

SECRET

Australia Station Intelligence Summary



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S E C T I O N I.

PRINCIPAL NAVAL ACTIVITIES.

Anzam Exercises.

During their passage from Darwin to Singapore between 27th May and 7th June, BLACK PRINCE, ANZAC, TOBRUK, ARUNTA, WARRAMUNGA, QUADRANT and PUKAKI safely escorted a "convoy", repelling attacks made by the "enemy" submarines, THOROUGH and TACTICIAN.

H.M.A. and H.M.N.Z. Ships were successful in an engagement with an "enemy" force (H.M. Ships NEWCASTLE, CONCORD, COSSACK and H.M.N.Z.S. KANIERE) which was escorting a "convoy" (R.F.A. GOLD RANGER) supposedly carrying a cargo of electronic equipment. This action, which took place in the Indian Ocean, lasted one hour.

During the first series of combined exercises which took place in the South China Sea, the four R.A.N. destroyers assisted in preventing "enemy" coastal craft (from the Royal Malayan Navy) using the South China Sea as a route for the transport of food and ammunition to land forces operating on the Malayan Peninsula.

On 15th and 16th June a 48-hour escort of a nine-knot convoy (R.F.A.'s FORT CHARLOTTE, FORT SANDUSKY, GOLD RANGER and WAVE VICTOR) was carried out in the South China Sea. The convoy, which was assisted by maritime aircraft from Singapore, was attacked on four occasions by a "Raider" (BLACK PRINCE) and three "hostile" submarines, TELEMACHUS, TACTICIAN and THOROUGH. NEWCASTLE engaged the raider with gun fire while the destroyers in the

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escort made torpedo attacks.

On the completion of this 400-mile convoy BLACK PRINCE, ANZAC, QUADRANT and PUKAKI visited Manila and TOBRUK, ARUNTA, WARRAMUNGA, and KANIERE visited Bangkok between 21st and 24th June. Extensive entertainment programmes had been arranged in each city, including sight-seeing tours, lunches, receptions and sporting events, as well as private entertainment.

On arrival at Manila BLACK PRINCE fired a 21-gun National and Presidential Salute. The Captain of BLACK PRINCE (Captain J. F. Whitfield, D.S.C., R.N.) and the Captain of QUADRANT (Captain T. K. Morrison O.B.E., D.S.C., R.A.N.) placed wreaths on the tombs of the Unknown Warrior and National Hero on 22nd June. More than 100 of the ships' companies of ANZAC and QUADRANT gave blood donations to the Red Cross "blood bank" in Manila.

At Bangkok 450 officers and ratings visited the Australian War Cemetery at Kan Chanaburi. A combined rugby team from the four ships visiting Bangkok defeated the Thai Navy team by 20 points to 9.

On 28th June QUADRANT sailed from Singapore for Sydney; TOBRUK and ANZAC were due to sail on 2nd July for Sydney and Melbourne respectively.

ARUNTA and WARRAMUNGA are remaining in the Malayan area to form the R.A.N. component of the Strategic Reserve, under the operational control of C.-in-C. F.E.S. They are to be relieved in late November by TOBRUK and ANZAC, who will in turn carry out nine months' duty on the

Far East Station.

H.M.A.S. QUEENBOROUGH.

QUEENBOROUGH at present attached to the Third Training Squadron at Londonderry, Northern Ireland, is due to pay a visit to London between 2nd and 8th August. In late May she called at Hvalfjord, Iceland, whilst taking part in exercises in that area.

After participating in large-scale exercises with the Home Fleet in the North Sea in August and September, QUEENBOROUGH is to visit the Norwegian ports of Trondheim (on 30th September) and Oslo (between 3rd and 10th October).

On 22nd October QUEENBOROUGH is due to sail from Portsmouth for Sydney, where she will arrive on 19th December. Besides the usual ports of call QUEENBOROUGH will visit Karachi between 17th and 19th November, and Cochin from 22nd to 24th November.

H.M.A.S. WARREGO.

During her survey in the Barrier Reef in May, WARREGO saved a castaway from a "Robinson Crusoe existence".

On 26th May a boat party, which was recovering and marking triangulation stations, reported by radio to the ship that a Mackay fisherman had been found stranded on uninhabited Scawfell Island. He was Gilbert Sheldon, whose 25-foot boat "Amigo" had been swamped and sunk about six miles south of Scawfell Island on the early morning of 8th May.

Sheldon had managed to hold on to the bottom of his capsized dinghy for about eight hours, when, realising that he had been swept past Scawfell Island, he decided to abandon the dinghy and swim for it.

He was washed ashore after dark with only a pair of shorts, a battered hat and one shilling, and suffering badly from cold and exhaustion, he dug himself into the sand on the beach. During the eighteen days on Scawfell Island he had existed on oysters, a few coconuts and fresh water from a spring. He had marked an S.O.S. on the sand, but it was not sighted, although several aircraft, including a Lincoln bomber, flew over. He was unable to light a fire.

Sheldon was lent some clothes and was landed at Mackay by WARREGO's tender, WARREEN, on 27th May.

Visits of R.N.Z.N. Ships.

On her return passage from Singapore to Auckland on the conclusion of Anzex; BLACK PRINCE will visit Fremantle between 6th and 8th July, and Hobart from 13th to 15th July.

HAWEA is due to visit the Sydney area between 15th July and 1st August to take part in training exercises.

Visit of French Naval Attache.

Capitaine de Fregate (Commander) Masson, Commandant of the French Naval Forces in New Caledonia and the French Naval Attache to Australia and New Zealand, is at present visiting Australia.

Commander Masson inspected Naval establishments in Sydney between 20th and 27th June, and arrived in Melbourne to visit Navy Office and Naval Establishments on 28th June. He will depart for New Zealand on the 8th July. On his return he will visit French Embassy, Canberra, departing finally for Noumea on 20th July.

H.M.A.S. FREMANTLE.

During her recent patrol duties in the Darwin area FREMANTLE visited the Native Reserve Settlement at Snake Bay on the north coast of Melville Island with stores and food.

