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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. SWAN.

H. M. A. S. SWAN was commissioned on 10th February at Garden Island as a Cadet Training Ship. SWAN has been converted at the dockyard for her new role and is now carrying 55 Cadet Midshipmen for six months training. Cadets from the R. A. N. College will now gain valuable sea training before proceeding to the United Kingdom.

SWAN's complement will consist of seven officers in addition to her Captain, and, apart from a small ship's company of certain ratings, she will be manned by Cadets.

Before returning to Sydney late in April she will have visited Tasmanian, South Australian and Victorian ports.

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H. M. A. S. COOTAMUNDRA.

On 9th January Lieutenant-Commander T. J. P. O'Byrne R. A. N. V. R., who has succeeded Lieutenant-Commander R. McKaige, R. A. N. V. R., as Staff Officer (Coastwatching), embarked in H. M. A. S. COOTAMUNDRA at Lombrum for a Coastwatching cruise.

The prime purpose of the cruise was to enable Lieut.-Cdr. O'Byrne's introduction to many Coastwatchers whom he had not previously met. Rabaul, Sohano, Kieta and Buin were visited in a very successful cruise. The return to Lombrum, where COOTAMUNDRA berthed on 22nd January, was marred by the discovery aboard of three cases of measles and the ship was placed under quarantine. It was an

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unfortunate occurrence and necessitated the cancellation of a second cruise which was to have covered the Trobriands, Kandrian, Samarai, Port Moresby and Yule Island.

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H.M.A.S. EMU.

On 12th December, H.M.A.S. EMU sailed from Darwin for Entrance Island with two Native Affairs Patrol Officers embarked. The circumstances surrounding EMU's visit arose from H.M.A.S. SHOALHAVEN having grounded upon an uncharted 2 $\frac{1}{2}$ -fathom patch in Boucaut Bay near an approved anchorage for the Japanese Pearling Fleet. The Staff Officer (Intelligence), North West Australian Area, made a reconnaissance flight in a Lincoln aircraft over the Boucaut Bay area and sighted a possible nigger-head and an uncharted shallow patch nearby. On the return flight to Darwin seven pearling luggers were sighted at anchor in the prohibited area off Entrance Island.

H.M.A.S. EMU then sailed from Darwin to investigate and landed the two Patrol Officers at Entrance Island whilst the pearling luggers were away diving, and proceeded to Boucaut Bay, where she confirmed the navigational hazard without being able to investigate closely owing to rough conditions. H.M.A.S. EMU then returned to Entrance Island and was advised that three luggers which had arrived at Entrance Island during her absence had warrants served on them. EMU and the luggers then proceeded separately to Darwin.

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R.A.N. Air Squadrons.

The following is the programme planned for the R.A.N. Air Squadrons for 1956 :-

(a) Fighter Squadrons.

- (i) 805 Squadron to remain as an eight-aircraft Sea Fury Squadron.
- (ii) 808 Squadron having worked up in the United Kingdom with Sea Venom MK21 aircraft on loan from the Royal Navy, to embark in H.M.A.S. MELBOURNE for return to Australia. After a period ashore at N.A.S. Nowra using Sea Venom 53 aircraft the Squadron will embark in MELBOURNE for the rest of the year.

(b) A/S Squadrons.

- (i) 816 and 817 Squadrons to continue their work-up programme in the United Kingdom with Gannet MK.1 aircraft and return to Australia in MELBOURNE. After a period ashore at Nowra both squadrons will also embark in MELBOURNE for the rest of the year.
- (ii) 815 Squadron to remain as a twelve-aircraft Firefly Squadron.

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

H.M.S. ROYALIST will be commissioned in England during April as an R.N.Z.N. ship and will undergo her working-up exercises in England. She will also participate in exercises with the Mediterranean Fleet before proceeding to New Zealand, where she is due to arrive in December.

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(c) ROYAL CANADIAN NAVY.Helicopters.

The Royal Canadian Navy now has fourteen helicopters in service. They are employed in search and rescue duties, plane guards, in ice reconnaissance with the Arctic Patrol, and as ship-to-ship and ship-to-shore transports for personnel and equipment.

Six Sikorsky HO4S-3 helicopters which form the helicopter anti-submarine unit are equipped with detection devices. This unit will operate principally from the aircraft-carrier MAGNIFICENT.

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(d) ROYAL NAVY.New A/S Frigates.

About 170 ships and small craft for the Royal Navy ranging from frigates to motor-boats were launched or completed during 1955.

The new construction included some interesting Anti-Submarine frigates, namely H.M.S. EASTBOURNE, and H.M.S. HARDY.

Having been previously designed for the location and detection of the most modern type of submarines, H.M.S. EASTBOURNE will be fitted with the latest underwater detection equipment and anti-submarine weapons of post-war development. A novel design of geared steam turbine machinery will give her the speed necessary for this important task. In addition to the specialist equipment mentioned she will have a main armament of two 4.5" guns and also two smaller guns. Opportunity has been taken in her building to gain experience in welding procedures and in arrangements conducive to the rapid building of

such vessels in an emergency.

