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SECRET

Australia Station Intelligence Summary



(New Series)

DATE OF ISSUE III & MAY 1952

*Naval Intelligence Division
Navy Office
Melbourne*

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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. AUSTRALIA. - Wearing the flag of the Flag Officer Commanding H.M.A. Fleet, H.M.A.S. AUSTRALIA left Westernport on 22nd February for a training cruise in the Hobart area and returned to Sydney on 31st March. She was accompanied by H.M.A.S. ANZAC.

H.M.A. Ships SYDNEY, TOBRUK and MURCHISON. - These ships are undergoing refits in Sydney after having returned from service in Korean waters.

M.M.A.S. CONDAMINE. - H.M.A.S. CONDAMINE commenced a refit period at Sydney on 19th March, in preparation for her service in Korean waters. She will sail from Sydney on 11th June to relieve H.M.A.S. WARRAMUNGA.

H.M.A. Ships COLAC, COMRA and CULGOA. - H.M.A. Ships COLAC and COMRA departed from Melbourne on 7th April and H.M.A.S. CULGOA departed from Sydney on 9th April for a month's training cruise in New Zealand waters. They had on board some 150 National Service naval trainees.

H.M.S. TELAMACHUS. - H.M.S. TELAMACHUS visited Flinders Naval Depot from 23rd - 25th February. Her visit was, in particular, greatly appreciated by the Cadets of R.A.N. College. TELAMACHUS, now in Sydney, will sail on or about 30th June for Singapore, where she will undergo a refit.

H.M.A.S. BARCOO and H.M.S. THOROUGH. - H.M.A.S. BARCOO and H.M.S. THOROUGH departed Sydney on 9th February for a cruise in Tasmanian waters, combining anti-Submarine and Reserve training with "showing the flag". Hobart, Port Huon and Devonport were visited, and it was evident that such visits are much enjoyed by the local populace. On the return voyage to Sydney

exercises were conducted in conjunction with TELEMACHUS in Bass Strait.

H.M.A.S. SHOALHAVEN. - H.M.A.S. SHOALHAVEN has been carrying out A/S training in the Sydney area.

H.M.A.S. MILDURA. - During her sixth R.A.N.R. training cruise in Western Australian waters H.M.A.S. MILDURA acted as an escort from 9th to 11th February in the Fremantle-Bunbury-Fremantle Yacht Race.

She is now visiting the North-West coast of Western Australia.

LOAN OF H.M.S. VENGEANCE TO R.A.N. The Admiralty have allocated H.M.S. VENGEANCE, light Fleet Carrier, to the R.A.N. until the modernisation of H.M.A.S. MELBOURNE is completed. VENGEANCE will commission in the United Kingdom during November. A party of about 500 R.A.N. Officers and ratings will sail from Australia next September or October to bring her out from the U.K.

SEARCH FOR LOST AIRCRAFT. H.M.A. Ships GLADSTONE and WAGGA and H.M.S. TELEMACHUS, in conjunction with aircraft from the Naval Air Station, Nowra, joined in a search on 20th February for the Firefly aircraft which crashed into the sea in the Jervis Bay area. The search was unsuccessful.

H.M.A.S. WAGGA joined in another unsuccessful search for a second Firefly lost in the same area on 25rd February.

TRANSFER OF FOUR R.A.N. MINESWEEPERS TO ROYAL NEW ZEALAND NAVY. H.M.A.S. INVERELL, the first of the four R.A.N. minesweepers presented by Australia to New Zealand, was handed over to the New Zealand Government at Garden Island Dockyard, Sydney, on 10th April. The Minister for Defence performed the ceremony and the New Zealand High Commissioner accepted the minesweeper on behalf of his Government.

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EXTRACTS FROM, OR SUMMARIES OF, REPORTS OF PROCEEDINGS.

H.M.A.S. BATAAN. H.M.A.S. BATAAN, relieving H.M.A.S. MURCHISON in Korean waters on 4th February, experienced intense cold during her first patrol on 8th-25th February. Sometimes the temperature dropped as low as 12°F, the spray freezing as it hit the deck. The water pipes were constantly frozen.

H.M.A.S. WARRAMUNGA. In company with H.M.S. GLORY, H.M.A.S. WARRAMUNGA arrived in Korean waters on 5th February to relieve H.M.A. Ships SYDNEY and TOBRUK. The Commanding Officer, H.M.A.S. WARRAMUNGA, states that during her patrols Bombardment is regarded as a "popular pastime by the guns' crews".

He relates an interesting experience :-

"While close by Mahapto Island I was joined by LSM(R) 401, and while I bombarded with 40 rounds he let off a most amazing display of fireworks, depositing 186 rockets on the island in less than one minute.....At a later date I took the opportunity of visiting another LSM(R). She carries 5000 five-inch rockets which are fired automatically at three-second intervals through twenty launchers. At a rate of 400 rockets a minute, the Commanding Officer explained that he had to restrain himself from firing far too long "because the rockets cost the taxpayer 50 'bucks' each."

