

SECRET

Australia Station Intelligence Summary



SERIAL NO.
36

DATE OF ISSUE..... 1 DEC 1955

*Naval Intelligence Division
Navy Office
Melbourne*

S E C R E T

C O N T E N T S .

Page

SECTION I. R.A.N. AND OTHER COMMONWEALTH NAVIES.(a) Royal Australian Navy.

H.M.A.S. QUEENBOROUGH	1
H.M.A.S. WARRAMUNGA	2
H.M.A.S. CONDRAMINE	3
H.M.A.S. KIMBLA	3
Joint Landing Exercise-Jervis Bay	4
Visits of French Ships to Australia.	4

(b) Royal Canadian Navy.

Magnetic Airborne Detection Equip- ment for Avenger Aircraft	5
Civil Engineering Branch	5

(c) Royal Ceylon Navy.

Change in Ensign	5
------------------	---

SECTION II. NAVAL (AND OTHER ARMED FORCES) INTELLI-
GENCE, INCLUDING TECHNICAL
INTELLIGENCE.

U.S.S.R.	6
South Korea	6
Japan	6
Communist China	8
South Vietnam	9
Indonesia	9

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

U.S.S.R.	11
Japan	12
Communist China	13

S E C R E T

/over

C O N T E N T S (Contd.)Page.

<u>SECTION III.</u>	North Vietnam	13
(Contd.)	South Vietnam	14
	Burma	15

SECTION IV. AUSTRALIA STATION INTELLIGENCE.

Mineral Sands - Queensland	16
Cyclone Warning Radar Station - Queensland	16
R/T Link with Thursday Island	16
Japanese Merchant Training Vessel "TAISEI MARU"	17
New Radio Telegram Receiving Station for Sydney	17
Oil Search - W.A.P.E.T.	18
Territory of Papua and New Guinea	18
Dutch New Guinea	19
Portuguese Timor	19
Shipping Information	20

SECTION V. SPECIAL ARTICLES.

Exchange of British and Soviet Naval Visits	24
Japanese - Soviet Negotiations	28
The Pescadores	31

S E C R E T

S E C T I O N I.

R. A. N. AND OTHER COMMONWEALTH NAVIES.

(a) ROYAL AUSTRALIAN NAVY.

H. M. A. S. QUEENBOROUGH.

After paying a visit to Trondheim, Norway, in late September, QUEENBOROUGH rendezvoused with ships of the Home Fleet, TYNE (C. in C. Home Fleet), EAGLE (Flag Officer, Aircraft Carriers) and CENTAUR, off the entrance to Oslo Fjord. The ships formed in single line and proceeded up the fjord to the berths at Oslo, firing salutes prior to securing alongside. QUEENBOROUGH was given the "Berth of Honour", and the presence of an Australian ship received favourable comment from high State officials, the Commanders-in-Chief of the Norwegian Forces, and from the Crown Prince Regent.

During the ships' stay in Oslo from 3rd-10th October, the Norwegian people were found to be more reserved towards sailors in uniform than the French had been during QUEENBOROUGH's earlier visit to Nantes in France. There was, nevertheless, much to be seen from the sightseeing point of view in Oslo, and more than half of QUEENBOROUGH's Ship's Company were taken on bus tours to Sweden.

On arrival at Portsmouth on 14th October, the Captain of QUEENBOROUGH (Commander D. C. Wells, R. A. N.) called on Admiral Golovko, the Soviet Admiral in SVERDLOV, and was invited to lunch. On board SVERDLOV were some 200 guests, including representatives from most of the foreign embassies in London. Few of the Soviet officers appeared to be able to speak English, and those that could were not very proficient. They made obvious efforts to be friendly in a very reserved way, and vodka, caviare and smoked salmon were passed around with more than ordinary frequency.

A return lunch was held in H. M. S. BULWARK on the following day and Commander Wells was invited to act as a host. The Russians obviously enjoyed themselves; they asked and

S E C R E T

answered questions, and their English underwent a noticeable improvement. Immediately after lunch the party moved to the hangar, where Soviet ratings provided a show of singing and dancing. This was a very polished performance, and, in the opinion of most present, of a standard equal to the best that can be seen on the London stage. It was hard to believe that the artists were also capable of knotting and splicing!

After this entertainment Commander Wells invited the Captains of the three Soviet destroyers on board QUEENBOROUGH. They were unable to come, however, as they had not been given 'permission'. Later, an invitation was sent to the Senior Soviet Destroyer Captain for several officers from each of the ships to come on board QUEENBOROUGH on the following Sunday forenoon. This invitation was immediately accepted, it being expected, no doubt, that the necessary approval would be forthcoming. At 1100 on Sunday, however, a telephoned refusal to the invitation was received, with an excuse that the ships were shifting berths -- which they were, but it was completed by 1145. No further attempt was made to contact the Russians.

The Soviet ships were open to visitors, but no-one was allowed between decks and all points of detail on the upper deck were well covered and guarded. The upper decks, superstructures and ships' sides were well kept.

* * * * *

H.M.A.S. WARRAMUNGA.

In late September WARRAMUNGA visited Trengganu, the capital of the State of the same name on the east coast of Malaya. After calling on the British Adviser (Mr. F.M. Smith), the Captain (Commander I.K. Purvis, R.A.N.) visited the Rajah Muda, the Sultan's Heir, the Sultan and the Prime Minister being absent from the town.

The Rajah Muda received Commander Purvis in his Istana (palace), and later a round of golf was played on the Sultan's private golf course. During the course of conversation, the Rajah asked the cost of a modern destroyer, and on being told "about £4,000,000" remarked that the total budget for Trengganu amounted to only £2,500,000.