H.M.S. HARDY is a completely new type of frigate. She is highly manoeuvrable and her hull has been designed to enable her to maintain a high speed in heavy seas during submarine search. She is an all-welded ship, and is powered by geared turbines of an advanced design which are extremely economical at cruising speeds.

This frigate is armed with three 40 m.m. Bofors guns and two three-barrelled anti-submarine mortars. These weapons can be trained over a wider arc than any previous type of anti-submarine mortar. Two twin torpedo tubes are installed.

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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.KOTLIN Class Destroyer in Soviet Far East.

There is evidence that at least one of the new KOTLIN class destroyers is attached to the Soviet Pacific Fleet.

Since there is no evidence that this vessel proceeded to the Soviet Far East via the Northern Sea Route in either the 1954 or 1955 seasons, there is reason to believe that it may have been constructed in Soviet Far East yards.

The KOTLINS have a similar hull and main armament to the TALLIN class, with an increased close range armament. They are also fitted with a number of new types of radar.

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SOUTH KOREA.Destroyer Escorts.

The crews to take over two BOSTWICK class destroyer escorts, U.S.S. MUIR and U.S.S. SUTTON, are at present in the United States.

These DE's are of 1,250-tons displacement and are armed with three 3-inch and two 40 m.m. guns and three 21-inch torpedo tubes. They carry a complement of 220.

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JAPAN.Trials of New Destroyers.

The 1,700-ton A. Class destroyers HARUKAZE and INAZUMA built in Japan last year have now successfully undergone trials.

HARUKAZE will be armed with three 5-inch guns of U.S. origin, two 40 m.m. guns with quadruple barrels, and depth charges.

INAZUMA's armament will comprise two locally-made 3-inch guns, two 40 m.m. guns, eight depth-charge throwers, racks and Hedgehog.

Submarine Construction.

The Japanese press reports that the three major ship-building firms of Mitsubishi, Mitsui and Kawasaki, are competing for a Defence Board contract to build a 1,000-ton snort-fitted submarine, three of which are to be built under the six-year defence plan.

Naval Air.

The Maritime Self-Defence Force is to receive from the U.S. six long-range P2V-7 Neptune aircraft for anti-submarine patrol and reconnaissance duties.

They will replace the PV2-Harpoon, an out-of-date aircraft the Japanese have been operating.

1956 Defence Budget.

The 1956 Defence Budget has been tentatively set at 100,200 million Yen - 15 per cent higher than the last allocation.

This will enable the Defence Board to make plans for the reinforcement of the Navy and Air Force in addition to plans already decided upon

COMMUNIST CHINA.Addition of six KRONSTADT Class Patrol Vessels to Chinese Communist Navy.

Six ex-Soviet KRONSTADT class patrol vessels have now been accepted as transferred to the Chinese Communist Navy.

In addition, it is possible that six T-43 class minesweepers have also been transferred, indicating that the expansion of the C.C.N. is steadily continuing.

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SOUTH VIETNAM.French Naval Appointments.

Rear-Admiral Max Douguet has succeeded Rear-Admiral George Cabanier as Commander of French Naval Forces in Indo-China. Vice-Admiral Edouard Jozan remains Commander of French Naval Forces in the Far East.

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INDONESIA.Defence Budget.

The allocation for the Defence Forces in the 1956 budget is very small, being £A121 million (approx). Seventy-six per cent of this money will go to the Army, the remainder being equally divided between the Air Force, Navy and the Ministry of Defence. The Air Force and the Navy will receive only about £A9,000,000 each.

Naval Recruiting Cruise.

In an endeavour to obtain more recruits for the Indonesian Navy (A.I.R.I.) the Naval Supply Ship BISCAYA has been visiting most of the more important ports in Indonesia on what is called a Mobile Recruiting Cruise.

The ship, apparently, has been specially fitted out for this purpose, and it is hoped that by the end of the cruise some 300 volunteers will have joined the Indonesian Navy. The recruits are required for service in the seaman and engineering branches in the commando corps.

BISCAYA was encountered by a Motor Launch of the Royal Malayan Navy on 11th January in the Malacca Straits while on passage from Djambi to Belawan. At this time the Commanding Officer of the Motor Launch estimated that there were about 100 men on board - probably newly recruited into the Indonesian Navy.

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U.S.A.U.S.S. SAILFISH.

U.S.S. SAILFISH which has been launched at the Portsmouth Naval Shipyard is a submarine of approximately 2,000 tons and will be equipped with the latest radar and electronic gear to fit her as a radar picket submarine.

Although other submarines have been converted to undertake such duties, SAILFISH is the first designed and built for such work.

Refuelling of U.S.N. Aircraft in Flight.

All new Naval fighters are being equipped to enable them to refuel in flight. Jet aircraft at present

in service which are also being equipped include F9F Cougar, F11F Tiger, F7U Cutlass, F2H Banshee and FJ Fury.

