

SECRET

# Australia Station Intelligence Summary



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C O N T E N T S.

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S E C T I O N I.

R.A.N. AND OTHER COMMONWEALTH NAVIES.

(a) ROYAL AUSTRALIAN NAVY.

R.A.N. Carrier Policy.

The policy for aircraft-carriers in the R.A.N. is that one carrier, H.M.A.S. MELBOURNE, will be retained in an operational state. The second carrier, H.M.A.S. SYDNEY, will be retained as a training ship and will be at a minimum of 30 days notice for flying operations with piston-engined aircraft. It is not the present intention to modernise H.M.A.S. SYDNEY; therefore replacement equipment of modern design will not be ordered for fitting except in special circumstances.

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H.M.A. Ships ARUNTA and WARRAMUNGA.

The following delayed report deals with ARUNTA and WARRAMUNGA's visit to Port Swettenham during October:

"The three days spent at Port Swettenham proved most enjoyable and apart from official calls there were daily rugby, tennis and soccer matches and large parties of ratings were taken on launch trips, visits to tin mines, rubber plantations and sight-seeing to Kuala Lumpur.

The ships were opened to visitors and several thousand Malays, Chinese and Tamils took advantage of the offer.

On the final day of the visit a motor trip was made through Kuala Lumpur and semi-jungle country to Saramban, where the Police Headquarters were visited and a general picture of the Terrorist situation was gained and of the means taken to combat it. After having suitable escorts arranged, a visit was made to a small village where some evacuees from the Terrorist area were given protection inside

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a fortified strongpoint. The party was informed that shortly before their arrival a raid had been made by Terrorists and rifles and ammunition stolen. A very primitive village on the outskirts of the jungle was then inspected and there the party was surrounded by natives, monkeys and children, the natives demonstrating their prowess by firing darts from blowpipes."

During November WARRAMUNGA and ARUNTA visited Hong Kong and took part in the Regatta and Sporting Competitions conducted by the Far Eastern Fleet. WARRAMUNGA carried off the Rugby Trophy.

Fleet manoeuvres with the Far Eastern Fleet were carried out on 11th November. On 14th November the two ships sailed for Singapore in company with H.M.S. MODESTE, and, after clearing Hong Kong approaches, screening exercises were carried out with H.M. Ships CARDIGAN BAY, ST. BRIDES BAY, and MODESTE. Singapore was reached on 19th November.

\* \* \* \* \*

#### H.M.A.S. COOTAMUNDRA.

The Training Ship COOTAMUNDRA, with Staff Officer (Intelligence), North-East Australian Area, aboard, sailed from Lombrum on 13th December on a cruise of the Islands west of Manus. The ten days itinerary took in the Hermit and Ninigo Groups, Aua and Wuvulu Islands, Madang and Wewak on the New Guinea mainland, with the ship returning to Lombrum on 23rd December in time for the Xmas celebrations at H.M.A.S. TARANGAU.

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#### NEW DIRECTOR OF WRANS.

A new Director of the Woman's Royal Australian Naval Service has been appointed as from March 12th next. She is First Officer Elizabeth Hill of the Women's Royal Naval Service, who will serve in the acting-rank of Chief Officer and will succeed Acting Chief Officer Joan Cole, who returns

to the U.K. after having been on loan to the R.A.N. from the R.N. for two and a half years.

Until recently, First Officer Hill had been in charge of the W.R.N.S. unit at the Royal Naval Air Station, Arbroath, Scotland.

\* \* \* \* \*

### Coast Watching Cruise.

On 22nd October, M.W.L.255 (Lieutenant-Commander R. McKauge, R.A.N.V.R. in command) sailed from Lombrum on a visit to Coast Watching stations in the New Ireland and New Britain areas. Mr. E. Fitzgerald, of N.I.D. Melbourne, was embarked for the purpose of the cruise.

In all, sixteen Coast Watching stations were visited and issued with replacement telcradio equipment, or serviced.

The cruise proved to be extremely interesting, as many of the places visited were well off the beaten track. The Ship's company, which included nine members of the Papua-New Guinea Division of the R.A.N., augmented their Naval diet with oysters, fish and crayfish, while a plentiful supply of pigeons was obtained by one of the native members of the crew who was adept in the use of a rifle.

