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SECRET

Australia Station Intelligence Summary



SERIAL NO.
48

DATE OF ISSUE..... 1 DEC 1956

Naval Intelligence Division
Navy Office
Melbourne

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S E C T I O N I.

R.A.N. AND OTHER COMMONWEALTH NAVIES.

(Except where otherwise indicated, all the information contained in this Section is UNCLASSIFIED.)

(a) ROYAL AUSTRALIAN NAVY.

H.M.A.S. ANZAC - Visit to Saigon.

Late in October, H.M.A.S. ANZAC visited Saigon to take part in the National Celebrations in honour of the first anniversary of the foundation of the Republic of Vietnam (South Vietnam). Other Naval units present for the occasion were U.S.S. LOS ANGELES, F.S. DUMONT D'URVILLE and H.T.M.S. MAEKLONG. In addition, a flight of six R.A.F. Venom aircraft represented the United Kingdom.

ANZAC's visit was warmly received by the Vietnamese, and, at his own request, the President of the Republic, Ngo Dinh Diem, visited the ship and witnessed from the bridge a display of aerobatics given by the Venoms.

The highlights of the four-day period of celebration were the Parade of the Vietnamese Armed Forces and the Presidential Review of the Fleet. The former occupied a period of three hours, and was attended by much ceremonial, including the Promulgation of the Constitution by the President of the Republic. The efficiency of the opening ceremonial, and the large number of modern luxury limousines, with their motor-cycle and jeep escorts, impressed the visitors. The bearing of the troops initially was smart, but, with time and heat, it dropped away to a low standard. This was understandable as the troops were turned out seven hours prior to the commencement of the parade.

The Review of the Fleet was likewise attended by much fanfare and ceremonial - visiting ships firing 21-gun salutes as the President passed. The Vietnamese Navy was

moored in the river in two lines over a distance of four miles. There was no sign of a co-ordinated plan of saluting, but each ship acted her part well, appeared clean and smart from outboard, and showed fervent enthusiasm for the President and the occasion.

ANZAC fielded Rugby and Soccer teams for matches against the Vietnamese Navy and French teams. The highlight was a Rugby match against a French team which resulted in a win 8-6 for ANZAC. This received good publicity in the press.

* * * * *

H.M.A.S. SPRIGHTLY.

Recently, when approaching Twofold Bay, the Ship's Company of H.M.A.S. SPRIGHTLY observed the unusual sight of huge droves of mutton-birds settled on the sea feeding on large schools of fish which appeared to be akin to mullet. The sea ahead and on either side was black with birds. As SPRIGHTLY progressed northwards, there seemed to be no end to these dense black patches surrounding her. Eventually it was found that they persisted up the coast as far as Jervis Bay, where only isolated flocks were encountered. It was also noted that there was a bountiful supply of small surface fish, as the mutton-birds were gorging to such an extent that most could not lift themselves out of the water, preferring rather to dive and swim underwater away from the ship.

* * * * *

Return of H.M.A. Fleet from Exercise ALBATROSS.

With the successful conclusion of Exercise ALBATROSS, H.M.A.S. MELBOURNE, wearing the flag of the Flag Officer Commanding the Australian Fleet (Rear-

Admiral D.H. Harries, C.B.E.) returned to Sydney via Manus on 11th November. Three days previously, H.M.A.S. SYDNEY returned to Sydney direct from Manila and the two Battle Class destroyers ANZAC and TOBRUK arrived on 12th November, via Darwin and Brisbane.

It was twelve months, all but four days, since ANZAC and TOBRUK departed Sydney to join the Strategic Reserve and participation in Exercise ALBATROSS was a fitting conclusion to a successful tour of duty on the Far East Station.

* * * * *

H.M.S. THOROUGH - Visit to New Zealand.

The submarine, H.M.S. THOROUGH, arrived in Sydney on 3rd November from Auckland, having spent thirty-one days in New Zealand waters. After leaving Sydney on 24th September, THOROUGH participated in NEWZEX II prior to reaching Auckland and then spent the remaining time exercising with ships of the Royal New Zealand Navy and aircraft of the Royal New Zealand Air Force,

During her tour of duty in New Zealand waters, THOROUGH spent an enjoyable week-end at Tauranga, where she was welcomed by the dignitaries of the port and was open to visitors during her stay.