The tanker aircraft is the AJ bomber fitted with tanks in the bomb bay. The AJB is a North American attack bomber with two reciprocating engines and a jet engine in the tail. One version is modified to be a refuelling tanker.

Attack Cargo Vessel U.S.S. TALARE.

U.S.S. TALARE which was to be commissioned in January is a prototype attack cargo vessel of some 18,000-tons loaded displacement, 563 feet in length and with a speed of over 22 knots.

Besides modern electronic and radar equipment she is fitted with a helicopter platform on her stern and derricks capable of lifting 60-ton landing craft.

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FRANCE.

Ship-Building Programmes.

During 1955 the following ships totalling 22,025 tons were either commissioned or about to be commissioned :

- 3 SURCOUF class destroyers
- 4 LE CORSE class Frigates
- 5 Coastal Minesweepers
- 3 Patrol Boats (off-shore programme)
- 4 Ocean Minesweepers (M.D.A.P. programme)
- 4 Motor Minesweepers (M.D.A.P. programme)
- 15 Inshore Minesweepers (M.D.A.P. programme)

The following totalling 52,400 tons, are expected to commission in 1956 :-

The A.A. cruiser DE GRASSE
9 SURCOUF Class Destroyers
15 Coastal Minesweepers (11 off-shore programme)
7 LE CORSE Class Frigates (off-shore programme)

Naval Aviation.

During 1955 two operational squadrons of Aquilons were formed. These are all-weather jet fighters fitted for deck-landing. The total order for Aquilons has now been increased from 75 to 90. 5 Neptune aircraft were received in 1955. The following prototypes are being built :-

- (a) 5 Breguets 1050. These are three-seater, anti-submarine, carrier-borne aircraft and are due eventually to replace the present T.B.M. Avengers. Flight trials are expected in August this year.
- (b) One Breguet 1100. This is a ground-attack and low-altitude fighter due eventually to replace the present Corsairs. Flight trials are expected in 1957.

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S E C T I O N III.EXTERNAL POLITICAL, POLITICO-MILITARY AND
ECONOMIC INTELLIGENCE.U.S.S.R.Soviet Freighters Carrying Strategic Cargoes for Communist
China.

Two Soviet cargo vessels, "BELOMORKANAL" (3,000 tons) and "SERGEI KIROV" (8,000 tons), with strategic cargoes for Communist China, called at Singapore during February to request bunkers. The Singapore Government declined the request and offered to provide only sufficient bunkers to enable the vessels to reach Djakarta, their nearest port.

This is the first occasion upon which Soviet vessels have tried this gambit for many months and it is of interest to note that it coincided with the raising of the question of Chinese trade embargoes by Sir Anthony Eden at Washington.

After remaining in Singapore for about ten days "BELOMORKANAL" sailed for Djakarta to bunker and "SERGEI KIROV" sailed to rendezvous with the Soviet vessel "IVAN POLZUNOV" to refuel outside territorial waters.

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JAPAN.Aids to Radio Communications.

The Japanese International Telephone and Telegraph Public Corporation has announced the development of three devices to aid radio communication.

The first is a new type of radio telegraphic

machine which automatically corrects errors or faded words. The second is a new radio telephone which can send and receive messages on only one wave length. The third is a device to send micro-waves directly over long distances of up to 1,000 and 1,300 kilo-metres by the use of a 60-foot diameter parabola reflector, 500 kilowatts and without any relay station.

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COMMUNIST CHINA.

Trade Protocols with Soviet Bloc, 1956.

Communist China has announced the inclusion of trade protocol for 1956 with all members of the Soviet bloc, except Hungary and Bulgaria, following the visit of a trade delegation to the U.S.S.R. and European Satellites. Protocols governing trade with Hungary and Bulgaria may be expected in the near future.

According to the announcements they closely follow previous lines with China exporting non-ferrous metals and ores, textile fibres, foodstuffs and other products in return for a wide range of industrial and communications equipment, petroleum products, and industrial raw materials. As usual no figures are given for the contemplated level of trade.

The Chinese Communist press has stated that there has also been agreement with the U.S.S.R. on "the extension of the transit of goods through both countries". Discussions were held at the same time regarding the opening of rail traffic between the U.S.S.R., Outer Mongolia and China. These efforts to achieve better co-ordination of trade and transport arrangements exemplify the present trend towards close integration of Soviet-bloc economic planning.

Improvement in Ship-repair Capabilities.

The following report received from the Master of a merchant ship which visited Shanghai on 29th January, is indicative not only of the high standard of repair work now available at that port, but also denotes an unusual degree of co-operation on the part of the authorities.

On leaving Hongkew Wharf, source's ship collided with the jetty causing considerable damage to the ship which necessitated immediate repair. This was effected at Pootung. In the contract three alternatives were offered :-

- (a) A temporary repair executed in four days - sufficient to allow the ship to proceed to Hong Kong;
- (b) A repair which would take a fortnight, enabling the ship to proceed to Europe;
- (c) A permanent job, requiring at least a month to complete.