At Anir Island midnight bathing was indulged in at what are known locally as the "Lacey Medicinal Baths", a swimming hole in a river fed a few yards away by a geyser of boiling water.

On the evening of 11th November, M.W.L.255 grounded on a reef at Lolobau. To lighten the vessel, sixty tons of water were discharged from the forward tanks. As one pump was unserviceable and the other failed after five minutes operation it was necessary to bring buckets into play. This proved to be a most laborious task, but some sixteen hours later M.W.L.255 refloated. She suffered no damage.

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(b) ROYAL NEW ZEALAND NAVY.H.M.N.Z.S. BELLONA.

After ten years service with the Royal New Zealand, H.M.N.Z.S. BELLONA has returned to the United Kingdom and has been placed in reserve.

Her place will be taken by the modernised cruiser ROYALIST, which during the Second World War formed part of the covering force from which naval aircraft took off to attack TIRPITZ. She fought in Mediterranean and Norwegian waters and was at Singapore when the Japanese surrendered.

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S E C T I O N    I I .NAVAL AND OTHER ARMED FORCES INTELLIGENCE INCLUDING  
TECHNICAL INTELLIGENCE.U.S.S.R.Soviet Fleet Exercises in Vladivostok Area.

A Soviet Naval Force comprising thirteen surface vessels and one submarine was sighted on 21st September approximately midway between Vladivostok and Hokkaido. The vessels appeared to be engaged in gunnery exercises.

The following ships were identified :-

- 1 KIROV class heavy cruiser,
- 1 GORDY class destroyer,
- 5 Destroyer Escorts believed to be KOLA or RIGA class, and
- 1 Submarine believed to be "W" class.

The last contact with this force was made on the following day fairly close to the Soviet coast in position 45°08' N, 138°34' E.

Sightings were also made of two Soviet submarines which appeared to be exercising together in an area around position 44°30' N, 138°02' E. They were first sighted on 20th September and finally sighted on 22nd September.

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JAPAN.Arrival in Japan of U.S. Vessels loaned to Maritime Self-  
Defence Force.

The two destroyer escorts ASAHI and HATSUHI lent to Japan under the United States/Japan naval loan agreement have arrived in Yokosuka from Boston, U.S.A., after a two-month cruise.

These vessels were formerly U.S.S. AMICK and U.S.S.



ATHERTON respectively and are BUCKLEY class destroyer escorts of 1,200 tons standard displacement.

The submarine KUROSHIO, formerly U.S.S. MINGO, also lent to Japan, arrived in Yokosuka from the United States at the end of October.

#### Construction of "A" class A/S Vessels.

According to a Japanese press report, the Defence Board has named four major Japanese Shipbuilding firms (Mitsubishi Shipbuilding and Engineering Company, Mitsubishi Heavy Industries, Kawasaki Dockyard Company and Mitsui Shipbuilding Company) as the builders of four additional A/S vessels of the "A" class.

These vessels will displace 1,600 tons and according to the report will have a speed of 30.5 knots and will be armed with four 5-inch guns.

Two vessels of this class have already been built and launched in Japan.

#### Naval Air Arm.

A British firm has received an enquiry from its agents in Japan for Shackleton Mk.III aircraft for the Japanese Government.

It is believed that these aircraft may replace the 17 PV-2 Harpoon aircraft which the Air Arm of the Maritime Self-Defence Force received from the U.S. in April, 1955.

#### Director-General of Defence Agency.

Mr. N. Funada has taken up the appointment of Director-General of the Japanese Defence Agency. Mr Funada's background is political.

He began his career as an official of the Home Ministry and was deputy-Mayor of Tokyo in 1928. He was elected to the

Lower House of the Diet in 1930 and again in 1937 and was Director of the Legislation Bureau under the first Konoe Cabinet. He was purged after the war but re-entered politics after reinstatement and was elected to the Lower House as a Liberal. He is a member of the Liberal Party Executive. He led the inter-party mission to Europe and the U.S.A. in 1954 to investigate parliamentary procedure.