* * * * *

TRAFALGAR DAY DISPLAY - Garden Island Dockyard.

The 1956 Trafalgar Day Display, held at Garden Island Dockyard on 27th October, was very successful and it was estimated that 40,000 people were in attendance.

Although no ships were open for inspection, the diving/by H.M.S. TELEMACHUS in Captain Cook Dock display

and other spectacular events, such as the frogmen "sinking" a model warship, to some extent made up for this deficiency.

For the first time the display was televised and the Australian Broadcasting Commission's Station ABN gave a two-hour live broadcast of the main features of the afternoon's events. This broadcast, although only experimental, was quite effective.

* * * * *

H.M.A.S. PLATYPUS Pays Off.

On 1st November, H.M.A.S. PLATYPUS, the oldest ship in the Royal Australian Navy, undertook her last 'trip' prior to paying off after thirty-nine years service in the R.A.N. The 'trip' was from Watson's Bay Jetty to Captain Cook Dock, and, although towed by tugs and having MACQUARIE alongside, PLATYPUS had quite a majestic air as she proceeded up the harbour flying a 350-ft. paying-off pennant.

At sunset on 8th November, PLATYPUS lowered her colours for the last time and at 0800 on the following day, H.M.A.S. BARCOO commissioned as Headquarters Ship of the Reserve Fleet in place of PLATYPUS.

* * * * *

M.W.L.255 Coastwatching Cruise.

During September-October, M.W.L.255 (Lieut.-Cdr. T.J.P. O'Byrne, R.A.N.V.R., Staff Officer (Coastwatching)), carried out a 1,400-miles Coastwatching Cruise covering visits to Emirau Island and the New Ireland and New Britain districts.

Included in the crew of M.W.L.255 were eight

members of the Papua-New Guinea Division of the R.A.N.

At Emirau Island it was observed that the roads leading to the airstrips were in very good order. Both the Department of Civil Aviation and the Papua-New Guinea Administration have provided funds for clearing the runways and work was already in hand in this connection.

Whilst at Tabar Island, M.W.L.255 chanced to meet the American brigantine "VARUA", which is conducting a scientific mission sponsored by the Peabody Museum, New York, and subsidised by the magazine "Life". The Skipper of the "VARUA", Captain Robinson, is the author of the book, "10,000 Leagues over the Sea", which is a record of the round-the-world cruise he undertook single-handed in his 32-foot ketch, "SVAAP". On board the "VARUA" was the American entomologist, Dr. Bonnet, who is endeavouring to follow the course of the Polynesian race and to learn more about the disease elephantiasis.

At the Fead Islands an enjoyable meal was had of curried goat cooked in the Oriental manner, and this was followed up by a programme of famous ballet and classical recordings, which was also highly appreciated. On the following day the Ship's Company was taken on an under-water excursion, where the beautiful formations of submarine flora and the vivid colours of the innumerable tropical fish had to be seen to be believed. A cruising shark created some moments of anxiety!

During the M.W.L.'s visit to Anir Island, Lieut.-Commander O'Byrne was introduced to the leading luluais and tul-tuls, who, with their followers, had gathered in force at the sight of the White Ensign flying in the bay. A short speech was made to them in pidgin referring to the associations of the flag, and a visit was made to the spot where the Coast Watcher Leading Telegraphist Woodroffe was killed during the War by the Japanese.

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(b) ROYAL NAVY.H.M.S. ARK ROYAL Re-commissions.

H.M.S. ARK ROYAL, the largest operational ship in the Royal Navy, and the first aircraft-carrier to be fitted with all the latest developments in flight/technique, ^{deck} was re-commissioned at Plymouth in November following a refit.

The ARK ROYAL Class carrier is a springboard from which such aircraft as the Supermarine N.113 - which could carry an atomic bomb - can be operated. Although this type of aircraft is not yet in operational service, it has been flown off ARK ROYAL's flight deck.

A large part of the ship's refit programme embraced improvement of Command facilities necessary for a Task Force Commander to control operations in a modern war in which such aircraft as the N.113 would play a major part.