The boat party was welcomed effusively by the schoolmaster and the wife of the Resident Native Affairs Officer, visitors apparently being rare. The boat's crew was entertained by the piccaninnies who sang tribal songs, while the officer-in-charge of the landing was shown what are probably the best examples of native burial totem poles in Australia. It had been hoped to bring back some of the native boys to Darwin for instructions in busbandry, but as the annual corroboree was due the following month, there were no volunteers.

Included in the stores landed were dozens of bottles of cordial, the "Number One tucker" of the aborigines at the settlement. In exchange the natives collected enough oysters and crabs to keep FREMANTLE's company supplied for some time.

On 12th May, with the Northern Territory Administrator and the Naval Officer-in-Charge, North West Australian Area embarked,

FREMANTLE proceeded to the position of a known sunken Japanese submarine, 80 miles north-west of Darwin. Three runs were made over the position, with a good Asdic ping each. Two depth charges were dropped and it was assumed that a direct hit was obtained as, after the sludge had settled, there was an oil streak 100 yards by 50 yards over the area. The Administrator, a keen fisherman, could not believe his eyes when he saw the results of the underwater explosion. Boats were lowered and the ship was stocked with fresh fish, including a 250-lb. group.

On another cruise, in company with the tug H.M.A.S. EMU, FREMANTLE visited Knocker Bay in Port Essington, 150 miles east of Darwin. A party from the ship explored the old original stone ruins of Port Essington, which was abandoned in 1839. The story of this port is described in Captain Stokes, R.N.'s edition of "A Voyage to the South Seas" published in 1833. The area abounds with wild life, including deer, Timor ponies, buffalo and wild pig. In parts the soil is very rich and fish are plentiful close offshore.

On May 28th FREMANTLE proceeded from Darwin to rendezvous with the Japanese Pearlring Fleet which had arrived off Bathurst Island. Pearlring began on the following day and FREMANTLE steamed ahead of the main body of the fleet as it made its way to the pearl banks. When the luggers split into a number of units to survey the different banks FREMANTLE found that it was difficult to keep tab of the position of each individual lugger, as the fleet was dispersed to all parts of the compass.

The depths of the banks that were worked varied between 9 and 20 fathoms, each

diver operating underwater for about an hour, and each lugger using three divers. There were two cases of "bends" during the first day, and the pumps of the luggers were heard during the night whilst the divers were being "re-staged".

From the movements and the regrouping of the luggers from time to time to operate new banks it was apparent to **FREMANTLE** that there was a form of operations room onboard the mother ship.

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SECTION II.

NAVAL (AND OTHER ARMED FORCES) INTELLIGENCE.U.S.S.R.Transfer of Floating Docks to Soviet Far East.

Two reinforced concrete floating docks, in four sections, are now on their way from Kherson on the Black Sea, to, it is reliably reported, Petropavlovsk in Kamchatka.

The docks are estimated to be 700 feet long and 120 feet wide. They should therefore be capable of lifting cruisers of the SVERDLOV Class. Three smaller floating docks are already in the Petropavlovsk area.

The transfer of these docks is regarded as an indication that SVERDLOV Class cruisers may be moved to the Pacific this year, and that Petropavlovsk is being built up into a major naval base.

Soviet Heavy Jet Bomber Type 37.

The Soviet Type 37 (BISON) heavy jet bomber is now believed to be in series production, ten of the aircraft having been seen together in the air at the rehearsal for the 1955 May Day Fly-Past in Moscow. The Type 37 made its first public appearance at the May Day Fly-Past in 1954.

The aircraft is estimated to be capable of carrying a 10,000 lb. bomb-load 2,700 nautical miles at 400 knots at altitudes

to 50,000 feet. It is powered by four jets, each developing 18,000 lbs.

Pre-series production is reported to have taken place at Aircraft Factory No.23 at Fili, near Moscow, and it is believed that series production is being carried out at Aircraft Factory No.18 at Kuybyshev, on the Volga River about 550 miles E.S.E. of Moscow. It is estimated that a peak production rate of ten Type 37's a month will be achieved by the beginning of 1957.

NORTH KOREA.

Reduction of Forces.

It is now accepted that the Chinese Communists have reduced their forces in North Korea by 100,000, leaving 419,000 Chinese Communist troops still in the area. In addition there has been a reduction of 8,700 in the 10,000 Soviet personnel previously serving in North Korea. The remaining 1,300 Soviet personnel are engaged on various training and technical assignments. There are also estimated to be 330,000 North Korean troops (including Internal Security personnel).

SOUTH KOREA.

Efficiency of R.O.K.N. East Coast Patrol.

Since the Republic of Korea Navy took over the responsibility for the East Coast Patrol from the U.N. Naval Forces in January, 1955 it is reported to have done an excellent job.

As this patrol is the R.O.K. Navy's first complete responsibility in an important area,

it has been watched with some interest by the U.N. Command.

Results have been very satisfactory and it is reported that patrolling units are attaining a high degree of efficiency.

COMMUNIST CHINA.

Withdrawal of Soviet Forces from Port Arthur.

Recent reports have stated that the remaining Soviet forces in Port Arthur have now been withdrawn, and that the Chinese Peoples Republic have taken over control of the naval base facilities. No information has been received concerning the disposal of the Soviet naval vessels based at Port Arthur; it is possible that these have been transferred to the Chinese Communist Navy.

Refitting and Building of Landing Craft.

Increased activity in the refitting and possible building of L.C.V.P. and L.C.M. type craft has recently been reported at Shanghai. It is probable that most of the work consists of the reconstruction of landing craft rather than the construction of new units.

It is estimated that a possible 20 L.C.M's and 30 L.C.V.P's are concerned in this programme, which may be directed towards possible occupation of the Off-Shore Islands.

SOUTH VIETNAM.

Naval Strength.

The present strength of the South Vietnamese Navy is :

1 Submarine Chaser (ex MOUSQUET)
3 YMS's
1 LSSL
2 LSIL's
21 LCM's
3 LCU's
24 LCVP's

The South Vietnamese Navy is under the command of the French Naval Adjutant to the Chief of Staff to the Vietnamese Armed Forces.

Visit of French C-in-C. to Australia.