#### Defence Force Promotions.

Governmental approval has recently been given to a number of promotions of service officers in the Japanese Self-Defence Forces.

These promotions now bring the number of officers of General and Flag rank in the Self-Defence Forces to 77, made up of 14 Lieut.-Generals, 33 Major-Generals, 4 Vice-Admirals, 15 Rear-Admirals, 2 Air Lieut.-Generals and 9 Air Major-Generals.

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#### COMMUNIST CHINA.

##### Naval Activity in Port Arthur/Dairen Area.

Sightings in Dairen early in November indicate that Chinese Communist naval forces may now be using the Port Arthur/Dairen area. For example the following vessels were observed in the last Dairen sighting on 2nd November:

- 2 Tsingtao-based GORDY class destroyers.
- 6 Shanghai/East-coast-based frigates.
- 2 Probably Shanghai-based L.C.I.'s.

While it is logical that the Chinese Communists could be starting to use the Port Arthur/Dairen area which was handed over to them by the U.S.S.R. in May, it is surprising that these ships are using Dairen, a commercial port, instead of Port Arthur, only 20 miles away, which is a sizeable naval base.

The fate of the warships which the Soviet Navy is believed to have left behind at Port Arthur is not yet known.

Increased Sea-training for Chinese Communist Navy.

During recent months, increasing numbers of ships have been sighted exercising together, particularly off Tsingtao, where almost daily two destroyers, two or three submarines, and a number of LST's sail in the morning and return in the evening. Although much equipment in C.C.N. ships is of an elementary nature by modern standards, there is no doubt that the Chinese Communists' efficiency in weapon and ship-handling is continuously improving.

Possible New Construction L.C.V.P's at Shanghai.

On 21st October a source assessed total sightings of possible L.C.V.P's in Shanghai at between 30 and 40. At many of the shipyards along the Whampoo numbers of these craft were observed in very early stages of construction, while others were completed or nearly so. They were estimated to be between 40 and 50 feet long, with pointed bows, and in general appearance looked like a miniature L.S.T. The vessels were decked over for'd of the bridge. No armament had as yet been fitted.

Possible Construction of Escort Vessel in Dairen.

Two reports have been received within six months of the sighting of a destroyer-type hull in Dairen. The hull was without superstructure and workmen were busy on board.

While this may be a vessel undergoing major reconstruction it is possible that it is of new construction and may indicate that the Chinese Communists are constructing escort vessels.

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SOUTH VIETNAM.French Forces.

Tourane has now been evacuated by the French and they have also withdrawn all Naval personnel from the river posts of Cantho, Mytho, Vinh Long and Long Xuyen in the southern delta area.

These posts, along with all facilities, have been taken over by the Vietnamese Navy.

The strength of the French Expeditionary Force in South Vietnam as at 1st November was 38,000 of which 9,000 are indigenous troops.

The aircraft-carrier BOIS BELLEAU sailed for Toulon on 14th November.

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INDONESIA.Air Force Crisis.

Following the solution of the crisis caused by the appointment of a new Chief of Staff of the Army, a crisis has now arisen in the Indonesian Air Force.

At the installation of Air Commodore Sujono as Vice-Chief of Staff of the Air Force, parading troops broke ranks and demonstrated against him. The ceremony was discontinued by direction of the Minister for Defence.

In 1953 Sujono, then in charge of Training and Education in the Indonesian Air Force (AURI), challenged the authority of the Chief of Air Staff, Air Vice-Marshal Suriadarma, an appointee of President Soekarno. As a result Sujono and some of his supporters were placed on the non-active list and threatened with court martial.

The present caretaker Government recently reinstated the dismissed officers, promoted Sujono to the rank of Acting Air-Commodore and made him Vice-Chief of Staff. Air Vice-Marshal Suriadarma has asked that his resignation be accepted if Sujono was installed.

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S E C T I O N III.EXTERNAL POLITICAL, POLITICO-MILITARYAND ECONOMIC INTELLIGENCE.SOUTH KOREA.Threat to Japanese Fishing Vessels.

A source of friction between South Korea and Japan over the last few years has been the interference by South Korea with Japanese fishing vessels which violate the so-called Rhee Line.