Except for the few larger houses of the rulers, Europeans and senior officials, Trengganu has the appearance of a large Malayan village, or a collection of villages, sprawled around the small harbour. The population of the town was approximately 25,000, and that of the State 250,000. Rice and other crops are grown; the bulk of the rice consumed, however, is imported from Thailand. Cottage industries are active, including weaving, dyeing and printing of cottons, and the manufacture of brass and white metalware. Considerable emphasis is placed on education and a large new boarding school is under construction. No wild game was seen during a brief trip into the surrounding jungle, but it is believed that there are at least 450 tigers in the State, as well as leopards, elephants, deer and wild pigs. There is little or no terrorist activity; the State boasts a total of 47 bandits, all of whom are known and kept under observation by the police.

* * * * *

H.M.A.S. CONDAIMINE.

CONDAIMINE became the first H.M.A. Ship to visit Nagoya, Japan, when she called there between 6th-10th September.

The port of Nagoya is about five miles from the centre of the city, which has now been almost rebuilt from its former war devastation, and, although it is now a very modern city, less Western influence is visible than in any other large Japanese city. The Mayor stated that Nagoya (population 1,300,000) is regarded by the Japanese as a large country town, and that its population prided themselves on their honesty and friendliness. Whilst conversing about Australia, the Mayor hazarded the guess that Melbourne must be very much like Nagoya. The Captain of CONDAIMINE was tempted to say that the Yarra was not quite so odoriferous as Nagoya's river, which seemed to be a repository for garbage and dead animals.

* * * * *

H.M.A.S. KIMBLA.

The Boom Defence Vessel, H.M.A.S. KIMBLA, which was

recently completed by Walkers Ltd., Maryborough, will be commissioned there on 13th December. She will sail on the following day for Sydney, arriving on 20th December.

* * * * *

Joint Landing Exercises - Jervis Bay.

H.M.A. Ships and units of the Australian Regular Army combined on 25th October in a landing exercise near dense scrub country in the Jervis Bay area. Landing parties went ashore in ships' boats from TOBRUK, ANZAC and QUADRANT anchored in Montagu Roads, and were opposed on the beach-head by several platoons of infantry. It was assumed that the shallow approaches to the beaches were free of mines, but that the beaches may have been mined. After capturing the beach-head, the withdrawing parties "rescued" an agent who had been hiding inland after having carried out an important mission in "enemy" territory.

* * * * *

Visits of French Ships to Australia.

As part of a world cruise, the French training cruiser, JEANNE D'ARC, and the frigate, LA GRANDIERE, will pay formal visits to Australian ports in early 1956 calling at Melbourne (13th-20th February), Sydney (22nd-27th February) and Darwin (9th March). Before ~~arriving~~ arriving in Australia, the ships will visit Suva, Vila, Noumea and Auckland in January, and after sailing from Darwin they will return to Brest (France) via Bali, Sourabaya and Ceylon. JEANNE D'ARC's complement comprises 30 officers, 150 student officers and 150 ratings.

* * * * *

(b) ROYAL CANADIAN NAVY.Magnetic Airborne Detection Equipment for Avenger Aircraft.

Magnetic airborne detection equipment will be fitted in R.C.N. Avenger aircraft. Forty-five sets are being procured for fitting in operational squadrons.

* * * * *

Civil Engineering Branch.

The establishment of a Civil Engineering Branch in the R.C.N. and R.C.I.(R) has been approved, and the distinction cloth will be "brick red". The present Works Officer-in-Chief will become Engineer-in-Chief, and officers at present in the Works Officer-in-Chief organisation will be transferred from the Special Branch to the Civil Engineering Branch.

* * * * *

(c) ROYAL CEYLON NAVY.Change in Ensign.

From 9th December the Royal Ceylon Navy will fly a new ensign in which the Ceylon flag will replace the Union flag in the upper canton next to the staff.

* * * * *

S E C T I O N I I .NAVAL AND OTHER ARMED FORCES INTELLIGENCE
INCLUDING TECHNICAL INTELLIGENCE.U. S. S. R.Exchange of Naval Visits - Royal Navy and Soviet Navy.

In Section V of this issue of A.S.I.S. are extracts from a report received from D.N.I. Admiralty on the recent visits of units of the Royal Navy to Leningrad and units of the Soviet Navy to Portsmouth.

* * * * *

SOUTH KOREA.Naval Staff College.

A permanent Naval Command and Staff College has been established at Seoul for the purpose of providing advanced training and to prepare South Korean officers for higher command and staff work.

Basic guidance has been given by the U.S. Naval Advisory Group, but the Republic of Korea Navy has been encouraged to do the work of preparing the Course material. There will be 26 Naval Officers on the staff, 16 of whom will be permanent, and 10 civilians who will be appointed to lecture on politics and economics.

* * * * *

JAPAN.Launching of Frigate.

The launching of the 1,060-ton Frigate AKEBONO at the Tokyo Yard of Ishikawajima on 15th October marked the

last of the units for the Maritime Self-Defence Force laid down under the 1953/54 Budget.

The other units built under this appropriation and launched in the last few months have been the 1,700-ton Destroyer Escorts HARUKAZE and YUKIKAZE, the 1,000-ton Frigates IKAZUCHI and INAZUMA, the Cable-layer TSUGARU and the 600-ton Minesweeper ARIMO.