Vice-Admiral A.E.Jozan, Flag Officer Commanding French Far East Naval Forces, will visit Australia in early August.

Vice-Admiral Jozan, a specialist in Naval Aviation, recently relieved Vice-Admiral P. Auboyneau.

Reduction of Military Zones.

The three military zones of South Vietnam, formerly the North, Central and Southern Zones, have now been reduced to one, the Southern Zone. This is now divided into three Sectors.

All French troops with the exception of small detachments still with various Vietnamese units are now concentrated in the Southern Zone.

French Air Force in Far East.

It is intended that the French Far East Air Force will now be centred around Saigon, consequent upon the development of Bien Hoa and Cape St. Jacques airfields.

The main strength of the French Air Force has been centred on Tourane since the loss of Hanoi and extensive developmental work was carried out there.

Tourane will now be taken over by the Vietnamese Air Force as their main base.

THAILAND.

New Naval Units.

British shipyards have at present under construction three M.G.B's and two M.T.B's for the Royal Thai Navy.

It is expected that the completion dates will be between August 1955 and February 1956.

FRANCE.

Naval Construction Programme.

The 1955 building programme of the French Navy consists of the following :-

One 22,000-ton Aircraft carrier. (Same tonnage as the CLEMENCEAU already laid down and due for completion in 1958)

One Escort Vessel of 1,650 tons.

Three submarine-chasers of 750 tons and of improved design.

Three LE CORSE Class Escorts of 1,700 tons. (Originally 15 of this class were laid down, of which four have been completed).

SPAIN.Modernisation of the Navy.

On 30th April an agreement was signed between the United States and Spain for the modernisation of the Spanish Navy. \$25,252,465 is the sum allocated for Phase I of this task, and in no circumstances will it be exceeded. The plan is to modernise 24 ships but the sum allocated may not be sufficient to cover them all. Phase II of the modernisation programme has not yet been decided.

The ships to be modernised are :-

- 2 ALAVA class destroyers.
- 4 CHURRUCA class destroyers.
- 4 AUDAZ class corvettes.
- 5 TAMBRE class minesweepers.
- 2 DESCUBIERTA class corvettes.
- 2 Pizarro class gunboats.
- 2 Jupiter class minelayers.
- 2 "D" class submarines.
- 1 Training ship.

It is known that the ALAVA destroyers will be equipped with Squid/Asdic and three 3-inch Mk.34, and the AUDAZ Corvettes with two 3-inch Mk.34.

EGYPT.Egyptian Frogmen and Small Battle Units.

The Egyptian Navy has been attempting, for some time, to build up a corps of personnel for small battle units, and equip them with the material necessary to carry out sneak attacks against ships in the Suez Canal and South Mediterranean harbours.

The equipment for these battle units is mainly World War II surplus, and is generally in a low state of maintenance. Three ex-British "Vesper" PT boats are in commission but barely afloat, and ten ex-Italian "Linse" explosive motorboats are not seaworthy for any operations outside sheltered waters. None of these has been provided with radio control. Small torpedo carriers, ex-Italian "Runi" and M.A.S. boats, are all in such bad condition that they do not add to the Egyptian Navy's capabilities. A midget submarine, similar to the German World War II SEEHUND, was in the design stage at the time of the recent Egyptian Revolution, but no construction has yet started.

The underwater breathing apparatus, in contrast to the other equipment, is new and was recently purchased from Italy. But maintenance, characteristically, has been negligible and the usable life expectancy will scarcely be over two years. In under-water ordnance, the Egyptians have built a stock pile of 40 locally designed and produced limpet mines, each containing a two-kilogram charge of TNT, hexanite and aluminium powder.

Training of the Egyptian frogmen has been under the direction of an ex-Italian Navy Lieutenant. From newspaper publicity and public demonstrations it would seem that a fair degree of competence in underwater swimming has been attained. An attempt is also being made to combine this training with parachute training, as the Egyptians consider this to be a feasible way to launch sneak attacks. Morale, a variable factor, is boosted by the publicity the frogmen receive in the local press.

SECTION III.EXTERNAL POLITICAL, POLITICO-MILITARY
AND ECONOMIC INTELLIGENCE.U.S.S.R.Soviet and Satellite Tanker Fleet.

At 1st January, 1955, the world merchant tanker fleet (vessels over 2,000 d.w.t.) totalled 2,693 vessels of 39,014,509 tons.

Of this number, Communist countries own only 41 vessels of 331,368 tons distributed as follows :-

U.S.S.R.	35	285,296 tons
Communist China	3	36,400 tons
Poland	3	29,672 tons
	<u>41</u>	<u>351,368 tons</u>

Oil Shipments to the Far East.

Reports from Istanbul of Soviet oil shipments from the Black Sea show that the rate of shipments to Communist China and Vladivostok is being increased.

In 1954 a total of 211,500 tons of oil fuel products was shipped to the Far East (77,000 tons to Communist China, 134,500 tons to Vladivostok), shipments being spread over the whole twelve months.

In the first two months of 1955, 59,000 tons of Soviet oil were reported as being

carried from the Black Sea to the Far East:-

<u>Desti- nation</u>	<u>Kero- sene</u>	<u>Gas- line</u>	<u>Gas Oil</u>	<u>Fuel Oil</u>	<u>Total</u>
Commun- ist China.	..	8,000	..	..	8,000
Vladi- vostok	9,800	..	12,000	40,000	51,000
	<u>9,800</u>	<u>8,000</u>	<u>12,000</u>	<u>40,000</u>	<u>59,000</u>

JAPAN.

London Talks with the Soviet.

It is expected that the Japanese delegates to the London Peace Treaty talks with the Soviet Union will present six demands. These are :-

- (1) Return to Japan of the Kuriles and South Sakhalin.
- (2) Return of "war criminals" and civil internees.
- (3) Re-arrangement of Japanese fishing rights in Soviet waters.
- (4) Mutual respect for sovereignty and non-intervention in internal affairs.
- (5) U.S.S.R. support for Japan's entry to U.N.
- (6) Suspension of reparation payments by Japan.

Matsumoto Shunichi, former Japanese Ambassador to the U.K., will lead the Japanese negotiation team.