The angled deck has been extended over the port side forward, this being made possible by the removal of two 4.5" gun turrets.

* * * * *

H.M.S. PROTECTOR Sails for Further Antarctic Service.

H.M.S. PROTECTOR sailed from Portsmouth in October for her second commission in the Falkland Islands and Dependencies. She will assist the Governor of these Islands in maintaining security of the Territories under his jurisdiction. After being specially strengthened, PROTECTOR took over this work for the first time from a frigate of the America and West Indies Station in the autumn of 1955. She will undertake exploratory survey work in the vicinity of Graham Land to add further information to the charts in that region. Two

S.55 helicopters are embarked for ice-spotting, communications and transport.

* * * * *

(c) ROYAL NEW ZEALAND NAVY.

Frigates to Sail to Ice-edge.

Two frigates, H.M.N.Z. Ships PUKAKI and HAWEA, are to accompany the Royal New Zealand Navy's expedition ship, H.M.N.Z.S. ENDEAVOUR, when she leaves for the Antarctic with Sir Edmund Hillary and the New Zealand party of the Trans-Antarctic Expedition this month. The frigates will rendezvous with ENDEAVOUR after her departure from The Bluff, and remain in company until the ice-edge is reached.

As a contribution to New Zealand's part in the International Geophysical Year, scientists from the Department of Scientific and Industrial Research on board PUKAKI and HAWEA will carry out oceanographical research during the voyage down and on the return from the ice-edge. Measurements will be made of sea temperature and salinity and samples of the animal life and sediments of the sea bottom taken.

* * * * *

Tourists from ROYALIST.

The French Riviera, Rome, and the Isle of Capri were some of the places visited by officers and ratings from H.M.N.Z.S. ROYALIST during the cruiser's goodwill visit to France and Italy.

During the four-day visit to Marseilles, the Ship's Company were not only taken to see the local sights, but bus tours were arranged as far afield as

the French Riviera and the Rhone Valley. Sports fixtures had been arranged, too, and although ROYALIST's Rugby team defeated the local team, the French Navy inflicted a 7 points to 1 defeat on the Soccer side. On one day the ship was open to the public and some 3,000 people came aboard. The Maori Concert party proved to be the highlight of the ship's official cocktail party. Their programme of action songs and hakas was received enthusiastically by the guests.

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S E C T I O N I I .NAVAL AND OTHER ARMED FORCES INTELLIGENCE,INCLUDING TECHNICAL INTELLIGENCE.

(Except where otherwise indicated, all the information contained in this Section should be regarded as SECRET).

U. S. S. R.Soviet Pacific Fleet.

A group of Soviet warships, including two SVERDLOV-class cruisers, two RIGA-class destroyer escorts, and six KRONSTADT-class anti-submarine vessels, was sighted early in October, proceeding west through La Perouse (Soya) Straits.

These warships were probably part of the group known to have been transferred from the Northern Fleet area to the Pacific Fleet via the Northern Sea Route, but they could include ships already in the Soviet Far East sent to welcome the new arrivals.

Soviet Baltic Fleet.

The Soviet Baltic Fleet has abandoned the former two-Fleet organisation in favour of a single head-quarters under Admiral A. G. Golovko.

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J A P A N .Off-shore Equipment Orders. (Unclassified).

It is believed that the U.S. Defence Department has informally notified Japan that it plans to purchase

as much as 50 million dollars worth of naval weapons in Japan for the supply of Japan's Maritime Self-Defence Force.

Equipment to be purchased will include torpedoes, depth-charges, mines, underwater sound and communication detectors, ships' guns, shells and small arms ammunition.

As the M.S.D.F. has been able to issue only a few orders domestically (and these only on a trial basis) it is expected that these purchases will help the Japanese armament industry towards being the future supplier of such weapons to the free nations in the Far East.

New Destroyers. (Unclassified).

Mitsubishi, Kawasaki and Mitsui Shipbuilding Companies have been awarded contracts for the construction of four 2,100-ton destroyers for the Maritime Self-Defence Force. These are the four destroyers budgeted for in the 1955/56 Fiscal year.