When these vessels are completed early in 1956 the Japanese Navy will consist of :-

Destroyers	2 (ex US)
Destroyer Escorts	4 (2 ex US)
Frigates	21 (18 ex US)
Submarines	1 (ex US)
Minesweepers	44
L.S.S.L's	50 (ex US)
Miscellaneous	
Service Craft	92

Naval Exercises.

According to the Japanese press, units of the Japanese Maritime Self-Defence Force were to commence, on 27th October, manoeuvres which would last for eleven days.

Participating in these manoeuvres there would be 80 vessels, 20 aircraft and 5,000 personnel, with submarines and aircraft of the U.S. Navy taking part.

The U.S. Navy would provide the attacking force and exercises would take place off the coast of Japan as the Fleet steamed north. Minesweeping and harbour defence operations would be carried out in the Inland Sea.

These are the first full-scale manoeuvres that the new Japanese Navy will have undertaken and the results of its showing will be awaited with interest.

Construction of Prototype M.T.B.

The Mitsubishi Shipbuilding Company is reported to have launched at Shimonoseki on 1st November a 70-ton prototype M.T.B. of light alloy construction for the Maritime Self-Defence Force.

The craft is approximately 85 feet long and is powered by two 2,000 B.H.P. diesel engines. It is somewhat similar to the U.S. ELCO Class.

* * * * *

COMMUNIST CHINA.Alterations to Merchant Ship "KUT WO".

The ex-Jardine-Matheson ship "KUT WO" was seen at Shanghai at the end of September. She had been considerably altered, all passenger accommodation removed, and a "naval type" bridge fitted. Gun sponsons on the wings of the bridge appeared capable of taking up to 3-inch guns.

A number of Chinese Communist merchant vessels are known to have been armed, and the gun fittings observed on "KUT WO" may well be for defensive armament as a merchant ship and not necessarily for use as a naval auxiliary.

Chinese Communist Air Strength.

There was a marked increase in the jet aircraft strength of the Chinese Communist Air Force in the first eight months of 1955.

Jet bomber strength (IL-28's) rose from 150 to 310 and fighters (MIG-15) from 750 to 1,100.

Part of the increase has been achieved by re-equipping piston-engined units.

* * * * *

SOUTH VIETNAM.French Fortified Area at Cap St. Jacques.

It is reported that the French have nearly completed construction of a well fortified base with a good airfield on the Cap St Jacques peninsula at the entrance to Saigon in Southern Vietnam.

This base is said to be out of range of anything but the heaviest artillery and capable of being held against any attack which does not include large-scale naval and air forces.

* * * * *

INDONESIA.Appointment of Army Chief of Staff.

The controversy over the appointment of a new Chief of Staff of the Army which led to the fall of the Sastramidjojo Government has now ended with the appointment by President Sockarno of Colonel A.H. Nasution to the post.

Colonel Nasution was dismissed from this post in 1952 during a dispute between the Army and the Government.

Naval Mission to India, Europe and U.S.A.

A Naval Mission, headed by the Chief of Naval Staff, Vice-Admiral Subijakto, arrived in New Delhi in an Indian Air Force aircraft on 28th October for a three-weeks visit.

The Mission will also visit the United Kingdom, Canada and U.S.A. as well as Italy, Western Germany and the Netherlands.

Construction of Naval Vessels in Italy.

Work on the two frigates and two corvettes being built

in Italy by Ansaldo for the Indonesian Navy has stopped owing to non-payment by the Indonesians of the second instalment of money due.

The reason for this is political: the Minister of Defence in the former Government is believed to have taken bribes from Ansaldo for placing the contract and accusations of corruption are under investigation.

Auxiliary parts were to have been supplied by British firms and it was possible that A/S equipment would also have come from the U.K. The first of these ships was to have been laid down in September but some pre-fabrication work only has been carried out.

The Indonesian Government will have to pay a very heavy indemnity if they wish to withdraw the contract.

* * * * *

SECTION III.EXTERNAL POLITICAL, POLITICO-MILITARY AND
ECONOMIC INTELLIGENCE.U.S.S.R.Jamming of Foreign Broadcasts.

One of the items discussed by the Big Four Foreign Ministers at their meeting in Geneva which ended on 16th November was the elimination of the barriers which prevent contact between the people of the Eastern and Western blocs.

Amongst the measures adopted by the Soviet to prevent her people having contact with the West is that of jamming foreign broadcasts and the organisation employed is one of some magnitude.

Over one thousand jamming stations are believed to be in action in the Soviet bloc. Not only the B.B.C. and the American stations Voice of America, Radio Free Europe, and Radio Liberation are jammed, but also Tel Aviv, Ankara, Athens, Rome, The Vatican, Paris, Luxembourg and Madrid. Transmissions in the principal languages of the Soviet bloc are jammed, as well as languages understood by minority groups, and transmissions directed to countries bordering on the bloc. Thus B.B.C. broadcasts in Finnish, Hebrew, Persian and German, and the Voice of America broadcasts in Serbo-Croat are all jammed.

Shipments of Oil to the Far East.

Oil shipments from Black Sea ports to China and the Soviet Far East via the Suez Canal amounted to 235,000 tons during the first six months of 1955.

* * * * *

JAPAN.Building of Large Tankers.

The Japanese press has reported that two tankers of 83,900 tons deadweight are to be built in Kure by National Bulk Carriers of the United States.

Each tanker is expected to cost approximately £4 million and will have the following dimensions :-

Length :	813 feet
Beam :	91 feet
Engines:	19,500 H.P. Steam Turbines
Speed :	14 knots.

When completed, the tankers will operate between the Persian Gulf and the United States.

