basically a rice one, though sugar production also plays an important role. Rice, which flourishes on the northern plains, is planted on over half the cultivated land. Its productivity satisfies domestic requirements and allows a little for export.

Although the Government has turned over to rice cultivation many fields previously used for sugar production, Taiwan is still one of the five leading sugar-cane producers in the world.

Sweet potatoes, tropical fruits, peanuts, hemp, jute and cotton are also grown successfully, while tea plantations are found in the foothills of the North.

Despite the fact that forests cover two-thirds of the island, the production of timber is very small owing to the inaccessibility of these regions. However Formosa leads the world in the camphor industry, supplying 70% of the total world production.

Although richly endowed with four hundred million tons of coal, production is limited to one and a half million tons, which is mined mostly in the Taikoku area. The abundant supply of hydroelectric power has helped establish Formosan industries. Natural gas and petroleum are also produced, though lack of crude oil supplies limits oil production.

Militarily it is obvious that Formosa has not the where-with-all to launch an attack on the Mainland, and it is doubtful whether she could maintain herself against an invasion even with present American support.

The Air Force, under the capable and efficient General Wang Shu Ming, has 516 aircraft (of which only 75 are jets), a personnel of 67,000, and a reputation for high morale. However, its small-ness would nullify its effectiveness against the vastly superior Communist Air Force, which has over thee times the number of planes (including 810 jets).

The Army, under the leadership of General Huang Chieh, has a fighting strength of 222,000, two-thirds of which are centred in Formosa. Head-quarters and Service and Supply elements increase this number to approximately 400,000 men. The Army is composed of twenty-two divisions, most of

which the Americans undertook to equip and train.

The Navy, under Rear-Admiral Liang Sze-Chao, commands a force of 28,500 men, the morale of whom is adversely affected by promotion on the basis of cliques and political expediency. Nine destroyers (5 of which are non-operational), 18 frigates, 12 ocean-minesweepers, 7 sub-chasers, 1 midget submarine, 2 patrol boats, and numerous landing craft, transports, gunboats, local patrol craft and auxiliaries. make up the Nationalist Fleet, which is mostly of American stock. Refits are carried out in Japan, though fairly large . . repairs can be undertaken in Keelung, where the Navy has a dock of its own, as well as access to the Taiwan Commercial Shipyard. At Kaohsiung there are two floating docks in constant use. while other naval yards exist at Tsoying and It has been estimated that the Nationalist landing craft are capable of lifting 30,000 men. whereas the Communists can handle 376,000. The Chinese Nationalist Navy is at best a light patrol force, the only attacks it is capable of launching being sporadic raids on Channel shipping.

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CYPRUS.

Influenced, it would appear, by public demonstrations, the Greek Government has brought the question of the political status of Cyprus before the United Nations.

The movement for the union of Cyprus with Greece (known as "ENOSIS") has been largely inspired by members of the Greek Orthodox Church and, in particular, by Archbishop Makarios.

The matter is one of considerable importance in view of the fact that it has been the intention of Great Britain to transfer her Middle East Land and Air Force headquarters from Suez to Cyprus, and constructional work towards that end is, in fact, already in progress.

For centuries Cyprus has been governed by a succession of Powers who have, in their day, been able to maintain naval supremacy in the Eastern Mediterranean. Eventually the Turks captured the island from the Venetians and ruled it until 1878, when it was ceded to Great Britain under a convention concluded with the Sultan. On the outbreak of hostilities with Turkey during the First World War it was annexed by Great Britain. In 1925 the island was given the status of a Crown Colony.

Cyprus is, in its extremities, about 140 miles long and 60 miles wide. Its total population is about 450,000, consisting largely of Greek Cypriots. Muslims represent about one-fifth of the total population.

The principal towns are Nicosia (the Capital), Limmasol, Lornaca, Famagusta, and Paphos. Famagusta, which lies on the East Coast, is the principal harbour. It is small, has very few installations, but can accommodate cruisers.

Cyprus is well served with roads and telegraph systems and has a cable system connecting with Haifa and Alexandria. A narrow-gauge railway runs from Famagusta to Kalokhoris, a distance of 71 miles.

The principal exports are oranges, potatoes, barley, iron pyrites and copper. The island has been enjoying quite a trade boom, and the standard of living is much higher than in the Ionian Islands. The movement for union with Greece does not appear, therefore, to arise from material causes; and it is of further interest to note that although the island has been under the domination of many Powers, at no time has it ever belonged to Greece except for a very short period during the Fourth Century.

The Turkish minority oppose the idea of Cyprus being united to Greece and recently they sent a delegation to Ankara to represent their views.

Signs of unrest in Cyprus manifested themselves very strongly in 1931, when Government House was burnt down. Following upon this disturbance, the Legislative Council, first constituted in 1872, ceased to exist and power to make laws was granted to the Governor. In 1948 a new constitution was proposed by the United Kingdom Government but it proved unacceptable.

Aware of the many benefits the island derives from being under British rule, many Greek Cypriots who outwardly support "ENOSIS" would

prefer matters to remain as they are.

VISIT TO GDANSK, POLAND.

Recently the Staff Officer (Intelligence), Sydney, debriefed the Master of a British merchant vessel which visited Gdansk (Danzig), during April.

At no time were any guards stationed aboard the ship, but whenever it moved in the harbour it was escorted by what appeared to be a naval patrol boat manned by Polish Army personnel. The only other naval vessels of any kind seen in the harbour were one L.C.I. and three or four large M.L's flying the Polish flag. Also in the harbour were four British merchant ships, one Danish freighter trading regularly between Gdansk and Sweden, a number of Russian cargo ships, and six or seven Polish merchant vessels. Some large Russian salvage tugs were also in port.

All buoys were in position, as charted. No shore radar was sighted. After the ship had berthed armed Polish Army guards were placed at bow and stern and at each derrick, but none came on board. No attempt was made to lock up cameras or radio room, but the ship was subjected to a very thorough search immediately after arrival and immediately before departure.

No submarines or aircraft were sighted, nor was any Russian serviceman. A Naval Base was observed on the port hand entering harbour; the buildings were low and new and others seemed to be in the course of erection.

An atmosphere of suspicion pervaded the port. The pilot stated that six months previously his brother had disappeared but had now returned and refused to tell anyone where he had been, but it seemed probable that he had been sent to a concentration camp. When walking with him in the streets several times his brother nudged him and pointed out an enemy agent.

According to the Master of the vessel, the authorities seemed to take little interest in his crew. After berthing, each officer and man was handed a pass which, on going ashore, he had to hand to the guard as he passed. The shipping agent stated that there would be no restrictions on shore but they would certainly be followed.

Gdansk presented the appearance of a dead city. The whole atmosphere was miserable; the streets were strangely quiet. The food position was bad. Considerable war damage was in evidence around the waterfront and city and no attempt had apparently been made to repair it.

The Chief Officer of the vessel stated that a number of the people spoke English and that all those he spoke to were hoping for another war - a war to liberate them from the Soviet. Everyone told him this privately, but stopped talking immediately another local approached. It was a rarity to see two locals talking for more than a couple of minutes. Any person who was caught listening to a foreign broadcast was arrested.

The black-market was rife, in the city and was carried out openly, particularly in currency.

The Chief Officer stated that when various shore officials were alone with him in his cabin they offered him excellent exchange value for his money, i.e., black-market exchange up to eight times more than the official rates.

There seemed to be a brisk trade in coal with Finland. It was local coal and appeared to be very good.

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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