On her second patrol on 23rd February WARRAMUNGA encountered a Japanese fishing fleet of considerable proportions, as at least 500 lights were counted.

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SECTION II.
EXTERNAL INTELLIGENCE.

KOREA.

Truce Talks. - Deadlock still exists through the Communists' insistence on including the U.S.S.R. as a neutral in the inspection team.

Progress has been made in minor issues such as ports of entry to be inspected and which are now fixed at :-

South Korea: Pusan, Inchon, Kangnung, Kusan, Taegu.
North Korea: Sinuiju, Chongjin, Manpojin, Hungnam, Sinanju.

The Communists were not prepared, however, to initiate detailed talks on the size of the areas around each place which will be subject to neutral inspection. Airports, rail facilities or sea ports associated with the city itself will be within the scope of the inspection teams, but this must be determined for each of the 10 points.

Communist Allegations on Bacteriological Warfare. - Allegations that the American forces in Korea have been using Bacteriological Warfare were the subject of Communist propaganda during the last two weeks of February. The propaganda entered a new phase on 8th March when the Chinese Foreign Minister, Chou En-Lai made allegations to the same effect. These allegations were echoed in the Communist press throughout the world and the Soviet delegate to the United Nations Disarmament Commission, (M. Malik) called on that body to condemn the U.S.A. The U.S.A. denied the charges and asked the International Red Cross to investigate the Soviet charges. The Red Cross agreed, but there are indications that the Chinese will not agree to the investigations on the grounds that international investigators would pass military information to the U.N.

The following possible motives for the Communist charges have been listed by observers :-

- (a) Desire to make the Americans the scapegoat of epidemics that have broken out in Korea.
- (b) Desire to provide an emotional antidote to the effect of the revelations of corruption.
- (c) Desire to enlist from the Soviet sympathy and civilian and medical aid.
- (d) Desire to discourage U. N. bombing in general.
- (e) Hope to split the West and enlist Asian sympathy.

Communist Amphibious Operations. - Further information relating to a Communist amphibious operation against Yang Do Island off the N.E. coast of Korea on 20th February indicates that they used about 40 sampans, about the size of a Maltese dghaisa, pulled by local inhabitants. The sampans were organized in two groups with W/T kit in each group for inter-communication and liaison with shore guns. Invading personnel were armed with light machine-guns, 40 m.m. mortars and scaling ladders. The attack was timed with the departure of U.N. ships from the area and the landing was undetected. High ground on West Yang Do was taken by the enemy but their communications failed. 25 percent of the invading force was held back on the mainland, but had it not been for the disruption of the communications, the island would probably have fallen to the North Koreans. The operation had been frequently rehearsed inland, and the sampans were brought overland by truck to the embarkation point. The North Korean military personnel came from Chongjin.

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JAPAN.

Anti-American Demonstrations. - On 21st February "Anti-Colonial Day" rallies in twenty-six different places in Japan, involving about 6,000 persons in all, led to a number of clashes with the police. Most of the demonstrations, however, were comparatively orderly and merely consisted of the distribution of "Anti-Colonial" leaflets.

In Nagoya on 20th February a rally of a definite anti-American nature was held, in which participants, mostly students, carried anti-American posters. Similar demonstrations and clashes with the police took place in Tokyo on 23rd February. Participants in all these rallies appear to have included (as well as members of the Communist Party) students, trade unionists and others who oppose the Security Pact and rearmament.

Despite press statements, there is no evidence that these demonstrations were a co-ordinated nation-wide programme of violence; but the issue of inflammatory anti-police propaganda by secret Communist agencies will probably inspire further sporadic acts against the police, especially if the latter continue to use excessive force to maintain public order. It seems that the police turned out in greater strength than necessary and were tempted into strong-arm methods - which provoked the crowds to retaliate.

Public Security Investigation Board. - The Japanese Government has decided to establish a Public Security Investigation Board, which will combine the police intelligence services at present divided between the Special Investigation Bureau of the Attorney-General's Office and the police guard section of the National Rural Police.

The Board will be an organ of the Prime Minister's Office and as such will be directly responsible to the Prime Minister. Its functions will be to collect information on the activities of Communists, on sabotage, forgery of official documents, etc.

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CHINA.

Internal Situation. - The campaign against corruption, waste and bureaucracy has continued. A number of officials, including some highly placed ones, have been accused and the attack now appears to be becoming more of an assault upon the middle class.

Shipbuilding at Shanghai. - A report from a usually reliable source and which is probably true states that there is intense activity in the Shanghai shipbuilding yards,

Motorized junks are being built in considerable numbers.

Shipping Incident. - The P. & O. vessel "SOOCHUA" has reported that on 15th March, while on passage from Nagasaki to Hong Kong, she was fired on in the Formosa Strait in position 23 degrees 15 minutes N., 18 degrees 47 minutes East by an armed junk. No damage or casualties resulted. The position given is about half-way between Amoy and the Pescadores.

Communist China's Overseas Trade. - According to a Peking report, reviewing Communist China's overseas trade up to October, 1951, the country's export trade had increased since the beginning of 1951 by 126 per cent over that of 1950. The bulk of Communist China's trade is now with the U.S.S.R. and Satellites, instead of with the West, as formerly.