The firm has in recent years constructed in Japan bulk carriers capable of carrying either ore or oil. These vessels are of 80,490 tons full load displacement (20,917 gross registered tons).

Merger of Liberal and Conservative Democratic Parties.

As had been anticipated, the Japanese Liberal and Conservative Democratic Parties have merged to form the Japan Liberal Party, which now holds 300 of the 470 seats in the Diet. This is a merger of the parties represented in the present Government.

Last year the right and left wings of the Socialist Party and several splinter parties merged to form the Socialist Party of Japan.

Oct 1955

* * * * *

COMMUNIST CHINA.Anti-Macao Propaganda.

Preparations by the Portuguese for anniversary celebrations in Macao gave rise to a Chinese Communist propaganda campaign against the Colony. The Communists claimed that such celebrations would constitute an intolerable insult.

Notwithstanding the cancellation of the celebrations, ostensibly through lack of funds, the campaign has continued and the Communists have warned that Macao is Chinese territory which the Chinese people definitely want to recover. They claim to be ready to use peaceful methods of negotiation, but will not tolerate a lengthy prolongation of the occupation.

* * * * *

NORTH VIETNAM.Shipping Activity at the Port of Haiphong.

Although there was little maritime or commercial activity at the port during the first two months following the hand-over of Haiphong to the Vietminh in May, the tempo of maritime activity has increased since the arrival of the first overseas ship at the end of June.

Three ships entered the port in July, four in August, five in September and seventeen in October. Of the total, eleven were Russian vessels, eight Chinese Communist, four British, three Polish, two Panamanian, one Portuguese and there was also a Hong Kong motor junk.

Imports in to North Vietnam between June and the first half of October are estimated to have been 81,000 tons of rice, 11,000 tons of petrol and kerosene and 22,000 tons of general cargo including phosphates, motor lorries,

machine tools, raw cotton, cotton cloth, steel pipes, sugar and cement.

The only known exports of any consequence have been three live elephants - a gift from Northern Vietnam to the Soviet.

The pipelines and pumps serving the bulk oil storage tanks at the former Shell Company installation appear to have been at least partially restored, as a tanker of 3,000 tons gross was able to discharge her cargo of kerosene into these tanks.

It is apparent, however, that the Vietminh will soon be faced with the problem of dredging, as the port appears to be slowly silting up. Most of the overseas vessels mentioned above were required to discharge portion of their cargoes while anchored to seaward of the bar. The only dredger remaining at the port is of considerable age and dubious efficiency.

Trade Agreement with Japan.

It has been reported that the Vietminh have reached an agreement with Japan to export anthracite in exchange for textiles, medicines, ironmongery and copper sheets.

* * * * *

SOUTH VIETNAM.

Declaration of Republic.

Following upon his election as President, Diem has proclaimed South Vietnam to be a Republic. His status as President has now been recognised by the United Kingdom and the U.S.A. as well as Franco.

* * * * *

BURMA.New Passenger Vessel.

A new passenger vessel S.S. "PYIDAWNYUNT" (2,217 tons gross, speed 14 knots) built in Scotland for the Burma Government, has arrived in Rangoon. This is the second vessel of this type built for the Burma Government and registered under the Burmese flag. It will operate on the Tenasserim Coast.

* * * * *

S E C T I O N I V .A U S T R A L I A S T A T I O N I N T E L L I G E N C E .M I N E R A L S A N D S - Q U E E N S L A N D .

Three organisations in South Queensland produced £1 million worth of zircon, rutile, monozite and ilmenite this financial year. Most of the minerals were exported and sales to the United States make the industry a major dollar-earner.

Monozite contains a very small percentage of radio-active thorium, which is extracted by overseas companies.

Two companies are extending their beach mining activities in the North Stradbroke Island, Wide Bay and Fraser Island areas.

C Y C L O N E W A R N I N G R A D A R S T A T I O N S - Q U E E N S L A N D .

The Brisbane Weather Bureau will become a tropical cyclone warning centre in early 1956 with radar stations operating at Brisbane, Townsville and Gladstone. This information, together with information obtained from radio direction-finding equipment to be installed at Brisbane, Charleville and Townsville, will enable the Weather Bureau to issue much earlier warnings of cyclones approaching the Queensland Coast.

R / T L I N K W I T H T H U R S D A Y I S L A N D .

The necessary quarters are being erected and equipment installed at the Bamaga Native Settlement for the proposed Radio-Telephone Station.

Bamaga Native Settlement is in position (approx) Latitude 10° 52' 48" S. Longitude 142° 25' 56" E. and is approximately 5 miles from Red Island Point over a good gravel road maintained by the Queensland State Depart-

ment of Native Affairs.

JAPANESE MERCHANT TRAINING VESSEL "TAISEI MARU".

A message contained in a bottle washed ashore at Manifold Beach, Northern Queensland read: "S.O.S.! T.S. TAISEI MARU: Help us! TAISEI MARU is a Ship of Hell."

The message was written on the back of a roneod copy of the Ship's news bulletin of the "TAISEI MARU" (which visited Sydney recently) and the handwriting in English was such that there is little doubt that it was written by a Japanese.

It would seem that one Cadet at least found conditions on board "TAISEI MARU" rather too much for him.

NEW RADIO TELEGRAM RECEIVING STATION FOR SYDNEY.

A new radio telegram receiving station at Bringelly, thirty miles from Liverpool, N.S.W., was opened by the Postmaster-General on 10th October.

The station, which covers 550 acres, can receive radio telegrams and telephone calls from eighteen countries all over the world and from ships at sea.