This line arbitrarily defines the area of water along the Korean coast in which Japanese vessels are prohibited by the South Koreans from fishing. In some places it extends up to 60 miles from the coast.

Recently South Korea has threatened to fire upon Japanese vessels which transgress this line and the Japanese have discreetly replaced their armed fishery-protection patrol vessels with unarmed ones; however, they have not ordered their vessels to keep clear of the line.

Offer of Aid from North Korea.

South Korea, which is at present suffering severe electricity restrictions, has been offered power from the North Korean system. The offer has been refused, but the North Koreans have gained a valuable propaganda advantage by their move.

It is believed possible that the capacity of the Northern system is at present surplus to requirements because of delays in reconstruction work on some heavy industries.

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JAPAN.Whaling Expedition.

The Japanese whaling expedition, led by the 16,800-ton factory ship "NISSHIN MARU", which sailed from Japan on 1st November, has commenced operations in the Antarctic in the vicinity of the Ross Sea.

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COMMUNIST CHINA.Development of Port Facilities in Shanghai.

The Chinese Communist press has announced that seventy-five new transport conveyers are to be added to Shanghai wharves and that the proportion of cargoes mechanically handled will be increased from the present one-fifth to one-half by 1957.

Shipbuilding and Possible Dock Extensions, Shanghai.

A merchant ship approximately 200 to 250 feet long has been observed under construction in Shanghai north of Mollers Yard. She was lying about 300 yards from the bank of the river. The hull was almost ready for launching.

Immediately between this ship and the river considerable excavation work was in progress, and a space approximately 150 yards square had been cleared. The side furthest from the river was being faced. It would appear that a new dock is under construction.

Oil Requirements.

The rapid development of Communist China's industrial capacity is bringing with it the problem of satisfying the growing requirements for oil and petroleum products.

In 1954 the domestic output of crude oil was estimated to be 500,000 tons and a further 200,000 tons were imported from the Soviet Bloc.

Refining capacity was estimated to be 300,000 tons per year, while 800,000 tons of refined products, including almost the whole supply of lubricating oils and probably all the requirements of high octane aviation spirit, were imported from the Soviet Bloc.

Large-scale prospecting is being undertaken in potential oil-producing areas in Central China and the construction of a large new refinery at Lanchow, Central China, has commenced. Rail links to connect the oil producing areas of North Western China with Lanchow and to bring Lanchow into the main North China rail network are under construction, as is a line to connect Lanchow with Chungking to the South.

Whether, when completed, these plans will enable China to reduce her reliance on imported oil and petroleum products is doubtful at present.

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#### NATIONALIST CHINA.

##### Interference with British Shipping.

Despite official protests to the Nationalist Government, Chinese Nationalist aircraft and Naval vessels continue to interfere with British shipping trading with Communist China.

The two most recent incidents have been the machine-gunning by a fighter aircraft of S.S. "HYDRALOCK" when she was entering Foochow, and the interception and detention by a Nationalist warship of S.S. "DORINTHIA" while entering the Min River estuary on a voyage from Shanghai to Foochow. "DORINTHIA" was escorted to the Nationalist-held island of Matsu but was released next day.

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NORTH VIETNAM.Trade Agreement with France.

A Trade Agreement has recently been concluded between the French and the Vietminh whereby the Vietminh will receive machinery, chemicals, etc., in return for coal and a variety of native products.

The volume of trade is expected to be about £1 million stg. each way.

It is believed that the French-owned Messageries Maritimes will be permitted to operate in respect of French ships when they begin arriving in the area.

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SOUTH VIETNAM.Development of Camranh Bay as a Fleet Anchorage.

It has been reported that Camranh Bay (11° 54' N. 109° 09' E) is being built up by the French as a sheltered Fleet Anchorage. This build-up will take place in six phases, as follows :-

- (1) Construction of a temporary jetty, to become permanent at a later date.
- (2) Rehabilitation of buildings.
- (3) Construction of an airstrip for Morane aircraft.
- (4) Construction of a Class A airstrip.
- (5) Establishment of a reserve of all types of Naval stores; and
- (6) Establishment of a defence perimeter and harbour defences.