NORTH VIETNAM.

Autonomous Area in North Vietnam.

The Vietminh have announced the establishment of a Thai-Meo "Autonomous Region" in North-West Vietnam.

This area, which extends from the North Eastern Laotian border to the Red River, takes in Son La, Dien Bien Phu, Lai Chai and Laokay and all areas northward to the Chinese border.

It covers the border areas of Laos, on which the disputed regroupment areas of Sam Neua and Phong Saly are situated.

Since this area occupies such an important strategic position and is inhabited by possible enemies of the Vietminh, the Vietminh Government has apparently considered it necessary to make it the first to receive autonomy under the new regime in an attempt to win its co-operation.

There does not appear to be any connection yet between this area and the Thai Autonomous region set up recently in Yunnan(China).

The area will be permitted to organise its own armed forces which will be placed under the direction of the High Command of the National Army and have its own administration under the jurisdiction of the Central Government.

CAMBODIA.Proposed new Port.

The site for a new port for Cambodia has now been selected. This is on the coast, in-shore from the small island of Coudee, just inside the South-East entrance to Kompong Som Bay. It is sheltered from the south-east by Coudee Island and from the north-west by a chain of hills 500 feet high. Very little dredging will be required, since there is a depth of 45 feet of water only 200 yards from the shore.

Plans drawn up by a French firm of engineers envisage a timber wharf 2,300 feet long and 45 feet wide and preparations for the actual construction of the work are already being made.

According to press reports, the French National Assembly has voted £4,000,000 stg. towards the building of the new port, subject to its completion by May, 1956, while the U.S.A. has allocated £2,680,000 stg. for the provision of both road and rail communication with Phnom Penh, 100 miles to the north-east. Press reports also state that, in conjunction with the development of the new port, the existing airfield at Phnom Penh will be enlarged and a new airfield built near the site of the port.

SOUTH EAST ASIA.Appointment of new Commissioner-General for South-East Asia.

Sir Robert Heatlie Scott, British Minister to Washington, has been appointed Commissioner-General in South-East Asia, in

succession to Mr. Malcolm MacDonald.

He is expected to take up duties at the end of September.

Career: Before the war Sir Robert, aged 49, a career diplomat, served for many years in the Far East. He was first appointed a student interpreter in the Far Eastern Consular Service.

He was captured by the Japanese at the fall of Singapore and imprisoned in Changi gaol. After the war he returned to the staff of Lord Killlearn, Special Commissioner for South-East Asia.

He returned to the Foreign Office in 1948 and was promoted an Assistant Under-Secretary of State in 1950.

BURMA.

New Airlines.

The Burmese are hoping to start three new air-lines to China, using Vickers Viscounts. The proposed routes are as follow :-

- (a) Mingaladon-Lashio-Kunming.
- (b) Mingaladon-Hanoi-Canton.
- (c) Mingaladon-Saigon-Hong Kong,
Okinawa, Tokyo.

They are also planning a service from Mingaladon to Djakarta via Singapore, using Viscounts.

PAKISTAN.Political developments in East Pakistan.

The Prime Minister of Pakistan has asked the leader of the United Front Party in East Pakistan to form a ministry for the government of East Pakistan. This government will replace the Governor's rule which was imposed shortly after the United Front defeated the Muslim League in elections held in East Bengal in March 1954.

It has been reported that Haq, leader of the East Pakistan United Front Party, has nominated an unnamed party member for the post of Chief Minister on the grounds that this will leave Haq free to deal with other matters of importance.

INDONESIA.Smuggling of Arms.

Smuggling of arms into Atjeh (the centre of unrest in Northern Sumatra) allegedly from Malaya, is in fact now thought to be taking place from islands off the West Coast of Siam.

BRUNEI.Oil-Gas Plant, Seria Oilfield.

An oil-gas producing plant has been established on the Seria Oilfield by the British-Malayan Petroleum Company.

The installation, which covers five acres, takes in huge volumes of the oilfield's

natural gas and extracts up to 250 tons of natural gasolene per day.

A special pipe-line has been laid 40 miles to Lutong Refinery, in North Sarawak, to carry natural gasolene there for further processing, along with the remainder of Seria's 100,000 barrels a day of crude oil.

THE EAST EUROPEAN MILITARY ALLIANCE.

The signature at Warsaw on 14th May of the new Eight-Power alliance fulfils a threat which the Soviet Government made in the course of its campaign against the Paris Agreements. Like the denunciation of the Anglo-Soviet and Franco-Soviet treaties, it does little more than bring appearances into line with reality.

The earlier bilateral treaties between the communist countries do not appear to have been cancelled by the new alliance. This may be because the military assistance clauses in the older treaties are very loosely worded and could be interpreted to ensure support for an aggressor as much as for a victim of aggression, while the assistance clause in the new alliance provides only for assistance in the case of an armed attack in Europe on one or more of the signatories.

The new alliance admits and confirms the close control already exercised centrally from Moscow over the satellite forces.

Present strengths of Satellite Forces.
(All three services, plus labour units)

Poland	...	...	280,000
Czechoslovakia	...	...	200,000
Roumania	...	...	230,000
(Peace Treaty limitation	...	125,000)	
Bulgaria	...	...	190,000
(Peace Treaty limitation	...	56,800)	
Hungary	...	...	160,000
(Peace Treaty limitation	...	65,000)	
East German ("Barrack- based police")	...	...	93-98,000
Albania	...	...	30,000

It is probably fair to assume that the new alliance is designed as a counter, to be bargained away in exchange for the abolition of NATO. This would in no way weaken the earlier and still existing system of agreements and practices ensuring Soviet military control of the satellites.

A communique issued after the signing of the alliance said that the question of East German participation in the pool of armed forces under joint command would be examined later. This may be due to a Soviet desire to maintain as flexible a position as possible over future negotiations about Germany; but the omission of East Germany seems to have taken the SED (Socialist Unity) Party leaders by surprise.

A clause saying that the disposition of the joint forces will be decided by agreement will enable the Soviet Government to elude the provisions of the Hungarian and

Roumanian peace treaties, whereby Soviet troops should withdraw from those countries as soon as occupation troops are withdrawn from Austria.