There are thirty-two rhombic-shaped aerials at the station on masts from 70 to 120 feet high.

The station will replace the one at La Perouse, which can no longer cope with the increased traffic.

Factories at La Perouse also cause too much electrical interference and there is no room for development.

The La Perouse station will still be used as the shipping communication base.

OIL SEARCH - W.A.P.E.T.

West Australian Petroleum Pty., Ltd. are making preparations to move the large National drilling rig to the Fraser River location (50 miles from Derby across King Sound). A deep test well will be drilled in this area after seismograph crews at present working there have determined the most suitable location.

In the Exmouth Gulf area the Cape Range No. 2 well has reached a depth of over 12,000 feet. The No. 1 structure hole on Dirk Hartog Island which is being drilled to obtain geological and stratigraphic information was last reported at 551 feet.

The Company has four major drilling units valued at £1,580,000 and by the end of the year it will have spent £10,000,000 in the search for oil commenced two years ago.

TERRITORY OF PAPUA AND NEW GUINEA.Buka Passage.

Sohano (Buka Passage) has very few facilities for shipping and the jetty, situated in Buka Passage, is capable of taking vessels up to 500 tons only (provided the contact with the jetty is only slight).

The main discharging and loading point for overseas shipping is at Soraken, where a good, protected deep water anchorage exists.

The commercial interests of the Sohano district are situated on Buka Island, as is the air strip. Air communication is provided by two land services per week and one seaplane fortnightly.

Rabaul.

The new slipway at Rabaul is nearing completion.
(S.O.(I), N.E.A.)

DUTCH NEW GUINEA.Helicopters.

Two large helicopters will arrive shortly in Dutch New Guinea, where they will be used for the transport of a complete oil-drilling installation from the coast of the island of Salawati to the drilling station in the jungle.

PORTUGUESE TIMOR.Oil Exploration.

The party of six French geologists from Portuguese East Africa (vide A.S.I.S. No.30) engaged in oil exploration work in Portuguese Timor is now concentrating its activities near Same, situated close to Betano, on the South Coast.

A geologist from the Sorbonne has now joined the party.

Shipping Service.

The K.P.M. vessel "KALOEKOE" is maintaining a service between Singapore, Dili, and Dutch New Guinea ports (Sorong, Biak, and Hollandia).

"KALOEKOE" is a motor vessel of 2,149 tons gross. She was built in 1948.

Consul for Indonesia.

The Consul for Indonesia (Mr. Lasut) has recently paid several visits, by jeep, to the interior and the South coast. During these visits he systematically photographed sections of the roads, bridges, new buildings, etc. He has three expensive cameras and does all his own developing and printing.

Order of Battle.

One hundred locally recruited Timorese have now completed their training. They are armed with British 1917 vintage .303 rifles. This brings the total number of combat troops up to 828. 50 of these newly trained Timorese have augmented the garrison at Dili, 25 have been despatched to Mape near the Indonesian frontier and 25 to augment the garrison at Bobonaro.

The garrison at Maubisse has been broken up. This now consists of 1 First Lieutenant and 1 2nd Licut. six N.C.O's, and is used solely as a training centre for Timorese recruits.

The Vickers machine-guns in use are of 1917 vintage.

SHIPPING INFORMATION.B.H.P. Co. Pty.Ltd. - Purchase of French Vessel.

Broken Hill Pty.Co.Ltd., have purchased from Compagnie Nautiaise des Chargeurs de l'Ouest, Nantes, the vessel "VENISSIUX" (5,437 tons) for use in the ore trade on the Australian coast.

The vessel, which was built in 1948, will be re-named "IRON KNIGHT".

The purchase was made on account of the rate of shipbuilding in Australia being too slow through a shortage of labour, to meet the Company's rapidly increasing requirements.

New Tug for Fremantle.

The tug "WILGA" arrived at Fremantle on 25th September from Great Britain. She will replace the 50 year old "WATO" for general service in Fremantle.

The vessel is 258 tons and was formerly named the "BANBURY CROSS". She will be jointly run by the Adelaide Steamship Co. and the Swan River Shipping Co., which companies now run the "YUNA" and "WYOLA" respectively.

A tug previously obtained to replace "WATO" was lost on passage to Australia last November. She was ~~the~~ "FAIRHERBE", lost with all hands off the South African coast.

New Tug for Sydney Harbour.

A diesel tug for work in Sydney Harbour was launched at Appledore (Devon) on 16th September.

She is the "SYDNEY COVE", being built for J. Fenwick and Co. Ltd.

The "SYDNEY COVE" is 105 ft. long, 30 ft. wide, with 13 ft. draught and has a gross tonnage of 200.

Sale of M.V. "BABINDA".

The former A.U.S.N. Company's vessel "BABINDA" has been sold to South Pacific Shipping Co. of Suva to replace the vessel "NUKALAU".

"BABINDA" sailed from Sydney on 20th September for Eden to load for Auckland, and it is believed that she will be engaged in the N.Z. - N.S.W. trade.

Sale of M.V. "KEN WAIHI".

The "KEN WAIHI", formerly the Adelaide S.S. Co's "MOMBA", has been renamed "DUEGOLFI" and departed Sydney on 30th September for a South Australian port to load wheat for Colombo.

This vessel's new owners are Jacomino Onofrio and her new port of registry is Torre del Greco.

New Colliers for Australian Shipping Board.

The State Dockyard, Newcastle, has reached the fabrication stage in the construction of two 7,000-ton colliers for the Australian trade. They will be the biggest ships built at the dockyard.