Exports exceeded imports by 9.34 per cent. In September, 1951, 51.5 per cent of the whole volume of exports went to the U.S.S.R., 26.4 per cent to the Satellite countries, and only 22 per cent to the Western countries; this compared with 26.6 per cent, 3.9 per cent and 69.5 per cent respectively in 1950. In the same month 44.7 per cent of the total imports came from the U.S.S.R., 25.3 per cent from the Satellites, and 29.9 per cent from the Western countries, compared with 19.3 per cent, 1.4 per cent and 78.3 per cent in 1950.

Islands off the South-East Coast of China. - It is reliably reported that the Chinese Nationalists have abandoned the following islands:-

TUNG TAO SHAN ISLAND	(27°50'N, 121°10'E)	14 Jan. '52
NAM KI ISLAND	(27°15'N, 121°00'E)	19 Jan. '52
PI RI SHAN ISLAND	(27°35'N, 121°10'E)	"

Communists are reported to have sent 200 soldiers to PI KI SHAN Island, but none so far to NAM KI Island.

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INDO-CHINA

Military Situation - There has been a considerable improvement in the military situation in the Tonking area, where the VietMinh forces have suffered heavy losses.

Each side has approximately the same number (150,000 each) of regular troops. This represents the greater part of the effective troops which are available in Tonking to either side. Both the Viet Minh and the French (and Vietnamese) possess additional troops, but these are either under training or are employed in garrison and security duties in Central and southern Indo-China. The French are in a better position than the Viet Minh to transport any of these extra troops to Tonking should the situation so demand.

The Viet Minh have no aircraft, whereas the French Air Force, despite its limitations, is able to provide some tactical support, reconnaissance and supply-dropping. In addition, naval forces are available to the French and constitute a source of extra strength in the defence of the perimeter.

Although large-scale intervention in Indo-China by the Chinese Communists does not appear to be imminent, the Indo-China frontier line has been improved as a base for possible operations, with lines of communication well developed, so that the Chinese Communists are now better placed to intervene, if they so decide.

Political - The Vietnam Prime Minister, Tran Van Huu, has formed a new Cabinet, but no details are yet available as to the allocation of portfolios.

French Far-Eastern Naval Division - On 22nd February Contre-Amiral Bosvieux took over command in succession to Contre-Amiral Rebuffel, of the French Far Eastern Naval Division and hoisted his flag in "SAVORGNAN de BRAZZA".

His title is Admiral Commandant Division Naval d'Extreme Orient

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THAILAND.

Political.- The newly elected Assembly of People's Representatives, in which the group responsible for the coup d'etat last November have a majority, met on 18th March, and Pibul Songgram's Provisional Government resigned to permit the formation of a new Government.

There are indications that Pibul Songgram is losing his grip and that a trial of strength is approaching between the Director-General of Police (Police Lieutenant-General Phao Sriyanondh) and the First Army Commander (Sarit). Should either seize hold of the Government a virtual military dictatorship would result.

Rumours of a Communist coup directed by Nai Pridi are current, but it seems unlikely that such a coup would be successful.

The new Constitution was promulgated on 8th March. It is an amended version of the 1932 Constitution, and reports indicate that the King objected to the amendments proposed by the coup group and that he was only induced to accept them under considerable pressure from the group and, in particular, from Police Lieut-General Phao Sriyanondh - who played a large part in the November coup.

The 1 Naval Element with U.N. Forces. - The two frigates PRASAE and TACHIN, recently taken over from U.S.A., have joined U.N. naval forces in the Far-East.

The frigate BANGPAKONG serving with U.N. forces has been detached and will return to Thailand.

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MALAYA.

Bandit Activity. - Bandit activity has been much below average, although there have been several serious attacks on Police, in which seven were killed and ten wounded. These attacks took place in the Kuantan area, where public morale is at a low level, re-

sulting in the closing of a number of small estates and mines due to the lack of security.

In Selangor, Security forces have cut bandit activity to its lowest level since the Emergency.

There are a number of reports that Chinese youths have "disappeared" into the jungle in order to avoid the call-up, which seems to indicate that the Communists are having some success with their propaganda against the National Service Bill.

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BURMA.

New Seng. - 500 of New Seng's Kachin followers are reported to have joined the Chinese Communist forces in Yunnan, and it is stated that New Seng has been appointed a Colonel in the Chinese Communist Army. The remainder of his force (previously estimated at 5,000) is reported to have deserted.

Reported Collaboration between B.C.P. and Insurgent Groups. - A meeting is reported to have taken place between representatives of the Burma Communist Party, the P.V.O., and the Red Flag Communists. This report, if true, provides a further indication of collaboration between the B.C.P. and other insurgent groups.

K.M.T. Forces. - General Li Mi, Commander of the KMT forces in Burma, is reported to have returned to Burma from Formosa via Thailand. So far there is no evidence that the KMT forces are prepared to renew their offensive in Yunnan.