REARMAMENT OF WESTERN GERMANY.

Following upon the admission of the Federal Republic of Germany (Western Germany) to NATO, legislation for the creation of her Armed Forces is expected to be enacted in several months time; and a draft time-table setting out the various phases of the "call up" has already been drawn up by the Blank Office, Bonn, which now becomes the German Defence Ministry.

The German Defence Ministry will be in charge of all three Services, without separate Ministries for the Navy, Army and Air Force. The Chief of Staff will probably be drawn from the Army.

The rearmament programme provides for :-

NAVY.

Destroyers	18	
Destroyer Escorts	10	
Coastal Minesweepers	2	
Landing Craft	36	
Harbour Defence Craft	10	
Minesweepers	6	Ocean
	24	Coastal
	24	Inshore
Submarines	12	
Fast Patrol Boats	40	
Maritime Aircraft	48	
Helicopters	10	

Under the Treaty, surface warships are limited to ships of 3,000 tons and submarines to vessels of 350 tons.

The German Naval Forces are required to operate primarily for defensive purposes in the Baltic.

ARMY.

A total force of 400,000 troops, organised in six armoured divisions, six infantry divisions, and a number of independent tank, infantry and glider brigades.

It will be three years before full strength is reached. Ex-Service personnel will form the cadres, and it will be at least eighteen months before the first conscripts will be called up.

AIR FORCE.

The planned composition of the West German Air Force is as follows :-

8 Day fighter Wings, with 75 aircraft in each.	600
6 Fighter-bomber Wings with 75 aircraft each.	450
2 All-weather Fighter Wings, with 36 aircraft each.	72
2 Tactical Reconnaissance Wings, with 54 aircraft each.	108
2 Transport Wings, with 48 aircraft each.	96
TOTAL STRENGTH:	<u>1,326</u>

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The build-up to full strength is expected to take 3 years.

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SECTION IV.AUSTRALIA STATION INTELLIGENCE.HARBOUR IMPROVEMENTS.Cairns.

The Cairns Harbour Board has decided to connect No.6 Wharf with No.8 and thereby have a continuous length of wharf from No.1 to No.8. This will involve an expenditure of £200,000.

Maryborough.

A new wharf is to be built to replace the old Government Wharf at Maryborough, which was badly damaged by the recent floods. The new structure will be on the same site, but it is expected to extend into deeper water.

Brisbane.

The Brisbane Stovedoring and Wool Dumping Co.Pty.Ltd., has completed the 700 ft. extension to Hamilton Wharf, Brisbane River.

Construction was started in October, 1952, and has cost more than £200,000. It is sufficient to accommodate the largest ships calling at Brisbane.

Approximately 38,000 square feet of storage space has been made available by the construction of two sheds measuring -

300' x 80' x 23'
170' x 80' x 23'.

Abau (Papua.)

A new wharf has been completed at Abau, south coast of Papua, under the supervision of the local Assistant District Officer. The wharf is 54 ft. in length and has a depth of 24 ft. at low water at the outer end.

W.A. PETROLEUM LTD. - EXPLORATION PROGRAMME.

The Western Australian Petroleum Ltd., plans to spend £4,000,000 on exploration in Western Australia during 1955. The programme will include road construction in Dampier Land, between Broome and Derby; the drilling of structure holes in the Salt Marsh and Shark Bay area; and an aerial magnetometer survey of the isolated Canning Desert Basin. Geophysical Surveyor International is conducting an important part of the survey work for W.A.P.E.T. and will supply three crews of 22 men each. The equipment for the first of these crews arrived in the "GJERTRUD BAKKE" in late April.

CZECHS RESIDENT IN AUSTRALIA.

The following advertisement was inserted in the Public Notices columns of the Sydney Morning Herald on 11th June, by the Czechoslovakian Consulate-General at Sydney :-

"The Czechoslovakian Consulate-General in Sydney desires to inform the Czechoslovakian citizens living in Australia that the President of the Czechoslovakian Republic proclaimed on 9th May, 1955, Amnesty. This Amnesty is extended to Czechoslovakian

citizens living abroad. In accordance with Article VIII of the Amnesty, all retribution relating to illegal crossing borders of the Czechoslovakian Republic by Czechoslovak citizens who, due to influence of unfriendly propaganda left Czechoslovakia without appropriate authority, is thereby abrogated providing that such person or persons will return to Czechoslovakia within 6 months from the date this proclamation was made known to the public.

Application for return to Czechoslovakia and issuance of appropriate travel documents may be lodged at the office of the Czechoslovak Consulate-General, 23 Kambala Road, Bellevue Hill, telephone FM 1086 between 8.30 a.m. and 5 p.m. Monday to Friday, and 8.30 to 2 p.m. Saturday where further information will be available."

Mr. Frank Bejek, editor of the Sydney Czech newspaper "Pacific", is reported to have claimed that none of the 12,000 Czechs in Australia want to accept the Communist amnesty to return home, which, he states, has been revealed from a survey by the paper. He states that Czech refugees in Australia regard this amnesty as a clever trick, but it is probable that some Czech Communists may apply to return home. He stated that most of the Czechs in Australia had received unsigned letters, posted in England, urging them to accept the amnesty and return home 'to escape from Western capitalistic domination and oppression'. (The Czech Government must have some form of organisation operating in Australia in order to secure the names and addresses of Czech refugees in this country.)

The Czech Consul-General at Sydney, Mr. M. Jandik, has denied the amnesty to be a

trick and claims it to be genuine. He is reported to have stated that it refers to people who left Czechoslovakia illegally because of un-friendly propaganda. He claims that about 20 or 30 Czechs had already applied for permission to return home under the terms of the amnesty.

SHIPPING OF WOOL TO YUGOSLAVIA.

The following item was broadcast by the Australian Broadcasting Commission on 10th May, 1955 :-

"Yugoslavia may send its own ships to Australia next year to load wool and bring out merchandise.