The first of the two will be named IRANDA. Both have been ordered by the Australian Shipping Board.

W.A. State Shipping Service's Vessel "KOOJARA".

The State Dockyard, Newcastle, is progressing speedily with the construction of a passenger ship, the "KOOJARA", for the West Australian State Shipping Service. It is expected that she will shortly be ready for delivery.

The ship, which will carry general cargo, livestock and 66 passengers, will be used between Perth and Darwin. She will be similar to the "KABBARLI", which was built in 1951 for the W.A. Shipping Service.

New Vessel for Burns, Philp & Co. Ltd.

Burns Philp & Co. Ltd. have placed an order on a Norwegian Yard for the construction of a 3,700-ton freighter for the Islands trade.

To be completed by late 1956, the vessel will be named "MONTORO", in succession to the pre-war passenger vessel of that name.

Expansion of Messageries Maritimes Service to Australia.

The French shipping company Messageries Maritimes is spending £10 million on ten extra ships for the

Australian trade.

The new ships will reopen the company's service to Australia via the Suez Canal, which was discontinued at the start of World War II.

The new vessels will be of 8,300 tons deadweight, and each will carry from six to twelve passengers as well as cargo. The ships will trade direct between European ports and Australia, taking less than thirty days from Marseilles to Fremantle. They will carry general cargo on the outward voyage and return with wool, sheepskins and concentrates.

The motor vessel "IRAQUADDY", which reached Sydney during September, was the first of the new ships and the sister ships "EUPHRATE", "GANGE", "GODAVERY" and "SINDH" will follow her to Australia before the end of the year.

* * * * *

S E C T I O N V.S P E C I A L A R T I C L E S .EXCHANGE OF BRITISH AND SOVIET NAVAL VISITS.

The following are extracts from accounts received from the Director of Naval Intelligence, Admiralty of the visits of a Royal Navy squadron to Leningrad and of a Soviet Naval squadron to Portsmouth. This exchange of visits arose from a suggestion made by Marshal Bulganin to Sir Anthony Eden at the Geneva Conference in July.

British Visit to Leningrad.

The Commander-in-Chief, Home Fleet, flying his Flag in H.M.S. TRIUMPH, with H.M. Ships APOLLO, DIANA, DECOY, CHEVRON and CHIEFTAIN in company, visited Leningrad from 12th to 17th October. The squadron was berthed in the Neva River, TRIUMPH just below the Schmidt Bridge and the remainder above the bridge, opposite the Admiralty buildings.

The squadron berthed between 2000 and midnight on the night of the 12th and despite the late hour were given a very friendly reception by huge crowds lining both banks of the river.

The people of Leningrad were informed about a week beforehand of the visit of the British squadron and enormous interest was displayed in the ships and their companies throughout, although towards the end of the visit the crowds had begun to thin out.

On the first day that the ships were open to visitors the numbers who came on board were disappointingly small and in no way proportionate to the crowds lining the banks, who, it was quite obvious, would have thronged on board had the Soviet authorities allowed them. Those that did visit the ships had to have a Communist Party membership card and also a special pass, and it was evident from the

questions they asked and the things they were interested in that they had all been given a detailed intelligence procurement brief.

The great crowds which lined the river embankments to watch the ships and speak to or gape at the libertymen were probably motivated to some extent by feelings of curiosity; but one suspects that many of them were drawn by other reasons, such as a desire to practise their English, which many of them learn but seldom if ever in the course of their lives have an opportunity of speaking to a real live native. Security men and police in plain clothes were present in fairly large numbers, but the latter had obviously been given instructions not to interfere unless it was plain that a Russian was being a nuisance to a sailor, or the conversation was taking a politically underisable turn.

Libertymen were plied with questions by the English-speakers, some of whom seemed to be working to a brief carefully designed to evaluate the visitors' reactions both to the country and to present trends in Anglo-Soviet relations. On the other hand, many questions, put in a friendly manner, seemed to be based on nothing more than sheer curiosity and ignorance of affairs outside the U.S.S.R.

Few invitations to private homes were received, and for this reason it may be said that the welcome extended to the visitors was friendly but controlled.

The Soviet authorities had planned that the whole squadron would sail from Leningrad at 0200 on 17th, thus passing the shipyards in the dark (as they did on arrival). In the event, however, a gale during the night of the 16th/17th prevented this and the squadron sailed between 1100 and 1200, passing down the Neva River with its extensive shipbuilding yards in full daylight.

As a result of the visit, D.N.I. Admiralty has obtained the following intelligence :-

- (a) A hull on the large slip in the Baltic Yard bears striking resemblance to a SVERDLOV class cruiser but is almost certainly larger. This hull should be launched early next year,
- (b) Three SVERDLOV class cruisers Nos. IX, XI, and XII are fitting out. These should complete in the spring and summer of 1956.
- (c) Small and medium-size tankers are now being constructed with every appearance of urgency in the Baltic and Marti yards on the slips previously used for cruiser construction.
- (d) Construction of TALLIN class destroyers in the Zhdanov yard continues at an estimated rate of six a year. (This is a new class of heavy destroyer).
- (e) Z and Q (new medium-range) class submarine construction continues at the Sudomokh yard. The dimensions and appearance of the new sheds in the Baltic and Marti yards suggest that these could be used for construction of submarines of the largest types. These new sheds treble the submarine construction capacity of the Leningrad shipyards.
- (f) It appears that two-shift work systems are employed in all yards, finishing at 2300 daily. A full six-day week is worked.
- (g) It is obvious that ~~every~~ effort has been made to put all possible building slips under cover. A great deal of modernisation has been carried out in the yards.
- (h) Old and obsolescent submarines are still used for basic training and are maintained, at least outwardly, in good order.
- (j) There appears to be no visible improvement in the appearance and bearing of the average Soviet naval officer.