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INDONESIA.

Political. - On 19th March President Sukarno requested Wilopo, Vice-Chairman of the P.N.I., to attempt the formation of a Cabinet with the necessary adequate parliamentary support.

Owing, however, to wrangling over the allocation of portfolios between the P.N.I. and the Masjumi and divergence of view over the Mutual Aid Agreement, there seems little

prospect of a stable government being formed until the general elections are held.

Wilopo was Minister of Labour in the first Government of the United States of Indonesia.

Armed Chinese Force in Central Borneo. - The presence in Central Borneo of an armed force of 500 Chinese has been reported. Its political leanings and objectives are not known.

The report is of interest as it is the first indication of a significant group of armed Chinese in Borneo. Possibly some of the arms it is using are those supplied by the Allies to natives in Borneo early in 1945.

Tarakan. - The following information has been extracted from a report received from H.M.A.S. BATAAN, which visited Tarakan on 21st January, en route for Korea:-

Oil Exploration - Bores are being sunk on Bunyu Is., and if oil is struck in payable quantities, it is probable that the main centre of oil production will be shifted to Bunyu from Tarakan, as the surface oil beds in the latter island are showing signs of exhaustion. Deep exploratory boring, which is also in progress on Tarakan, has so far been disappointing.

Tarakan Oil Field - The Tarakan field, one mile inshore from the port, covers an area of six square miles. From 80 wells the oil is collected in settling tanks, in which the impurities are removed. The oil is then pumped without further refining to the 80,000-ton tank farm for disposal.

The maintenance staff for the field consists of 90 Europeans (mainly Dutch) and about 2,000 Indonesians who work in seven large workshops. Much of the semi-skilled work and some of the skilled work is done by natives who need, however, constant supervision.

Garrison - The Garrison, according to the O.C., consists of 5 companies of about 140 troops each; 4 more companies are stationed within easy reach of Tarakan.

It appeared that the real power in the island is - apart from the B.P.M. (Shell) Oil Company - wielded by the commander of the Indonesian battalion.

Dutch-Indonesian Relations - Any danger of serious anti-Dutch disturbances seems to have diminished for the present due to the stabilising influence of the Army commander. In public, relations between the Dutch and Indonesians appear to be smooth and friendly.

Indonesian Navigation Co. Ltd. - The Indonesian Navigation Co. Ltd. recently acquired the vessel "BINJANG SAMUDRA" (5,649 tons), which was built in the United States in 1936. She will be used mainly for service within Indonesian waters, but will engage in the transport of pilgrims to Mecca.

SECTION III.

AUSTRALIA STATION INTELLIGENCE.

SIGHTING OF A SUPPOSED SUBMARINE OFF JERVIS BAY.

At 1300K 17th March, a naval aircraft sighted in position 35°08' South, 150°50' East a disturbance on the water such as would be created by a submarine operating at periscope depth. The "object" was proceeding south at slow speed. The weather was fine at the time and the sea calm.

A second naval aircraft was sent out to search the area when the report of the sighting was received. It sighted an object described as "a long green cigar-shaped object with a darker mass in the centre about the position of a conning tower."

The first aircraft had been taking part in joint exercises with H.M. Submarines TELLMACHUS and THOROUGH during the forenoon, but there is no possibility that the object sighted was one of these submarines.

As against the possibility that the object sighted was actually a submarine, it is worthy of noting that whales in Eastern Australian waters (particularly the fin and hump-back varieties) tend to concentrate off Jervis Bay.

The report is graded B.4.

HARBOUR IMPROVEMENTS.

Mackay. - Plans and specifications have been completed and tenders called for the construction of a breast wharf 300 feet long adjoining the existing wharf at Mackay.

Gladstone. - Plans have been prepared for the extension of the concrete jetty by 224 feet.

Extensive reclamation work for a site for oil tanks is being carried out.

It is estimated that these improvements will cost more than \$500,000.

Fremantle. - Work has begun on the construction of a new

shipping berth at Fremantle adjacent to the present wheat berth at No. 9 North Wharf.

Completion date of the berth at No. 10 North Wharf, will be July 1955, depending on the availability of labour and materials.

The land where the Army No. 5 Transportation Squadron was situated will be dredged, and a large tract of land at present being used by the Harbour Trust as a repair depot will have to be cleared.

Newcastle. - Five new dredging units are to be allocated to Newcastle Harbour. They will comprise a steam tug and Lognitz rock-breaker, which will be steam-fired, and a cutter suction reclamation dredge with diesel power.

DERBY (W.A.) - DEEP-WATER PORT PROPOSAL.

With reference to A.S.I.S. No. 1, the Commonwealth Government has declined to contribute towards the scheme for the construction of a deep-water port at Derby; and, in consequence it seems likely that the project will be shelved.

QUEENSLAND COAL PRODUCTION.

The total coal production of Queensland during 1951 was approximately 2½ million tons, which was 150,000 tons in excess of the production for the previous year and which constitutes a record for the State.

About 80,000 tons from the Callide field were shipped to Victoria.