Phases one, two and three are well under way, and phase six is being implemented.

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### BURMA.

#### Soviet Aid.

During the seven-day visit of the Soviet Premier to Burma the Russians promised to build and equip a Technological Institute in Rangoon.

They will also give the Burmese aid and co-operation in agricultural development, irrigation works, and in setting-up a number of industrial enterprises.

The Soviet leaders have also given Burma an Ilyushin aircraft.

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### INDONESIA.

#### Construction of Customs Vessels in Germany.

A contract has been placed with the West German "Luerssen" shipbuilding yard, Bremen, for the construction of nine vessels for use in the Indonesian Customs Service. The vessels will be 78 ft. long, have a beam of 15 ft., and be capable of 18 knots. The contract will be completed in 1956.

The Customs Service ships are under the operational control of the Navy, although administrative control is in the hands of the Ministry of Finance.

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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 .R . A . A . F .   S T A T I O N ,   A M B E R L E Y   ( Q ) .

A 5,000 feet runway, with concrete "plates" at one end to withstand blast, is to be constructed at Amberley. This new strip will cross the newly completed 8,000 ft. runway made for heavy aircraft.

The Squadrons at Amberley will be as follows -

Nos. 2 and 6 Squadrons (No. 82 Wing) comprising Canberras and No. 28 Squadron (Citizen Air Force) comprising Vampires.

B R E A K F A S T   C R E E K   B R I D G E ,   B R I S B A N E .

The new Breakfast Creek Bridge, which is to be constructed on the downstream side of the present bridge, is expected to be completed by October, 1957.

This bridge will be constructed of steel on concrete piers; a roadway 60 feet wide (compared with the present width of 39 ft.), two 9 ft. wide footpaths and will have  $3\frac{1}{2}$  ft. higher clearance for the numerous small craft normally moored on the upstream side.

W E S T E R N   P E T R O L E U M   E X P L O R A T I O N   C O M P A N Y ,   Q U E E N S L A N D .

The Queensland State Mines Department has granted approval to the Western Petroleum Exploration Company to extend its under-sea search for oil off the Queensland coast. This is an area of approximately 16,100 square miles in the vicinity of Swain Reefs and is North of an area of 11,500 square miles in the Pacific Ocean comprising in the main, Hervey Bay, Bundaberg and Gladstone, already held.

NEW BRISBANE OIL REFINERY.

In September Queensland Refineries Pty., Ltd. commenced production of bitumen and distillates at Hamilton.

The refinery is being built in two sections; the first consists of plant for the production of 25,000 tons of bitumen and 25,000 tons of distillates annually; the second part will consist of a refinery which will be the first of its kind in Queensland, for the production of motor spirit and kerosene. This latter section is expected to be in production by June, 1957.

The Queensland State Government has guaranteed to buy 15,000 tons of bitumen annually and the Company does not expect any difficulty in disposing of the remainder.

WHALING - CHEYNE BEACH WHALING CO. (W.A.).

The Cheyne Beach Whaling Co. of Albany is at present experimenting in the catching and production of oil from sperm whales. The ultimate object will be to have the station operating on a year-round basis. If this can be achieved, the station will be the fourth operating in the Southern hemisphere on sperm whales, the others being located one in South Africa and two in South America.

In a recent interview a company representative stated that one of the big difficulties experienced in tracking sperm whales is that they can sound for periods of up to 45 minutes. When they surface they are naturally a considerable distance away from the sounding position. To cope with this the company intends to install in the near future some German built "Leipe" echo equipment which will facilitate tracking when submerged.

NEW HEBRIDES.New Wharf at Santo (Espiritu Santo).

The Condominium Government has signed a contract

with the French firm Societe Nationale des Travaux for the construction of a new wharf at Santo.

The new wharf will cost an estimated £Stg.400,000 and calls for the demolition of the existing Pier No.3 and its replacement by a 470-ft. wharf, the main supports for which will be 18 steel caissons filled with coral rubble. The western end of this structure will join the remaining arm of the present wharf, and the eastern end will terminate in a stone-faced embankment which will curve back to shore at an angle of 60 degrees, forming a breakwater and tide deflector. The approaches will be dredged to a minimum 30 ft. depth. Mooring dolphins will be driven off each end of the wharf. The wharf deck will be of reinforced concrete 80 ft. wide, and will be about 5 ft. above high water level. The tidal range is about 5 ft.