Soviet Visit to Portsmouth,

A Soviet squadron of two SVERDLOV class cruisers and four SKORY class destroyers visited Portsmouth from 12th to 17th October under the command of Admiral Golovko, Commander-in-Chief, Baltic. Thorough preparations had evidently been made for this goodwill mission. All ships had been recently painted and were very clean.

A very full programme of entertainments and visits had been arranged and this was carried through without a hitch. From this it may be surmised that their administrative staff work is of a reasonable standard.

The ratings were smartly turned out and their bearing was good. It was noticeable how cheerful they looked. Many of the officers, although fairly well dressed by Russian standards, looked sloppy by ours. Their presence and bearing were certainly not of a sufficient standard to overcome the sartorial handicap of a tightly-fitting short jacket and very baggy trousers.

Officers and men alike gave the impression of wishing to be genuinely friendly. Without exception they took the line that everything in Russia was of the best. This view, however, did not prevent them from making purchases, on what in all was a very large scale, of various consumer goods (mainly textiles) in the shop that had been specially set up in H.M. Dockyard at their request.

The opinion was voiced freely that there was no Iron Curtain, and visitors from the West would be very welcome in the U.S.S.R., where they would have complete freedom of travel. Their political and security briefing before the visit had been most thorough.

On the whole the libertymen were given a fair degree of latitude. The men from the cruisers were allowed complete freedom and visited cinemas and public houses, both

in groups and individually. There were even cases of sailors and officers listening to the various Ukrainian emigres who had turned up in Portsmouth for the occasion. In contrast to this, however, personnel in the destroyers were not granted normal leave; the reason given was that there were so many sponsored trips and entertainments that this fully absorbed the men who were available to go ashore.

In conversation no rating voiced the least criticism of his service. Even such remarks as "the Black Sea Fleet is the most popular" were qualified immediately with "but service in all fleets is very good."

From conversation at a party attended by some of their senior officers and specialists, it appeared that the officers concerned have no knowledge of shipborne guided missiles nor of any programme for supplying them to the Fleet.

A number of Soviet officers used the term 'Improved SVERDLOV'. Whether this term indicates a modernised version of the existing type or a new and more powerful class of cruiser could not be discovered.

It is of interest that the speed of advance of the squadron on their return passage was 20 knots, which indicates that fuel economy is not of particular significance.

* * * * *

JAPANESE-SOVIET NEGOTIATIONS.

Japanese and Soviet Government representatives have been meeting in London since 1st June to negotiate an official end to the state of war still existing between both countries. Fifteen meetings have been held, but no important issues have been resolved. Since mid-September, talks have been virtually suspended, with the Soviets' chief delegate attending the United Nations Assembly and the Japanese representative returning to Tokyo for consultations.

The two Governments have differed greatly in their approach to the negotiations. The Japanese have sought first of all to resolve outstanding substantive issues before negotiating a treaty. The Soviets have insisted on a treaty first and solution of individual problems later. The advantage of attacking individual problems first lies distinctly with the Japanese. Japan's bargaining position, already weak, would become even worse if the Soviet Union had already gained its objective of normalised relations.

Principal issues which the Japanese seek to resolve include early repatriation of Japanese POW's still interned in the U.S.S.R., the return of certain insular possessions now under Soviet occupation, and access to the rich fishing grounds in Siberian waters.

The Soviets seek first a treaty. Thereafter, they would be free to exploit specific problems for their maximum political benefit, to the obvious detriment of Japan's conservative Government and its basic alignment with the United States. The Soviets have appeared confident that the Japanese would accept their agenda. They realised that Japan's Premier Ichiro Hatoyama sought an early normalisation of relations as vindication of his own independent diplomacy, and therefore considered him quite likely to compromise under pressure. Consequently, the Soviets have not yielded on a single major issue and have attempted to frustrate and weaken the Japanese side to the point where minor Soviet concessions might evoke major compromises from the Hatoyama Government.

The Soviets have acknowledged that they hold approximately 1,000 war criminals and are willing to repatriate them. Initially, the Soviets insisted that the POW issue already had been settled through repatriation. In addition, the Soviets have offered to return certain islands off Hokkaido - the Habomai group and Shikotan - to Japan. Early in the talks, the Soviets insisted that former Japanese territories now under Soviet control would not be subject to discussion.

Soviet offers are tied to harsh conditions. They must be preceded by a peace treaty and full diplomatic relations.

Japan must not fortify the insular areas to be returned, and she must agree that naval vessels of other than Japan, the U.S.S.R., North Korean, and South Korea be barred from the Sea of Japan. This latter condition is designed to exclude United States warships from the Sea of Japan.

The Japanese have not reacted favourably to these Soviet proposals. On the contrary, the hard Soviet position has only tended to crystallise Japanese public opinion behind the Foreign Office's cautious approach. This Japanese position is in marked contrast to circumstances surrounding early negotiations when there was an obvious rift between Japan's Foreign Minister Shigemitsu, who endorsed a firm attitude towards the Soviets, and Prime Minister Hatoyama, who sought an agreement almost at any cost. The responsible press and a majority of conservative leaders now appear firmly committed to continuing a firm attitude in London.

The Soviets accuse Japan of delaying the talks. They appear irked by the careful and prolonged discussions which the Japanese have insisted upon in contrast to the rapid settlement recently reached with West Germany.