FLYING BOAT BASE, CAIRNS.

Barrier Reef Airways Company will shortly be making use of Cairns as a flying boat base for their aircraft.

OIL FUEL INSTALLATIONS.

Townsville. - The Furnace Oil line on the Eastern Wharf is now operational. The pipe line under the Eastern Wharf and under the sea wall is still to be repaired and is not operational.

Cairns. - Repairs to the 12" Furnace Oil line were due for completion in mid-April. Work is proceeding on the 8" Diesel line.

OIL EXPLORATION, EXMOUTH GULF (W.A.) AREA.

Oil-boring operations in the Exmouth Gulf area are expected to take place in the immediate future.

A combined company, "West Australian Petroleum Pty. Ltd." has been formed as a combination of interests of Caltex Oil (Australia) Pty. Ltd. and Ampol Petroleum Ltd. The Company is primarily an petroleum exploration company.

About 3,000 tons of specialised drilling equipment is being assembled on the West Coast of U.S.A. for shipment to Exmouth Gulf through Fremantle, and about 2,000 tons of auxiliary equipment and supplies are being assembled in Australia. A former L.S.T. will be used in transporting the equipment from Fremantle to Exmouth Gulf.

IRON ORE DEPOSITS, KOOLAN ISLAND (W.A.)

The Western Australian Government has granted to Broken Hill Pty. Ltd. a lease of the iron ore deposits on Koolan Island, Yampi Sound. A condition of the lease provides that none of the ore extracted shall be shipped outside Australia.

For some years past B.H.P. have been extracting iron ore from Cockatoo Island, which is adjacent to Koolan Island in Yampi Sound.

PROJECTED ESTABLISHMENT OF STEEL WORKS, COCKBURN SOUND (U.A)

Under an agreement reached between the Western Australian Government and Broken Hill Pty. Ltd., the Company will erect a steel rolling mill in the Cockburn Sound area close to the Anglo-Iranian Oil Company's projected oil refinery. The establishment of smelting works is also planned.

YOUTH CARNIVAL FOR PEACE AND FRIENDSHIP.

A "Youth Carnival for Peace and Friendship", organised by the Eureka Youth League and the International Seamen's Club, Sydney (both Communist organisations) was held at Fairfield, Sydney on 15th - 23rd March.

The Carnival was modelled on the lines of the Berlin Youth Festival held last year. In addition to the local following of Communists and "fellow travellers", it was attended by some 700 visitors from other States and from New Zealand. Willie Gallacher, President of the British Communist Party, was present.

The Carnival took the form of a series of sporting and cultural events and competitions, excursions and social entertainments, and was made an occasion for the spreading of Communist propaganda - which, doubtless was the main intention of its promoters.

Communist trade union leaders used their unions as a means of assisting to finance and sponsor the events by contributing prize moneys from Union funds. The Unions more closely supporting the Carnival included the Miners' Federation, Seamen's Union, Waterside Workers' Federation, Federated Ironworkers Association, Boilermakers Society, Australian Engineering Union, Teachers' Federation and the Federated Clerks' Union.

With so many Communists concentrated at Sydney during the Carnival, the Communist Party fully exploited the opportunity by holding various other propaganda conventions in the form of Trade Union Assemblies, International Women's Day Convention and a Youth Forum.

The organisers of the Carnival met considerable diffi-

culty in obtaining suitable sports grounds, halls etc. to fulfil its programme. They approached the Mayor of Fairfield to obtain the use of the local Town Hall, but this was refused. Later, some Communists vented their spleen by uprooting some fifty trees in the Fairfield War Memorial Honour Drive.

AUSTRALIAN TRADE UNIONS AFFILIATED WITH WORLD FEDERATION OF TRADE UNION.

The following unions are reported to be still affiliated with the Communist World Federation of Trade Unions:- Miners' Federation, Seamen's Union, Waterside Workers' Federation, Australian Railways Union, Ships Painters and Dockers and the Ironworkers. Threats have been made by the Australian Council of Trade Unions to expel these unions from their register of affiliated members if they do not resign from the World Federation of Trades Unions, but so far they have been unavailing.

It is significant that printed publications of the World Federation of Trades Unions disclose that a meeting of its General Council at Berlin in November, 1951 passed a resolution for the unity of the workers in imperialist and colonial countries in the fight to raise their living standards and against the economic social consequences of war preparation. Decisions of the W.F.T.U. are widely publicised through industrial channels in democratic countries and are usually an index as to what industrial-political troubles may be anticipated from Communist industrial sources in these countries. Current developments in New South Wales are closely following this pattern, particularly in respect of defence preparations and expenditure, which Communists claim is to the detriment of the economic welfare and living standards of the workers.

AUSTRALIAN WHALING INDUSTRY.

The success of the whaling operations in Western Australian waters of the Australian Whaling Commission and the Nor'-West Whaling Company during the whaling season which con-

cluded a short time ago has given an impetus to the re-establishment of the Australian Whaling industry, as three new whaling ventures are being established.