Yugoslavia's Consul in Sydney - Mr. Paul Gecic, who arrived in Fremantle yesterday after a visit to his country, said it was difficult to get shipping space between Australia and Yugoslavia. For this reason, his Government was considering putting its own ships on the run. Mr. Gecic said Yugoslavia had wood for home-building and crystal-ware lines to offer in exchange for Australian wool."

PROPOSED EXPLOSIVES FACTORY FOR ST.MARY'S,N.S.W.

The Commonwealth Government has decided to build a new explosives factory at St. Mary's, near Sydney, at an estimated cost of £23 million. The factory will make conventional explosives and assemble shells, bombs and depth charges.

The decision is part of the programme

to expand Australia's defences substantially in the next two years. The factory will be capable of filling a wide range of ammunition, including bombs, shells and mines for the three Services.

In the last war Australia built two ammunition-filling factories additional to the parent filling factory at Maribyrnong, Victoria. One was at Salisbury, in South Australia, and one at St. Mary's. These two factories are no longer available. One is occupied by the long-range weapons organisation and the other by private industry.

The construction of the new factory will be a major project and will include the pyro-technic section at St. Mary's and the Kingswood magazine area, which were formerly part of the original St. Mary's factory, plus many hundreds of new buildings. The deadline for completion of this work is December, 1957.

RECORDING OF POSITIONS OF JAPANESE TUNA FISHING VESSELS.

It is understood that it is the practice of Japanese tuna fishing vessels to report their positions by radio to the Japanese Branch of the U.S. Tuna Research Foundation, which has an office in the Marunouchi Building, Tokyo.

SHIPBUILDING, MARYBOROUGH (Q).

A new building way is to be constructed by the Maryborough Shipping Company adjacent to the present concrete Slipway on the Mary River at Maryborough and situated on the

opposite side of the river to Walker's Ltd. Ship-building Yard and slightly downstream. It will be 150 ft. long, 50 ft. wide and have a clear height of 30 ft. A loft 50 ft. x 50 ft. will be attached.

New machinery will be installed in this new building, but the Company does not intend providing facilities for glueing and curing laminated structural members.

The concrete slipway has been completely re-conditioned. New rails have been set in concrete and a new winch house to cover the electric winch is to be constructed. The slipway has a 20 ft. wide rail spread and can slip vessels of 500 tons.

QUEENSLAND - OIL SEARCH.

The Queensland Government has granted the Ozark Royalty Company of Tulsa (Oklahoma, U.S.A.) authority to prospect for petroleum over a 1,500 square mile area from Bundaberg South to Gunalda.

NORTHERN TERRITORY.

Japanese Pearling Fleet.

The Japanese pearling fleet, accompanied by the Japanese Pearling Research Vessel, arrived on the Western pearling grounds, 7 miles off Rocky Point, on 26th May.

Rice-growing.

Backed by an American millionaire, Mr. A. Chase, and an Australian company, Main-

guard Australia, a syndicate expects to have 5,000 acres of rice under cultivation at Humpty Doo within the next three years. Operations commenced during the "wet" season and an experimental area of between 20 to 30 acres has now been successfully established. The seed from this area is sufficient to grow 300 acres of rice and it is anticipated that next year enough seed for 5,000 acres will have been grown. Under the supervision of an American rice agronomist, Mr. Wendel Lunburg, a dozen varieties of rice from Australia, New Guinea, Burma, Malaya and the United States were sown this season. Of all the varieties, the New Guinea rice has been the most successful and will be the main seed used at Humpty Doo.

Working on a long-range plan (15 years) the syndicate hopes to split up the area into share farms and soldier settlements, each 500 acre block producing crops worth £15,000.

Cement Pipe Factory.

One of the largest pipe-manufacturing companies, Humes Ltd., is planning to open a factory in Darwin. Cement pipes will be the Company's main product, although it is understood it will have several sidelines in the cement fittings category. Most of the pipes will be designed for sewerage and airfield construction. The factory will commence operations at Winnellie as soon as possible, operating at first on a small scale. It is believed that the establishment of this factory will be of great assistance to the R.A.A.F. Field Construction Squadron operating in Darwin. Up until now the Squadron has been experiencing difficulty arranging for

supplies of cement piping for the airfield work.

Shipment of Cattle to the Philippines.

"PHILIPPINE TRADER" arrived Darwin on 27th April, direct from Manila, to load 500 head of cattle. Unlike the previous shipment in the L.S.T. "WAN KUO" in November of last year, when the cattle were unloaded in the railways yard and driven through races to the L.S.T., this shipment was made from the Naval Boom Jetty, the trains travelling along the jetty to the ship's side and the cattle directly loaded. Electric rods were used to get the cattle moving up the ramp on to the ship.

Manners - Allen Trading Company - Shipments from Hong Kong.

It is reported that a newly-formed company, owned by John Manners & Co. of Hong Kong and Allen Bros. of Darwin, plans to make regular shipments of cement, timber, steel and other building commodities from Hong Kong to Darwin. It is believed that the vessel "ISOBEL" will be used on this run. John Manners have also assured Allen Bros. of supplies of rolled bar steel, reinforced steel joists and galvanised iron, which it is hoped to import at competitive prices. Allen Bros, will act as their own agents and do their own stevedoring. It has been stated that on the return trip from Darwin to Hong Kong, "ISOBEL" will make calls at approximately 6 other ports.

Uranium.

It is reported that in mid-May, Rio Tinto, U.K., will commence drilling in an area 40 miles from Darwin. The Northern Territory

manager of the company, Mr. R. Mathieson, has stated that the geological maps of the area show a general similarity to the Algomian uranium fields in Canada, which his company recently purchased for £88,000,000.

It is believed that the Area around the water catchment area of Manton Dam - Darwin's water supply - could prove to be an extension of the uranium beds found at Rum Jungle in 1951, and it is in this area that Rio Tinto will commence their drilling operations.

NEW CALLEDONIA.

Air Service.

The Qantas flying-boat air service from Sydney to Noumea, New Hebrides and Fiji ended on 1st June.

A new service, using Skymaster land planes, commenced on 8th June on a fortnightly service to Noumea. Another service every four weeks will also operate to Nandi, Fiji.

When airstrips at Vila and Espiritu Santo are completed in a few months' time, the present service will extend.