While Japan has been disenchanted by the Soviet attitude and does not appear amenable to a compromise, a softening of the Soviet attitude involving the return of additional territories which the Japanese seek would be difficult to reject. A Soviet offer to return the Southern Kuriles and Southern Sakhalin if the United States would evacuate and demilitarise the Bonins and Ryukyus probably would be enthusiastically received. Such an offer could strongly prejudice United States - Japanese relations, but appears remote.

On balance, it now appears unlikely that the Japanese will accede to Soviet demands, although the Prime Minister probably will continue to work for a normalisation of relations during his tenure of office.

The Japanese Government is expected to continue to maintain a firm attitude unless the Soviets offer major territorial concessions or unless Premier Hatoyama changes the Japanese Government position because of a marked shift in popular attitudes.

* * * * *

THE PESCADORES.

The Pescadores Island (or Boko Retto) are a group of sixty-four islands, twenty-one of which are inhabited, situated about twenty-five nautical miles west of Formosa and ninety-five nautical miles south-east of Amoy. They extend for thirty-eight miles north to south and twenty-three miles east to west.

Despite brief periods of occupation by the Dutch (1603-1661) and by the French in 1881, the Pescadores were under some form of Chinese rule from the seventh century till 1895, when the islands were captured by the Japanese. They were returned to the Chinese at the end of the Second World War, and have since late 1949, when Chiang-Kai-Shek's troops were forced from the mainland, become one of the Chinese Nationalists' last outposts.

Down the centuries the capture of the Pescadores has always been a preliminary step to an invasion of Taiwan. Realising that the islands are the gateway to the Nationalist Chinese power, President Eisenhower in January 1953 declared that United States' protection extended to the Pescadores.

The islands are composed of layers of lava flows and sedimentary rock, so that the surface is flat or gently sloping, except for an occasional semi-conical hill (solidified remnants of lava feeders), which nowhere on the island exceed 330 feet. Coral, surfaced or as submerged reefs, edges the coastline.

Absence of perennial rivers and poor natural drainage results in infertility, so that except for a few scattered patches of woodland near cliffed shores, the vegetation consists of grasses.

From October to March, when the North-east monsoon prevails, the Pescadores have their winter, which is mild and dry but accompanied by strong wind, while during the South-west monsoon (June to August) the weather is hot and humid with heavy torrential rain.

Today the population, which consists predominantly of Formosan-Chinese (adherents of Buddhism) is about 83,000. In 1939, when the estimate was 65,000 with a density of 1,318 people to the square mile, it was claimed that, due to the barrenness of the islands, saturation point had been reached.

Politically the Group forms a sub-division ("hsien" or "district"-roughly comparable to the U.S. county) of Taiwan and as such is administered by the Provincial Government consisting of district commissioners and a district council, whose powers are limited to matters of minor importance.

The inhabitants cultivate upland rice, tea, sugar and pineapples on the larger islands, but not sufficient quantities for subsistence, with the result that the Pescadores are dependent on a subsidy from the Nationalist Government in Formosa to remedy food deficiencies.

Excellent fishing grounds lie to the south-west of the islands and fishing is the main occupation of the people. The annual catch is estimated as being about 14,000 metric tons - and both dried and fresh fish are exported. Income is also derived from the export of a form of white precious stone which is made up into jewellery.

Communication with Taiwan is carried on by small motor-driven vessels, which are capable of carrying 20 to 40 tons, and on the islands by bullock carts over the Japanese-built

roads, the present state of which is unknown.

The Pescadores, which provide the largest anchorage in the Formosan area, have two main harbours. The outer one, called Boko-Ko, which is bordered by the islands of Gyoo-to, Hakusa-to and Boko-to, provides safe anchorage during the North-east monsoon in depths from 5 - 11 fathoms. The inner harbour is composed of two adjacent bays, Mako-Ko and Jukoku-wan (Junks Bay), separated by the island of Sokoten-to (Observatory Island). Junk's Bay, on the northern shore, is shallow and confined, but Mako-Ko is a sheltered, natural harbour, affording good anchorage in all weathers in a depth of 6 to 8 fathoms.

On Observatory Island, which is connected to the mainland of Boko-to by a stone causeway, the Japanese built up the Anson Naval Base. Here there are several small jetties, a coaling and an oil-fuel wharf, a dry dock and a quayed basin about 1,000 feet long.

Mako (Makung), the main port in the Group, is situated on Boko-to Island on the northern shore of Jukoku-wan and is served by two piers and a quayed basin for small craft, north-east of which is a repair yard. This is one of the four main Nationalist Chinese bases and a substantial portion of the fleet is based here. Recent reports indicate that there are four destroyers and one transport (all non-operational) at Makung, one frigate (non-operational) and three gunboats (all of which are active) stationed in the Pescadores area.

The garrison consists of 12,000 troops.

There is only one airfield in the Pescadores, namely, at Chomosui (23° 31' N, 119° 34' E), situated about five miles south-east of Mako on the southern tip of Boko-to Island. The landing ground, which is 3,600 feet by 1,600 feet, and has an earth, fair-weather surface, was originally constructed by the Japanese, but was allowed to fall into disrepair

at the end of the war. It is now operational again and is used by both the Chinese Nationalist Air Force and civil aircraft. Although it is not known whether any aircraft are stationed here, it has been reported that the landing ground is to be extended, and it is believed that the airfield may become a future jet base.

Although a liability from an economic point of view, for the defence of Taiwan the Pescadores are invaluable.

* * * * *

SECRET

Transit List

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

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