Having chosen (a), source was surprised at the high standard of the work and the speed and efficiency with which it was carried out. The Lloyd's Surveyor later passed the ship as fit to proceed to Rotterdam.

At the Chinese court of enquiry, source was acquitted as completely blameless, and the authorities apologised for the delay. A special licence was obtained from Peking to enable the repair work to be carried out at night. This is the first instance known in Shanghai of repairs being carried out at night on any merchant ship.

Source's six passengers were the guests of the International Tourist Bureau for twelve hours, they

were very well treated, being given free meals and souvenirs. In order to avoid future complications with American visa regulations, their passports were not stamped, but a temporary entry card was issued in lieu.

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NORTH VIETNAM.

Port of Haiphong.

It is planned to dredge the entrance to, and the port of, Haiphong by June.

At present the depth is 14 feet M.L.W.S. in the seaward approaches and the plan aims to increase this depth to a minimum of 24 feet. To do this it will be necessary to remove 500,000 cubic metres of silt per month - a task which would be impossible with the old type bucket dredgers available. It is therefore expected that suction dredgers will be made available by the Chinese Communists. Possibly these will come from the Pearl River.

Civil Aviation.

The first of the five Dakota-type aircraft ordered from Communist China is reported to have arrived in Hanoi. The aircraft, believed to be Russian-built, was painted grey and carried Vietminh markings.

The arrival of this aircraft would appear to mark the beginning of the projected internal air service which the Vietminh have announced their intention to run.

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INDONESIA.Port of Belawan.

The manner in which affairs are being allowed to drift in Indonesia through lack of effective government and a weak economy is illustrated in the following report on the port of Belawan.

Belawan, on the north coast of Sumatra, is the outlet for Medan and for one of the richest regions in Indonesia.

However, the serious state of disrepair into which Belawan has fallen is jeopardising its popularity as a port and the economy of the region as a whole.

Since the war Belawan has not been given the technical and financial assistance necessary to maintain a reasonable working efficiency with the result that merchant shipping is beginning to by-pass the port because the serious delays suffered there are upsetting their schedules. For example, the six new German cargo/passenger vessels of the Hapag and N.D.L. Line, which until recently included Belawan in their itineraries, are now giving the area a miss.

Despite numerous complaints to the Ministry of Communications by the Medan Branch of the Shipowners and Agents Association and many promises of improvement by the former and the Harbour Director, nothing has been done to remove obstacles to shipping.

The rapid silting up of the river bed at the base of the wharves is causing ships to "slither" away from the dockside at low tide, which means that the larger ships are sometimes forced to stop working because they are about 20 feet from the wharf.

A bucket-dredger is needed to rid the harbour of this menace, but one cannot be employed till the wreck of the "HERCULES", a bucket-dredger accidentally rammed in August 1949, is removed. Half-hearted attempts to raise her having failed, she will have to be broken up under water.

Practices such as double-berthing have been adopted to counteract the smallness of the port facilities available,

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SARAWAK.

Communications.

One of the primary difficulties in Sarawak has been the almost complete lack of adequate communications between towns and outlying villages.

The cost of installation and maintenance of land lines being prohibitive, the Government has decided to adopt V.H.F. radio to link the telephone systems of the various townships.

It is hoped that within three years, Kuching, the capital will be in telephonic communication with all other towns and large villages throughout the State.

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PHILIPPINES.

Japan - Philippines Salvage Agreement.

Under a Reparations Agreement signed last August, Japan undertook to remove 57 wrecks in Cebu Harbour and Manila Bay, beginning in September, 1955, and continuing for two and a half years. In return for salvage services which were estimated at producing about 70,000

tons of scrap steel, the Philippines Government was to reduce Japan's war reparations debt by 6,600,000 dollars.

By January 1956, Japanese divers had recovered 24,000 tons of scrap iron, which is 59.7% of the 40,066 tons to be turned over to the Philippines by the end of March.

There are reports in Tokyo that the Philippines will request Japan to remove another 37 wrecks, a request which Japan is likely to agree to.

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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 .H A R B O U R I M P R O V E M E N T S .P o r t K e m b l a , N . S . W .

Preliminary work on the construction of Port Kembla's new inner harbour is about to commence.

Legislation for the project was passed by the New South Wales Parliament during December, 1955, and an agreement was reached whereby it will pay £5 $\frac{1}{4}$ million and two steel companies operating at Port Kembla will pay £20 million to cover the cost. A new dredge, now being fitted out at the State Dockyard, Newcastle, will start dredging Tom Thumb Lagoon.

Port Kembla's total trade has risen from 440,000 tons in 1925 to more than 3 $\frac{1}{2}$ million tons. Shortage of berths had become an acute problem as shipping tonnage had increased from about 600,000 tons to 1,600,000 tons in seven years. Construction of the first stage of the inner harbour to provide fourteen new berths will take four to five years.