SHIPPING INFORMATION.

New Swedish Freighter.

The Rederi A/B Transatlantic, Gothenburg, has ordered a motor cargo liner of 10,500 tons d.w. for delivery at the end of 1956. The vessel, which is intended for the

Australian service, will be the largest vessel in the company's fleet.

The propelling machinery will consist of a 10-cylinder diesel engine of 10,800 i.h.p. at 110 r.p.m., to give a speed of $17\frac{1}{2}$ knots.

The holds will include 50,000 cubic feet of refrigerated space and the vessel will have accommodation for 12 passengers.

New German Freighter "HOECHST".

The fast new German turbine steamer, "HOECHST" of 10,000 tons owned by the Hamburg-Amerika Line will soon enter the Australian service carried out jointly with the Norddeutscher Lloyd.

The vessel is scheduled to arrive in Australia early in July, with general cargo from Hamburg, Bremen, Antwerp and Rotterdam.

CONVERSION OF B.H.P. VESSELS FOR OIL FUEL.

The B.H.P. vessels, S.S. IRON DUKE and S.S. IRON BARON, have been changed over from coal burners to oil burners, at the B.H.P. Shipyard and the same change is now being made to S.S. IRON KING.

UNITED STATES - AUSTRALIAN SHIPPING SERVICE.

The Matson Shipping Company plans to convert two freighters into passenger ships for the United States-Australia run.

The company has accepted a tender

of 26,624,000 dollars (£A.11,884,000) to convert the freighters.

The ships are two of the thirty-five 13,000-ton "Mariners" built during the Korean war.

Reconverted the "Mariners" will carry 380 passengers and a crew of 260.

SALE OF S.S. "ERA".

Australian Steamships Proprietary Limited's cargo vessel "ERA" (3,148 tons gross), built in 1921, has been sold to the Chia Hua Manufacturing Co.Ltd., Hong Kong, who will break her up for scrap.

The Dutch tug "HUMBER" was engaged to tow the vessel from Sydney to Hong Kong.

SALE OF M.V. POLYNESIEN.

The French motorship POLYNESIEN, which has been running between Sydney and Noumea for many years, has been sold to interests in Hong Kong, and after her last trip to Australia in June she will sail for the Far East.

POLYNESIEN, ex MYGRETA, ex YUNG PING, a twin-screw motorship of 1,389 tons gross was built by the Kiousin Shipbuilding and Engineering Works, Shanghai, in 1930.

A new vessel, POLYNESIE, at present under construction in France, is expected to be completed and arrive in Sydney by August. This vessel will approximate 4,000 tons gross.

Sale of S.S. "LOWANA".

The Melbourne S.S. Co's freighter LOWANA has been sold to Hong Kong buyers for £20,000. Built in 1924 at Glasgow, the LOWANA, of 3,039 tons gross, has been engaged in the general cargo trade for over 25 years.

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.)

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TRADE RELATIONS BETWEEN COMMUNIST CHINA AND THE SOVIET BLOC.

A recent issue of 'The World Today' contains an article on trade between China and the Soviet Bloc in which the author draws attention to developments in trade between China and the European satellite states and the significance of these developments in relation to the position which China has attained in the Communist orbit. China's standing vis-a-vis the Soviet Union has been constantly in the ascendant since 1949 and recent developments in Soviet internal policies have been interpreted by Western observers in terms of China's demands upon the Soviet.

These demands pose a two-fold problem—first, the problem of the physical availability of machinery and raw materials for China's industrial development; secondly, the financing of the necessary imports. In 1951 and 1954 the Economic Commission for Europe attempted to assess China's requirements and the Soviet's ability to meet them. On the assumption that China would follow the pattern of industrial and agrarian development laid down by the Soviet Union during its initial industrialisation phase, these surveys revealed that the Soviet Union could not hope to supply the quantities of equipment and raw material China would have to import. The Economic Commission estimated that in order to fulfil her first Five-Year Plan, China requires 300,000 machine

tools and 125,000 tractors. In 1954 the Soviet Union produced approximately 80,000 machine tools and 140,000 tractors. China's cotton industry, if it is to advance at the rate planned, must import seven times the number of spindles manufactured in the Soviet last year.

China's financial position will not allow her to pay for the imports she requires. The Soviet is reported to have placed \$430,000 million of credits at her disposal, but when compensation for the Soviet's share in joint companies is deducted and the actual purchasing power of the loan is taken into consideration, the inadequacy of the loan is apparent.

As the Soviet Union is unable to supply sufficient material and financial aid to China, the satellite states of Europe have of necessity been called upon to take a large share of the burden. East Germany and Czechoslovakia, as the most industrially advanced states, have supplied the greatest part of China's imports of engineering products. An ECE survey (Economic Survey of Europe) showed that by 1954 China had become a major market for East German engineering exports and an earlier report indicated that China absorbed the bulk of the substantial surplus of engineering products of the European satellites.

By contrast, Hungary's trade with China is modest and has shown only a gradual increase. In 1954 trade with China made up only 10% of Hungary's total foreign trade and showed an increase of only one-fifth to one-quarter on 1951 trade with China. However, Hungary's deliveries to China which were mainly textiles and consumer goods in 1951, now include an in-

creasing percentage of machine tools, diesel motor trains, lorries and small size power plants. The opposite is true of Sino-Polish trade relations. Since Poland commenced trading with China four years ago, the Sino-Polish turnover has risen sevenfold and China now occupies a leading position in Polish foreign trade. In her trade with China, Poland has for the first time exported complete plants. Two complete sugar refineries were recently delivered by Silesian factories and are being installed in North-East China.

The most important part of the economic relationship between Poland and China is Poland's role as chief maritime transport link between the Soviet Bloc and China. Although a joint Polish-Chinese company was created on the understanding that both countries would supply adequate tonnage, China proved unable to fulfil her part of the contract and Poland was forced to divert large tonnage from other routes to the China service. She had also to undertake a hasty and expensive purchasing programme as well as a programme of re-conversion and adaptation of vessels for the specific needs of the Far Eastern service. By 1953 services to China trade accounted for 75% of the total performance of the Polish merchant marine. In addition, Poland has to build freighters for China, train her crews and help expand her harbours.