The area enclosed by the new wharf, its approaches, and the old wharf, will be filled in. The plan includes a copra store of about 12,500 square feet, and four other cargo sheds totalling about 10,000 square feet, located at the approaches to the wharf.

Construction will commence in March.

## NEW CALEDONIA.

### Shipping Communications.

#### (a) Overseas.

Messageries Maritimes maintain a regular service between Marseilles and Noumea via Algiers, Martinique, Guadeloupe, Panama Canal, Tahiti and the New Hebrides with the motor vessels "ERIDAN" (9,928 tons), and "CALEDONIEN" (12,712 tons).

M.V. "POLYNESIE" (5,500 tons) provides a three-weekly service between Sydney, Noumea and the New Hebrides.

Societe Le Nickel frequently sends vessels to Newcastle or Port Kembla to load coal. These vessels carry a limited number of passengers.

S.S. "NEO HEBRIDALS II" (1,266 tons), an old refitted vessel, visits Sydney as cargo offers. She also pays two visits a year to Fiji, via the Wallis Islands.

The Pacific Islands Transport Line, San Francisco (Norwegian-owned) runs a service between San Francisco and Noumea via Tahiti and Suva, employing the motor vessels "THORSISLE" (3,713 tons) and "THORSHALL" (3,676 tons).

(b) Local.

A very irregular shipping service between Noumea and the Ile des Pines and the Loyalty Islands is provided by the small vessels "HAVANNAH", "ROSALIE", and other small craft.

Special Item !

During the winter the native women play cricket in the area in front of the Army Barracks, Noumea. The ball is made of banyan latex. Rules: 15 a side. Pitch 16 metres long. One-ball overs. The batswoman may have an assistant who runs for her. The batting side often clap in unison while the batswomen are running between the wickets.

A very colorful spectacle.

DUTCH NEW GUINEA.

Defence.

When introducing the Naval budget to the States-General, the Netherlands Minister of War stated that, in view of naval commitments in Dutch New Guinea, it had

been decided to overhaul the destroyers VAN GALEN, PIET HEIN, and EVERTSEN (or KORTENAER) during the next few years.

The construction of the naval establishment was making steady progress. Camps at Manokwari, Sorong, Fak-Fak, and Kaimana were being restored and will be ready early in 1956.

Some of the Martin Mariner aircraft purchased from the United States (and intended for service in Dutch New Guinea) were due to arrive in the Netherlands.

A number of small landing-vessels and communication-vessels which were being built in the Netherlands were intended for service in Dutch New Guinea.

#### COCOS ISLAND.

On 23rd November, 1955, the Cocos (Keeling) Islands became a Territory under the Commonwealth of Australia under the name, Territory of Cocos (Keeling) Islands.

Lieutenant-Commander H. J. Hull, R.A.N.V.R. has been appointed Official Representative of Australia to take charge of the local administration of the Islands.

Aircraft employed in the Australia-South Africa air service operated by Qantas call at Cocos Island and now proceed from Sydney via Darwin instead of Fremantle.

*[Pages 20 - 25, containing an article on Antarctica, are on 1495 / 1/9/1]*

Joint War Production Committee, Mr. A. W. McCasker, Head of the Economics Branch, Joint Intelligence Bureau, Melbourne, made the following interesting observations on the economic situation in Japan.

"Despite the poverty of her natural resources, the war-time depreciation of and damage to her industries and the post-war loss of her colonial empire and sphered of influence, Japan is again an important industrial power. This is due, in large measure, to the very generous American assistance which she has received, as well as to the undoubted energy, self-discipline and "know how" of the Japanese people. Because of her past achievements, Japan has a large and well-trained industrial labour force, an advantage enjoyed by no other Far Eastern country. Nevertheless, because of her extreme dependence on imported raw materials and food, and hence also on markets for her own products, her economy is extremely vulnerable and would not be viable without continuing large-scale U.S. assistance.