The Australian Whaling Commission, which operates from Babbage Island, near Carnarvon, caught its full quota of 650 whales, while the catch of Nor'-West Whaling Company, which operates from Point Cloates, amounted to 574 whales (quotas are set by Commonwealth Government under an agreement with the International Whaling Commission). The whales caught were of the humpback variety.

The combined catch of 1,224 whales yielded over 10,000 tons of whale oil, valued at about \$1,500,000, whilst the various by-products, such as whale meat and solubles, were worth in all over \$200,000. A part from a small proportion made available to Australian users, the whale oil was exported to Italy, Holland, Sweden, Germany and Belgium. All the by-products were marketed solely in Western Australia for stock and poultry feed or as fertilisers.

The new whaling stations are :-

Albany - A Company known as the South-West Whaling Company has obtained approval for the use of an area on the shore of King George's Sound for a shore base and for treatment works. It has purchased the plant of the now-defunct Albany Whaling Company, which engaged in whaling operations many years ago, and it will also install new and heavier equipment.

Moreton Bay - Station completed. Two whale chasers which will operate from this station sailed from Norway on 16th March. They are similar to the Norwegian "Gos" type whale chasers and have a tonnage of 361 tons. They are equipped with engines of 1400 S.H.P. and have a maximum speed of 14 knots.

Byron Bay - Station in course of construction. It is unlikely that it will be ready to operate by the time the next whaling season commences.

The following are the principal types of whales which disport themselves in Australian waters :-

Humpback Whales. Forty feet long (some much larger). Have very long side fins (10 to 12 feet long), and a low dorsal fin or hump on the back. They display a fondness for coastal waters. Very playful and are most graceful divers.

Sperm Whales. About sixty feet in length. High, blunt, massive head, and short, broad flippers; a strongly marked "hump" and mighty flukes (tail flippers). They favour warm currents and have a liking for squid.

The Sperm Whale has only a single S-shaped blowhole, situated almost at the end of the snout on the left side, and its spout, which is like that of no other whales, may be easily recognised. A low bushy vapor column is directed diagonally forward and upward, and the animal blows much more often than other whales.

Right Whales. Sixty feet long. Distinguishable by their enormous jaws and head, the head being more than one-third of the beast's length. They feed on very minute crustaceans close to the surface of the sea. They are not naturally gregarious and are somewhat timid. No dorsal fin, because their heads are so large that it is not necessary to increase the throat and mouth capacity by any external modifications.

Finback Whales. Grey in colour. Length varies from sixty to eighty feet. Have pointed flippers eight to ten feet long, and very powerful flukes which enable them to travel faster than any other type of whale.

NEW CALEDONIA.

Resumption of Nickel ore shipments to Japan. - "SHOWA MARU", the first Japanese merchant ship to call at New Caledonia since 1941, loaded nickel ore at Népoui, on the West Coast on 23th December.

Mr. Kashima, the pre-war Manager of the former Japanese-controlled nickel company in New Caledonia (Societe Miniere Caledonienne), arrived in Noumea by air on 14th March. He is the first Japanese business man to return to New Caledonia since the deportation to Australia early in 1940 of almost all the male Japanese then resident in the Colony. He is to arrange, in co-operation with the Yamashita Company, the resumption of regular shipments of nickel ore to Japan, and presumably also the re-organisation of the old Societe Miniere Caledonienne, whose assets were placed under sequestration after Pearl Harbour.

Most of the local business community welcome a resumption

of trade with Japan and are not opposed to a resumption of Japanese investment in the Colony. The Administration, whilst favouring a resumption of trade with Japan, is likely, judging by its attitude to foreign mining enterprise in general, to keep a close watch over Japanese attempts to re-establish these old mining companies or set up or take part in new ones.

Mining. The installation of new conveyor equipment at the Societe le Nickel's mines at Thio has been completed. Nickel production, both of ore and matte, is lagging behind last year's output, but Company officials anticipate that the new conveyor equipment will make it possible to double present output and clearance of the ore by December, 1952. The Douliambo smelters have been working well below capacity owing to delays in ore deliveries. With the increase in output from Thio, and the arrival early in 1952 of the Company's ship "TAYO" (4,260 G.R.T), production of matte should also be greatly increased.

Production of chromite and manganese is on the increase.

NEW HEBRIDES.

Relief Measures in Epi and Ambrym. - Relief measures in Epi and Ambrym, following the cyclone which struck this area during the night of 24th and 25th December, continued in early January; and a R.N.Z.A.F. Catalina arrived at Santo from Suva with special supplies. This aircraft was then used in an unsuccessful search for the French Ketch, "PANGONA", which was struck by the cyclone.

"PANGONA" with Captain Kerrinan on board, was last seen at anchor on Epi when the cyclone struck, and is now believed to be a total loss with her crew of one other French citizen and seven natives.

Copra.- The price of copra has fallen steadily from £A.80 per ton on the docks at Santo and Vila in October, 1951, to £A.49/3/2 for February.

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SECTION IV.

SPECIAL ARTICLES.

THE CHINESE COMMUNIST NAVY.