B o t a n y B a y (N . S . W .)

The Maritime Services Board of New South Wales recently appointed a Harbourmaster and a Pilot at Botany Bay and has made compulsory the engaging of a pilot by all vessels entering the port. Vessels entering the bay are now required to radio for a pilot who is sent to meet the ship off the entrance. Previously, tankers entering the bay used the services of "an old retired Sydney pilot who had a knowledge of the bay".

The Board decided to make pilotage compulsory because of the increase in shipping which served the refinery at Kurnell and other bulk terminals.

In the past twelve months, fifty tankers have discharged more than 600,000 tons of bulk oil at Botany Bay and when the refinery comes into operation the number of tankers is expected to reach one hundred and eighty.

NORTHERN TERRITORY.

Daly River Mission Station.

A new mission station is being constructed at Daly River on the site of the old mission, abandoned in 1902, when the Jesuit Fathers withdrew from the Northern Territory.

The Mission will have all the usual buildings, including a school for 40 children. There will also be an airstrip for small aircraft.

The Mission is expected to be in full operation in March.

Ryukuan Pearl Divers.

The Darwin Master Pearlmen Haritos and Bell have engaged some Ryukuan pearl divers to operate from their luggers. This followed an objection raised by the Darwin Master Pearlmen Association against the proposed employment by Haritos and Bell of Japanese divers. Later Haritos and Bell withdrew from the Association.

It has been found that the Ryukuans employed are just as efficient as the Japanese divers.

Stokes Hill Wharf, Darwin.

It is expected that the Stokes Hill Wharf, including the recently authorised 100 ft. extension, will be ready for use in April.

Plans are being considered for the provision of a two-way access road to the new wharf.

Fort Hill Wharf, Darwin.

Reconstruction work on the Fort Hill Wharf has been slowed down by the continuous use of the wharf by shipping. Approximately £200,000 is being spent on strengthening the wharf. The Department of Works estimate that the work will be completed by Easter.

Rice production.

The commercial rice growers, Australian-American corporation, Mainguard Australia, commenced sowing 300 acres at the Humpty Doo rice fields at the end of November. The corporation hope to reap enough seed from this to enable them to plant 5,000 acres at the end of 1956.

The seeds used have been acclimatised by the C.S. & I.R.O. Research Station in the Kimberleys.

Katherine-Tindall Airstrip.

The wartime airstrip Tindall, 7 miles out of Katherine, has been repaired by D.C.A. and brought into operation again. Improved air service for Katherine is ensured, as the Tindall airstrip can take T.A.A.'s DC-4 planes. Smaller T.A.A. and other aircraft will still use the smaller airstrip at Katherine.

Administrator of the Northern Territory.

The Administrator of the Northern Territory, Mr. F.J. Wise, arrived in Darwin on 18th January on his return from overseas. Mr. Wise spent three months overseas in U.S.A., South America, Africa and the United Kingdom on a fact-finding tour with regard to agriculture, soil-preservation, water-preservation and the cattle industry.

Fine Inflicted on Darwin Pearling Lugger.

The Captain of the Darwin pearling lugger "Darwin", Aki Kumamoto, has been fined £20 for taking a lugger into forbidden waters adjacent to a native reserve.

The "Darwin" was one of the three luggers arrested by Native Affairs Patrol Officers from H.M.A.S. EMU off Entrance Island during December.

Aki Kumamoto was Captain of one of the Japanese Pearling luggers which fished in Australian waters in the 1953 season. He subsequently came to Australia under the scheme for employing Japanese divers in Australian pearling luggers.

Thursday Island Main Jetty.

On 19th November, 1955, the town jetty on Thursday Island collapsed, causing oil fuel lines to sag into the sea. Approximately 170 feet of the naval pipeline was cut to obviate further damage to the jetty and to permit the necessary repairs to be made.

The Naval oil fuel installation has been declared surplus for disposal and tenders have been received by the Department of Interior.

R/T Link with Thursday Island.

The radio telephone link between the mainland and Thursday Island will shortly be in operation. The

submarine cable from Cape York to Thursday Island was severed in May, 1953, when a ship's anchor fouled the cable. Communications since that date have been maintained by means of a radio telegraphic channel between Thursday Island Post Office and the Brisbane General Post Office.

TERRITORY OF PAPUA AND NEW GUINEA.

Official trade statistics for 1954-55 reflect the development in trade which continues to take place in Papua-New Guinea.

The total export-import trade was £30 $\frac{3}{4}$ million compared with £26 $\frac{1}{4}$ million the previous year. There was nearly £1 million rise in exports and just over £3 $\frac{1}{2}$ million in imports.

Copra represented more than half the total ^{exports} and cocoa more than doubled its output, exports being valued at £525,000. The new plywood industry, in its first full year of operation, made an important contribution to the Territory's trade, with export shipments valued at £680,000. Coffee continued to make steady gains.