Never before have China and Eastern Europe had such close economic and cultural contact. There is a constant two-way flow of missions, and a permanent purchasing mission covering the entire satellite area has been established in East Berlin and has been very

active since 1952. Central European experts have been reported in many major projects in China, and East European Governments are trying to convince their people of the opportunities available for trade expansion within the Communist orbit and the great future of trade with China especially.

Indoubtedly China has great potential as a market and a source of supply of many valuable goods, but at present her output is extremely limited. China is suffering a marked reduction of export surpluses of traditional raw materials. This is to be expected with an increase in secondary industry and the accompanying growth of towns. Every shipment of goods arriving from China is given great publicity in Eastern Europe, but defectors from these states report that Polish ships returning from China are usually heavily in ballast. Over those goods which China can export, the Soviet Union has a priority and there are apparently often delays and reductions in the deliveries of Chinese products to Eastern European markets.

A further disadvantage exists because Soviet Bloc countries do not offer good markets for many Chinese products and many other traditional Chinese exports such as pure silk and pure bristle, are being rivalled by synthetics. China must also keep supplies of her most valuable exports for trade with the West.

As a result of this continued unbalanced trade China must have accumulated large debts in Eastern Europe. It has been estimated by a Far Eastern authority that China's debt to Poland alone amounted to \$1,000 million by the end of 1954. Although this estimate may be ex-

aggregated, it indicates the magnitude of the compulsory subsidies extracted from the European satellites for the benefit of China.

The author regards the above facts as supporting his contention that China has risen to great power within the Communist World. He believes the ultimate effects of this rise to power are problematic, but doubts whether two centres of power can be contained for long within the same system. It is certainly possible that tensions and pressures may develop which will allow the satellites some margin of manoeuvre and opportunity for self-expression and development. But the immediate effects of the emergence of China as Russia's partner is Russia's striving to buy the favours of that partner at the expense of the weaker European states.

LIVING CONDITIONS AT SHANGHAI.

The appended extract from the Far East Station Periodical Intelligence Notes contains an interesting sidelight on present living conditions at Shanghai :

"The following information was provided by a resident of Shanghai who has recently left China. Although the views expressed are probably biased because of hatred of Communism, there can be little doubt that not all Chinese have a love for their form of Government and that the farmers in particular must be having a hard time.

Farmers.

The farmers in the Shanghai vicinity suffered most under the rationing system and

were almost starving; they were rationed for rice, oil, beans and received little meat and vegetables. The ordinary citizen in Shanghai, however, could buy rice freely. In January and February of this year farmers from nearby villages came to Shanghai to buy rice cakes from the shops, but the police would invariably order them to be returned and then order the farmers to return to their villages. The resulting begging and weeping of the farmers was the saddest sight this informant had ever seen in China.

Dairy farmers on the outskirts of Shanghai were forced to sell all their milk to the government; the government promptly resells it at a profit. These farmers, who were once well off, could not now make enough money to live on and intended to sell their farms to the government. (This is probably the authorities method of forcing the sale).

In consequence the farmers are growing more and more to hate the Communist government.

Dancing.

Private dancing parties were forbidden in Shanghai except with permission from the police. This would take several days to obtain and the list of guests attending would have to be provided. All gramophone records were examined by the police before the party and any vocal records were confiscated.

Public Opinion.

The informant reckoned that the Shanghai populace was becoming more and more anti-government and had started to grumble on

masse in the last month or two. Workers had grown extremely tired of all the public meetings and grumbled especially about having to attend useless lectures outdoors during the cold winter months. Another main grouse was that an increasing amount of food was becoming rationed as time went on.

Informant stated that since the American 7th Fleet went to Formosa, there had been a noticeable difference in the ordinary man in the street. He appeared to be more outspoken and sure of himself and there was a sudden increase of candidates to learn English.

Comment.

It should be stressed that the above information comes from one person and refers to only a small section of the community in Shanghai. Although parts of the community may be suffering hardship, it is not considered that there is any general anti-Communist movement in China and neither is there any likelihood of Communism being over-thrown. The Chinese People's Communist Government has too strong a grip of the internal administration of the country for any anti-government factions to become effective."

ROYAL THAI NAVY.

THAILAND.

Since the attempted coup d'etat in 1951 a gradual re-emergence of the Royal Thai Navy has taken place, and under the Naval Section of the Joint United States Military Advisory Group (JUSMAG), basic training ashore and afloat is being carried out.

In addition, an increasing number of RTN officers and ratings are being trained in the U.S.

Order of Battle.

The following ships of the RTN are probably in good enough condition to carry out their functions :-

3 Frigates
 1 Corvette
 7 Submarine Chasers
 1 Minesweeper
 3 Motor Minesweepers
 2 Coastal Minelayers
 13 Patrol Boats.

Amphibious Craft: 1 LSM, 2LST, 2 LSI,
 6 LSU and 2 LCT.

By R.N. standards only 3 Frigates, 1 Minesweeper, 3 Motor Minesweepers and 7 Submarine Chasers from this list would conform to minimum operational standards.

Personnel.

Authorised Strength -	2,699 Officers.	20,441 Men
Actual Strength as		
at 31/3/55	- 1,578 Officers.	14,282 Men
(Actual strength includes 57 Officers and 2,186 Men of the Marine Corps).		

There is no authorised reserve.

Operational Control.

Operational control of all ships

is exercised by the C-in-C of the Royal Thai Fleet, whose headquarters are at the Royal Dockyard, Dhonburi.

Conclusions.

By western standards the RTN is not a fighting force. It could not hope to survive against even a small Task Force of a modern naval power, but it would be of use, with suitable training, for A/S, Minesweeping, Minelaying and convoy work.

There is an open invitation to the RTN to take part in exercises and use the training facilities at Singapore, but restrictions on foreign exchange out of Thailand tend to limit the RTN acceptance of such offers.

It can be said that the RTN has now returned to favour in Thailand and if the Americans can inject some enthusiasm into the seagoing side of the Navy it could be a handy adjunct to Western planning in this area.