Background. - Prior to 1949, the Communist Chinese Navy was practically non-existent. It originated in 1947, but it was during the year 1949 that the Chinese Communist Army overwhelmed most of the mainland and in doing so trapped many Chinese Nationalist Vessels in the Inland waters, especially the Yangtze River. Lack of morale led to a defection of Nationalist vessels, which in turn, created the nucleus of the now established Chinese Communist Navy. This force cannot as yet be considered an efficient one, but with the aid of Soviet advisers, an attempt is being made to make the most of the limited equipment and few trained personnel available.

Composition. So far as is known, the present strength of the Chinese Communist Navy is as follows :-

- | | | |
|-------------------------------------|---|--|
| 1 Cruiser | - | "CHUNGKING" (ex H.M.S.AURORA) Sunk at Hulutao but reported to have been repaired. (Doubtful) |
| 5 Destroyers | - | ex-Japanese. |
| 1 Frigate | - | (ex H.M.C.S.BOWMANVILLE). |
| 9 Escort Vessels | - | ex-Japanese. |
| 13 Gun-Boats | - | 6 reported sunk and 1 aground. |
| 5 Minesweepers
(Coastal) | - | 1 ex-Japanese - 4 ex-U.S. |
| 8 Sub.Chasers | - | ex-U.S. |
| 1 Motor Gun-Boat | - | ex-U.S. |
| 15 Patrol Boats | | |
| 1 Survey Vessel | | |
| 17 River Gunboats | | |
| 25 L.S.T.'s | | |
| 22 L.S.M.'s | | |
| 15 L.C.I.'s | | |
| 2 L.C.T.'s | | |
| 8 Chinese Maritime Customs Vessels. | | |

In addition, there are an unknown number of motor junks and other native craft armed with anti-tank guns and other un-orthodox weapons and, in some cases, lightly armoured. For amphibious purposes there are literally thousands of sea-going junks and other native craft which can be commandeered at short notice.

Although it has been reported that a few "M" class Soviet submarines have been turned over to the Chinese Communists, there is at present no evidence to confirm the possession of submarines by the Chinese Communist Navy. It is believed, however, that training in submarine warfare is being given to selected Communist Chinese personnel, and that they form mixed crews for submarines under Russian command. Training is reported to be carried out at Port Arthur, Vladivostok and Tsingtao. It is now considered that the Chinese Communists are capable of manning and operating at least one submarine.

Organisation. - The Navy is subordinate to the Army, with the People's Liberation Army being directed by the People's Revolutionary Military Council in Peking. The river and coastal patrols come directly under the Army Commanders, but the deep-water flotillas are under a chain of command descending from the national Naval Headquarters.

The three important Naval districts are :-

North/North East China Naval District

East " " "

Central and South " " "

with bases at Chiamussu, Shanghai and Hankow respectively.

The majority of the vessels listed in the composition are located in the Lower Yangtze River and in the waters of Kwangtung Province.

Training. Naval training establishments are as follows :-

1. North-East China. - The Naval Academy at Antung, established in mid-1949. It is believed that submarine training classes are established at Port Arthur and Dairen.

2. East China. - The People's Naval Academy at Nanking was established in September, 1949. In addition, it has been reported that a Naval Academy has been established at Tsingtao and that submarine training is undertaken there.

3. South China. - It has been reported that Naval training establishments have been opened at Yulin, Hainan Island.

Other training establishments have been reported at Hankow, Canton and Mukden, the last-named being a Joint Sino-Soviet undertaking. The Russians are believed to be training the Chinese in a variety of subjects, including navigation, radar and mechanics, but no further details are available.

Repair Facilities. - The only dockyards capable of major repairs are those at Shanghai and Whampoa (Canton), although it has been reported that Amoy Dockyard is to be enlarged and that Yulin will be able to undertake major repairs. According to reports dockyard machinery is being obtained from the Russians and is being installed in the major shipyards in the South.

Capabilities. - Although the Chinese Communist Navy is, by Western standards, a third-rate force and incapable of operating in distant waters or engaging in large-scale combat with any modern deep-water navy, it is capable of performing several important functions:-

1. Holding the Chinese Nationalist Navy to a limited extent.
2. Patrolling coastal waters and major rivers.
3. Minelaying in coast waters.
4. Surprise raids on modern naval forces with M.T.B.'s and submarines.
5. Limited Coastal convoy work.
6. Landing agents and guerillas from submarines, plus limited minelaying.

Conclusions. - The Chinese Communists have declared their intention to build a "New Navy" and although it is doubtful whether it can materialise for some time, there are

definite signs that efforts are being made towards this end. Naval vessels sighted by reliable witnesses appear smart and clean, as do the ratings when seen ashore.

Shortage of officers and men with sea experience would appear to be the main handicap, but this is being partly overcome by conscripting local fishermen. Technical ability is bound to be low among such conscripts, but, with Russian assistance, technical training of sorts is being given to selected students at the various Naval Academies.