In imports the largest outlay was on machinery and general metal manufactures, which includes a big proportion of capital goods. These imports accounted for over £5 $\frac{3}{4}$ million of the total £18 $\frac{3}{4}$ million spent on imports. Food imports ranked next with an expenditure of over £5 million, an increase of 11% over the previous year.

SHIPPING INFORMATION.Sale of Vessels to the Far East.

The following list gives new names and particulars of vessels acquired recently by Manners & Co. Ltd., of Hong Kong :-

VESSEL	FLAG	GROSS TONNAGE	OLD NAME
"GLEBE BREEZE"	British	875	"ARAKOON"
"HONG KONG BREEZE"	British	5,215	"GAMBHIRA"
"NEPEAN BREEZE"	British	3,790	"AEON"
"NORTH BREEZE"	British	3,498	"NORDANERIS"
"ROZELLE BREEZE"	British	924	"ULMARRA"
"SOUTH BREEZE"	British	2,877	"HAVSBRIS"
"SYDNEY BREEZE"	British	5,389	"STAR OF ADEN"
"WEST BREEZE"	British	3,604	(New Construction)
"YARRA BREEZE"	British	2,535	"GOULBURN"

The "MANLY BREEZE" (ex "LADY ISOBEL") has been registered at Panama and the name changed to "SAN CARLOS".

The Blue Star Line vessel "VICTORIA STAR" of 7,048 tons gross built in 1943 has been sold to Williamson & Co. Ltd. of Hong Kong and renamed "INCHEARN".

Another vessel, "SWAN VALLEY", owned by Westralian Farmers Transport Ltd., of London and recently on charter to transport iron ore on the Australian coast, has been sold to Williamson & Co. Ltd., of Hong Kong and renamed "INCHARRAN".

INTELLIGENCE OFFICERS IN H.M.A. SHIPS.

Lieutenant P. R. Burnett, R.A.N., has assumed the duties of Intelligence Officer in H.M.A.S. QUADRANT.

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S E C T I O N V.S P E C I A L A R T I C L E S .

(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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THE SOVIET SIXTH FIVE-YEAR PLAN.

The Soviet Sixth Five-Year Plan "envisages a mighty advance of the national economy" which "will further strengthen the economy and its indestructible defence power". The planned increases in industrial output are unexpectedly large. The Plan calls for an ambitious programme for producing electric power from nuclear energy; by 1960, atomic power apparently will account for approximately seven per cent of the Soviet Union's total electric power output.

The rates of economic growth under the Sixth Five-Year Plan, as indicated in the table below, are not quite so high as under the previous Five-Year Plan, but the rates for the new plan are applicable to a higher base, so that the increases are proportionately greater.

	<u>Percentage Increase</u>	
	<u>5th Five-Year Plan</u>	<u>6th Five-Year Plan</u>
National Income	68	60
Industrial Production	85	65
Consumer Goods	76	60
Real Wages	39	30

Planned percentage increases in certain items considered basic elements of industrial power and announced production for the last year of the Fifth Five-Year Plan and goals of the last year of the Sixth Five-Year Plan

are given below. Based on steel and electric power output, the two that serve as good indicators of relative economic strength, Soviet industrial output in 1960 may be approximately three-fifths of that of the United States in 1955.

	<u>Production</u>		<u>Percentage</u> <u>Increase</u>
	(Million Metric Tons) (Except electric power)		
	<u>1955</u>	<u>1960</u>	
Steel	45	68	51
Coal	390	593	52
Crude Oil	70	135	91
Electric Power (BIL KWH)	170	320	88

The plan calls for a 50-per cent increase in retail trade, a 50- per cent increase in labour productivity, a 30-per cent increase in wages, and a 50-per cent increase in the number of technicians and specialists. Gross grain production is to be 50 per cent greater; meat, 100 per cent greater; and milk, 80 per cent greater.

In agriculture, emphasis will be given to greater yield per acre, rather than to an expansion of acreage which was accomplished during the previous Plan. Soviet farming apparently will benefit considerably from the visit of Soviet agricultural officials to the United States, since the influence of United States farm practices are clear in the Plan directive. Pigs are expected to provide half of the meat supplies in the future. Cattle are to be raised on dry pastures and fattened on finishing farms. Milk-vegetables zones are to be organised around all major cities.

The plan for producing electric power from atomic energy is by far the most ambitious in the world. Plants having a capacity of 2,500,000 kilowatts from

nuclear sources will be constructed during the next five years. This programme is more than double that of any other Foreign Power. Such a programme would be a sizeable drain on Soviet resources. The cost of such plants would require large amounts of uranium and graphite, about one-fifth of the estimated amount of uranium and supplies now available to the Soviet Union.