By the end of 1954, Japanese industrial production was over 50% greater than the 1934-36 average. Great expansion has taken place in the manufacture of metals, machinery and chemicals, but the production of textiles which nevertheless remains Japan's largest single industry, has declined. The declining, absolute and relative importance of textiles is well illustrated by the fact that less than 20% of the industrial labour force is now employed in this industry, compared with 44% before the Pacific war. This falling off in Japan's major industry is explained by the large-scale scrapping and conversion of textile machinery during the war and the lack of markets and the high cost of imported raw cotton after the war. At the same time, the world rearmament boom and the requirements of South-east Asian countries for capital equipment, have encouraged expansion in the heavy industries. Thus, production of steel ingot in 1954 amounted to 7,740,000 tons, or about the same as the war-time peak, while output of cement and ammonium sulphate totalled about 11,000,000 and 2,000,000 tons respectively. Shipping



production, which has tended to fluctuate considerably in response to world demand, stood in 1954 at 441,000 gross registered tons, only slightly more than half the figure for the preceding year.

Japan's major industrial difficulties can be summed up quite briefly. First, there is the lack of indigenous raw material (90% of the iron ore, 50% of the coal, 20% of the scrap iron and 30% of the manganese used in the iron and steel industry and all the cotton used in the textile industry have to be imported). Since, in the absence of adequate Chinese or other Asian sources of supply, most of these items have to be shipped long distances to Japan, raw material costs are high. Secondly, much industrial equipment is worn out or obsolete, and there is a serious shortage of capital for replacement and development. Thus running costs are high. Thirdly, as a result of the dissolution of the old monopoly Zaibatsu interests, a number of small and inefficient producers have entered the market. Fourthly, because of the "democratization" and unionization of industrial labour, which took place under the occupation, Japanese wages have increased and labour is less tractable than formerly. Fifthly, the market position for most Japanese goods is very uncertain and heavily dependent on special American expenditure in Japan.

This is a formidable, but by no means complete, list of difficulties. It is sufficient to indicate, however, that, despite an apparently high level of industrial production, the Japanese economy is ailing. Perhaps the best measure of the seriousness of her position lies in the balance of trade and payments record: in 1953, for example, the balance of trade was unfavourable to the extent of \$1,135 million and, even with the assistance of U.S. special procurement orders amounting to some \$800 million, her overall balance of payments was still very unfavourable. The position improved somewhat in 1954, largely as a result of internal deflation and partly through the disposal of excess stocks, particularly of textiles, at very low prices.

The prospect thus still remains very unfavourable.

The Japanese six-year development plan, as drafted by the Economic Board in December last year, unlike the Chinese Five Year Plan, is not in the form of a detailed blue-print. It merely sets general targets for the government to achieve by indirect means, i.e. mainly through fiscal, monetary and trade policies. The starting point of the plan is the assumption that the population will increase from 86,780,000 in 1953 to 93,795,000 in 1960 (i.e. by about 8%). By that year, gross national production is to rise by about 20% to a level of some £A11,000 million. On this basis a considerable improvement in living standards would be achieved. At the same time, it is hoped to eliminate unemployment, balance the international accounts without dependence on U.S. procurement orders, and maintain a balanced budget.

This is a very tall order indeed. Success will depend, inter alia, on continuing expansion of foreign trade and the relaxation of other country's trade restrictions on Japan, early settlement of the reparations question, the continuation of American aid to South-east Asian countries (Japan's customers), and the maintenance of stable exchange rates and internal prices. Since many of these factors lie outside Japan's control, the whole plan is tinged with great uncertainty.

The first essential steps for Japan will be the rationalisation and modernisation of existing plants in order to reduce costs. This applies particularly to the iron and steel, ship-building and machinery industries. Again a substantial increase in electric power capacity is required. Specialised plans have been produced to deal with these problems and funds are being provided mainly through the Japan Development Bank, the Japan Industrial Bank and the Long-Term Credit Bank. Despite the need for substantial investment in industry, however, the present "tight" money policy is likely to continue as an essential element of the drive for cost

reduction. Under the circumstances, there seems every possibility that, with government blessing, there will be an increasing tendency for the old giant, Zaibatsu type industrial, commercial and financial concerns to reform.