Taking all things into consideration, it is certain that although still a negligible force compared with Western standards, the Communist Navy is a more efficient force than it was a year ago. In comparison with the Chinese Nationalist Navy it is still inferior, owing to the poor state of many of its ships, lack of trained man-power and lack of sea-experience.

Any "Navy" that does develop as a result of these exertions will undoubtedly follow Russian lines very closely.

THE ANGLO-IRANIAN OIL COMPANY. (Unclassified)

The Anglo-Iranian Oil Company, one of the largest enterprises in the world oil industry, has, in the course of more than 50 years, built up a most extensive organisation.

The United Kingdom Government, with 56 per cent of the shares, has the controlling interest, and the Burmah-Shell Oil Company holds the other major interest with 26 per cent of the shares.

Operations outside Iran. - The cessation of Anglo-Iranian's activities in Iran, resulting from the decision of the Iranian Government to nationalise the Iranian Oilfields, has by no means been catastrophic to the Company as it is prospecting, refining, transporting and marketing oil in many areas outside that country.

The Middle-East countries, in which A.I.O.C. and its subsidiaries hold oil concessions from the local rulers, supply almost all the crude oil that the Company processes.

Kuwait is at present Britain's largest oil-producing interest and seems destined to become one of the largest oil-producing countries in the world. The Kuwait Oil Company, in which A.I.O.C. and Gulf Oil Corporation are equal partners, produces almost 40 million tons a year, a higher rate than that of the Iranian wells before they were closed down. In this State the oil company divides profits equally with the Shaikh of Kuwait.

In the Iraq Petroleum Company, which works the Iraq and Qatar fields, A.I.O.C. has a quarter share. The control of the supply of products for the internal market was previously exercised by A.I.O.C.'s subsidiaries, but a recent agreement has vested this distribution right in the Iraq Government.

A.I.O.C.'s share of crude oil from Kuwait, Qatar and Iraq is at present about 20 million tons a year.

In Great Britain the Company is the only producer of natural oil. From small bores discovered in 1939 in Nottinghamshire 4,500 tons are yielded annually. In Scotland its subsidiary, Scottish Oils Ltd., controls the shale oil industry, operating 12 mines which yield 110,000 tons a year.

Refinery Expansion. - After the Second World War, the Company embarked on an expansion of its refining facilities outside Persia. Existing refineries were expanded and new ones planned. Since Abadan closed down this expansion has been accelerated.

Improved United Kingdom refineries will, when completed, contribute over 10 million tons a year to Britain's output.

The Company has a similar expansion programme in Europe to be undertaken alone or in co-operation with associated companies. About 8 million tons will be added to the Company's refinery capacity in France, Belgium, Germany and Italy when the refineries are completed.

Outside Europe, Anglo-Iranian has substantial and growing refinery interests. Jointly with Dutch Shell it owns Haifa Refinery, Israel, which has a capacity of 4 million tons a year. In Iraq the Company produces 350,000 tons for

the local market at Alward Refinery, and also has interests in the Bahrein Island refinery which processes oil from the Persian Gulf States. The possibility of constructing a new refinery at Aden is being investigated. This would help to make good in the Indian Ocean region, the loss of Abadan.

At Fremantle, a new refinery is planned with a capacity much greater than the present total refining capacity in Australia. (Details were given in A.S.I.S. Serial No.1) The necessary legislation ratifying the agreement between the Western Australian Government and the A.I.O.C. for the establishment of this refinery has now been passed. The site is being surveyed, and work on the wharf facilities will soon be commenced.

Shipping. - The Anglo-Iranian's shipping subsidiary, the British Tanker Company, in which the United Kingdom Government has no share, has a fleet of 152 ships and 27 under construction or on order. Total tonnage eventually will be 2,400,000 deadweight tons, making this one of the largest privately-owned fleets in the world. There are also about as many ships again on charter from other owners.

When Iranian oil ceased to be available to the Company, those tankers which were engaged in carrying oil from Iran were switched to other runs and have been fully occupied since.

Distribution. - In Europe, distribution of A.I.O.C.'s products are handled by separate companies. In the United Kingdom, India and Pakistan the Company operates jointly with the Shell Group.

In New Zealand, A.I.O.C. is a partner with the Government in the British Petroleum Company of N.Z., and in Australia has its products distributed by Commonwealth Oil Refineries Limited in which it also has a half share.

Bunkering from Anglo-Iranian installations takes place at 160 ports throughout the world, and aviation fuelling facilities are supplied at 561 airfields.

Prospecting. - At present oil exploration by the Anglo-Iranian Oil Company is in progress in seven main regions

Sicily, Nigeria, Trinidad, East Africa, North Africa, Papua and the United Kingdom.

The D'Arcy Exploration Company, which is at present operating in the United Kingdom and in Sicily, is Anglo-Iranian's principal prospecting subsidiary. In other areas A.I.O.C. is operating jointly with the Shell Group, and in Papua is associated with the Standard-Vacuum Oil Company, forming Australasian Petroleum Company and the Island Exploration Company.

Preliminary geological surveys in the latter area have been very encouraging but extensive drilling operations over a number of years have been unsuccessful.

SECRET

Transit List

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