Estimates on the success of the Plan are necessarily of a speculative nature. Soviet planners, themselves, probably cannot make accurate estimates, especially in such fields as agriculture and oil. Weather is a greater controlling factor in harvests than Plans, and crude oil production is more dependent on locating oil deposits than on Plans. Industrial goals of previous Soviet Plans generally have been met and agricultural goals have not. Past results serve as a useful guide concerning the probable success of the Sixth Plan. One thing seems certain; Soviet leaders are determined to continue rapid economic expansion. Large amounts of resources are being allocated to investments; 990 billion roubles for the 1956-60 period compared to 593 billion roubles during 1951-1955.

This ambitious programme will create great economic stresses. There will be competition over the allocation of resources (gross national product) for investment, defence, consumption, and foreign economic assistance. Defence and investments probably will receive first priority followed by foreign assistance and consumption. The expected high priority to investments will mean that more resources will be available for allocation on completion of the Plan.

By the end of the Sixth Five-Year Plan, the Soviet Union probably will have increased its industrial superiority over other World Powers except the United States, improved the standard of living, and strengthened its military economic potential. It will be in a better position to use economic assistance and propaganda concerning the economic benefits of Communism in its attempts to gain its objective.

FAR EAST RUSSIAN AND SATELLITE SHIPPING IN 1955.

The steady increase in Communist bloc shipping plying to the Far East continued throughout 1955, and the general pattern of routes remained the same.

Russian tankers sailed East via the Sunda Straits and Djakarta to Vladivostok and the Northern ports, while the Satellite freighters, of which the great majority were Polish, came by way of Singapore to Whampoa on the Pearl River. Both routes kept well clear of the Chinese Nationalists in Formosa.

On the homeward run back to the Black Sea and/or Europe, all these ships, practically without exception, proceeded via Singapore; a reason for this is believed to have been the practical one of a better shopping run ashore for the crews.

Cargoes carried also remained very much the same. All types of fuel, including a high proportion of kerosene went to the Soviet Far East and North China ports in Russian tankers, and to the Pearl River in Satellite tankers. Satellite freighters picked up quantities of rubber from Colombo when en route to China with general cargoes of manufactured goods, chemicals and other strategic items.

The problem of not returning tankers empty was largely solved by cleaning their tanks in the Far East and loading them with soya beans, mostly from Dairen. The Satellite freighters from China made the return trip with iron ore, rice and even re-exported Ceylonese rubber.

This general pattern was given a "side lobe" in the latter end of the year with the advent of the economic aid agreement between the Soviet and the Vietnam. Seven Russian freighters were used on a

'rice run' between Rangoon and Haiphong, and in addition, two Russian tankers, including one of a new class - the 3,000-ton "DRAGOBYCH", carried fuel to Haiphong from the Black Sea. This 'gift aid' service to the Vietminh by the Russians is expected to continue.

The seasonal transfer of Russian freighters from the Far East to European trade during the ice season was not so noticeable in 1955 as in the past, although there was the usual increase in the number of Russian merchant ships trading into North China ports during late November and December. This may possibly indicate an improvement in the ability of Russian icebreakers to keep the Northern ports open to a greater extent during the winter months.

The Soviet and Satellite mercantile marine continues to expand at an impressive rate and is now somewhere in the region of 1,000 ships of all shapes and sizes. Taking into consideration that 50% of this merchant fleet is estimated to be used in the Far East, it can be expected that an increasing number of Russian and Satellite merchant ships will be met with on the Far East Station in 1956.

(C.S.O.(I), Far East).

COMMUNIST CHINA - ACCELERATION OF FIVE-YEAR PLAN.

The Chinese Communist authorities have recently made a series of dramatic statements to the effect that they intend achieving many basic Five Year Plan targets twelve months or more ahead of schedule. This is particularly surprising, since the First Five Year Plan (covering the period 1953-57 inclusive) was itself finalised only some six months ago, after two and a half years of trial and error. Moreover, as progress in 1955 apparently fell below expectations in many fields, further downward revision, rather than acceleration, of the Plan seemed likely. Nevertheless, every effort will undoubtedly be made to meet the new commitments, despite the greatly increased strain which will be imposed on the economy.

By far the most remarkable features of the accelerated programme are in the field of agriculture. The original provision that approximately one-third of China's 110,000,000 peasant households would be in agricultural co-operatives by the end of 1957 has now been completely superseded, since, according to the latest announcements, about 60% have already been enrolled. It is now claimed that the organisation of Chinese agriculture along these "semi-socialist" lines will, in the main, have been completed by late 1956, and that complete socialisation will be achieved over the following few years. Agricultural production is also to be expanded far in excess of former targets; the grain estimate for 1956 (199 million tons) is now some 6 million tons higher than the Five Year Plan 1957 target. Few details are given of the way in which this extraordinary expansion is to be brought about, although the authorities are ostensibly relying on rapid growth in the productivity of the co-operatives, and greatly increased funds are to be made available for investment in them.

The need to produce more tractors, farm machinery, electricity etc., in order to keep pace with agricultural developments has been a cardinal point in official announcements. According to the official press, the Ministry of Heavy Industry (metals, chemicals and construction materials) is to fulfil 99% of its original 1957 production programme in 1956. The machine-building industry is to increase its 1956 target by 24%, while the oil and coal industries are to achieve 100% and 97% respectively of their 1957 targets in the present year.