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BIOGRAPHY OF HO CHI MINH, PRESIDENT OF THE DEMOCRATIC  
REPUBLIC OF NORTH VIETNAM.

His real name and age are not precisely known. He was born Nguyen Tat Thanh in 1890, 1892 or 1894, the son of a poor but well-read local official who lost his job for opposing the French. He was known for about twenty years as Nguyen Ai Quoc, meaning, "Nguyen the Patriot." The name Ho Chi Minh, meaning "He who Enlightens", is the latest of about a dozen aliases - it was adopted during World War II.

In 1911 he slipped out of Indo-China as a cabin boy on a French vessel with the avowed intention of learning foreign techniques of revolution. This was not surprising, as at the age of nine he had been carrying messages for his father's anti-French movement in Central Vietnam.

Not yet a Marxist, Ho, an avid reader, but no sailor, spent his time at sea reading Tolstoy, Zola, Marx and Shakespeare.

In 1914 he turned up in London. He obtained a series of odd jobs, shovelling coal, clearing snow and spent some time cleaning the silverware in the Carlton Hotel. There he met the great Escoffier, who offered to teach him the art of cooking, but Ho contented himself with joining a secret society called "The Overseas Workers".

From London, Ho migrated to Paris and worked as a photographer's assistant in Montmartre. Here he made

an impression in student society as an Asian intellectual and debated astronomy, hypnotism and the arts, not the least being political science.

Steadily his views swung to the left. In 1922 he attended the Congress of the French Communist Party and there modestly advocated an alternative to a "solid front world revolution". He suggested (i) a revolution against French colonialism in the name of nationalism, to be followed up by (ii) a second revolution against nationalism to achieve the total socialist state.

Shortly after this pronouncement Ho disappeared from Paris and re-appeared in Leningrad. After a brief sojourn he moved to Moscow, where he was invited to sit with the President of the "Third International". He helped the Russians, in return for this honour, to organise their "University for Toilers of the East".

In 1925 he completed his training as a professional revolutionary and spent the ensuing 15 years in the Communist underworld of South East Asia. In Singapore he helped to organise South East Asia's Comintern and ranged through Thailand to China where he was Borodin's (the Russian intriguer) assistant.

His big chance came in World War II.

In what amounted in Asian eyes to a crowning loss of face, the Vichy French agreed to co-operate with the Japanese. Exploiting this situation with great ability, Ho organised a "United Front" of Nationalists and Communists, and called the party the Viet Minh. The party was dedicated to the formation of a Democratic Republic of Vietnam.

His guerilla force of some 10,000 strong set about harassing both Japanese and French alike. They did so well in their jungle warfare that they became known as the "Men in Black".

On the re-occupation of Indo-China at the end of the War the British took over Saigon and the Nationalist Chinese, Hanoi. With the re-occupation came the French, who made no bones about the fact that they wanted the whole of Indo-China back. Ho, with tremendous guile, having welcomed the "liberators", agreed to lead his "Democratic Republic of Vietnam" back into the French Union.

There is little doubt that at this stage Ho wanted an agreement but was frustrated by the stubborn demands of the French Government, who wished to dictate their terms.

At the end of 1946, Ho, negotiating unsuccessfully in Paris, returned to Indo-China. On December 19th he ordered his Vietminh army to attack the unsuspecting French Army and civilian population in Hanoi. Ho warned the French that for every ten of his men killed he would kill one Frenchman, but in the end he would win.

The fighting culminated with the Geneva Agreement of 1954.

The tenacity and ruthlessness which Ho showed during seven years of bitter fighting is in sharp contrast to the man of letters which he is. He speaks French, English, Russian, Chinese and Vietnamese. He speaks with great simplicity and clarity. He has infinite patience and is well liked by those that meet him. He is an ascetic with a blameless private life who dresses simply. Only on close acquaintance with this strange blazing-eyed consumptive does one become aware of the inner fire of this living example of a professional revolutionary.

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SECRET

Transit List

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