Efforts to increase the production of farm machines are probably being concentrated on the Peking Agricultural Machinery Plant, which is to fulfil its five year production quota 17 months ahead of schedule. Although announced plan modifications are not always clearly framed, almost every important industry appears to be

committed to some degree of immediate acceleration in its production programme.

Increased industrial production in 1956 is to be accompanied by, and will be partly dependent on, expanded factory and other construction, and the Ministry of Construction will reportedly undertake twice as much work as in 1955. It would appear that many plants, including the important No.1 Automobile Factory, the Shen-yang Electric Wire and Cable Factory, and a number of power projects, are to complete planned construction well ahead of schedule. The need to begin production of tractors as soon as possible has led to plans for the combination of two machinery plants in Tientsin, with the object of starting tractor production in 1957. This "second" tractor factory will thus be in operation before the "first" such factory, which is in the early stages of construction at Lo-yang. Construction of textile mills and other light industrial plants is also to be accelerated. The planned increase in construction is thus of a very general nature, and will undoubtedly lead to substantially higher budget appropriations for industrial investment in the current year.

The official explanation of these sweeping changes is that the unprecedented rate of socialisation has both made possible, and caused a demand for, more rapid general development. In particular, socialisation would release large additional manpower resources. Considerations of this kind may well have played an important part, but it is hard to believe that they represent the whole story. The Sino-Soviet bloc economic offensive in South-east Asia would be greatly assisted by a dramatic demonstration of Chinese economic prowess; especially if it resulted in increased exports to that area of manufactured and semi-manufactured goods. Moreover, since China could not succeed in her new plan without an increased flow of Soviet equipment, the revised programme must have been worked out in consultation with the U.S.S.R. It is probably to be regarded

therefore, as an element in the current Sino-Soviet strategy of concentrating on economic competition with the Western World.

On present information, it is impossible to be sure whether or not the Chinese Communists will succeed in reaching their agricultural and industrial objectives, nor can it necessarily be assumed that all these targets are completely genuine. An effort will undoubtedly be made, however, to achieve a much higher level of production and construction in 1956 than in 1955, and this will inevitably lead to further economy, austerity, and "speed-up" drives. The task of placing the agricultural co-operatives on an efficient basis must alone impose a tremendous burden on the administration. The planning and control of industry will take on new complexities, trade and commerce will be subject to serious bottlenecks, and inflationary pressures will be increased. The attack which the authorities are bound to make on all these difficulties may produce the severest test to date of the stability of the regime.

(J.I.B. Melbourne)

JAPANESE-SOVIET TREATY NEGOTIATIONS.

Japanese-Soviet talks on a peace treaty have reopened in London. Negotiations started in London in June 1955 but were interrupted on 15th September 1955 by Soviet Ambassador Jacob Malik's departure for the United Nations session in New York. Shortly afterward, Japanese Ambassador Shunichi Matsumoto was recalled to Tokyo for consultation.

The talks have centered around the issue of whether a peace treaty must precede settlement of other outstanding issues. The Soviet Union has pressed for an immediate treaty and an exchange of ambassadors, whereas Japan has sought prior agreement on terms for settlement of other problems. Japan has considered that her strongest lever against the Soviets is refusal to agree to diplomatic relations until the Soviets have made

concessions on other matters.

An issue of great importance to Japan is that all Japanese prisoners of war in the U.S.S.R. be repatriated before the conclusion of a peace treaty. Japan estimates that more than 10,000 are held, but the Soviet admit holding only 1,300. The Soviets have indicated that they will declare an amnesty and repatriate these 1,300 persons only after the terms of a peace treaty are agreed upon.

Among the other issues between the two countries, which include trade and cultural relations, the subject of territories ranks high. The areas under dispute are the following :-

1. The Habomai island group and Shikotan Island are historically a part of Hokkaido and its administration. Before 1945 they were never administered by any country other than Japan. The Japanese are adamant on the return of this group, which the Soviets consider part of the Kurile Islands.
2. Kunashiri and Etorofu form what the Japanese term the "Southern Kurile Islands". Until 1945 they had always been administered by Japan. Japan hopes to regain this group.
3. From Uruppu north to Kamohatka the islands have changed hands between Japan and the U.S.S.R. several times. Japan does not believe she has a chance to regain these islands at this time, but she will concede this only with the greatest reluctance.
4. Sakhalin was ceded to Russia in exchange for the Kuriles in 1875, and the portion south of the 50th Parallel was restored to Japan in 1905. Under the Yalta Treaty it was transferred to the Soviet as an inducement to enter the war against Japan. Japan does not expect to regain that

part of Sakhalin (Karafuto) at this time, but she has kept it in the discussions for bargaining purposes.

The Soviets occupied all the foregoing territories in 1945. Their total Japanese population at that time was about 400,000.

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