Radar Bases. (Unclassified).

The U.S. Air Force is to turn over progressively to the Japanese Defence Agency 23 radar bases at present operated by the U.S.A.F. throughout Japan. These bases are to be designated as secret areas requiring protection under the Secrets Protection Law, which will be presented to the Diet in December.

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COMMUNIST CHINA.

Commissioning of First RIGA-Class Destroyer Escort.

(Confidential).

The RIGA-Class destroyer escort which was launched

at Shanghai on 28th April was reported to be flying the Chinese Communist Navy ensign on 13th October. This fact, allied to the presence of ratings on board and a generally clean and efficient appearance, indicates that the vessel might now be considered as being in commission. Later observations on 20th and 23rd October respectively failed to locate the ship at her usual berth at Mollers Yard.

Standard Colours for Ships of the Chinese Communist Navy.

(Confidential)

All naval vessels are now reported to conform to one colour scheme. This is light-grey upperworks and hull, red boot-topping, and a six-inch line separating grey from the red at water level.

South-East China Airfield Situation.

There now appear to be thirty Chinese Communist airfields suitable for at least limited jet fighter operation within a radius of five hundred nautical miles from the centre of Formosa.

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THAILAND.

Amphibious Exercise - Operation "TEAMWORK". (Confidential)

A United States/Thai amphibious exercise, designated "TEAMWORK", took place in October at Hat Chao Samran on the west coast of the Kra Isthmus.

Landing craft of the U.S. Navy and the Royal Thai Navy took part, supported by aircraft of the Pacific Fleet Landing Force Training Unit and the R.T.A.F.

Demolition teams of U.S. and Thai frogmen worked together to check depths and beach gradients before the initial assault landing by a Battalion Group of the U.S. Marine Landing Force.

Thai Landing Craft found some difficulty in following up this landing, and after four attempts had failed due to grounding on a sandbank, their part of the assault landing was abandoned.

The exercise, which was observed by all SEATO Nations and representatives from South Vietnam, Nationalist China and Indonesia, was described as a realistic and interesting demonstration. It was planned, organised and controlled by the United States Marine Corps.

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SOUTH VIETNAM.

Naval Order-of-Battle.

The following vessels comprise the active strength of the South Vietnamese Navy :

Submarine Chasers.	-	2
Patrol Craft.	-	5
Minesweepers (YMS)	-	3

Coastguard Patrol - 71 Miscellaneous small craft.

Amphibious Craft.

L.S.S.L.	-	2
L.S.I.L.	-	5
L.S.M.	-	2
L.C.U.	-	7
L.C.M.	-	63 (37 armoured, 26 unarmoured)
L.C.V.P.	-	103 (73 armoured, 30 unarmoured)

Auxiliaries. 22

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U. S. A.Nuclear Power for Naval and Merchant Vessels. (Unclassified).

From the information published in the United States press the following appears to be the present state of the various projects to build naval and merchant vessels equipped with nuclear power plants :-

Atom-Powered Aircraft Carrier: Construction authorised by Congress for the 1958 Estimates. Still in planning stage. Estimated cost will be 250 million dollars (the FORRESTALS have cost about 200 million each). To be powered by eight A.1.W. high-temperature reactors, of which the prototype is now on test at the Idaho Reactor Test Station.

Cruiser: The Bethlehem Steel Corporation has recently been authorised to start work on an atom-powered Cruiser which will rely "almost entirely" on a guided-missile armament. This, the first cruiser to be built for the U.S.N. since the war, will be powered by two reactors and will cost about 87 million dollars. The cruiser will be about 700 feet long and displace approximately 14,000 tons.

Submarines: NAUTILUS completed and has already undergone extensive cruises. SEAWOLF in course of completion. Twelve others under construction or authorised.

Seaplanes: Martins, who claim to have already completed three years study on the development of a nuclear-powered seaplane, have announced the formation of an operating management team. This, they suggest, is a step towards actual air-frame development.

Tankers: The Atomic Energy Commission and Maritime Administration are pushing on with plans for an atom-powered super-tanker, which, some experts consider,

could be used on the Persian Gulf - Cape - U.S. route competitively with smaller tankers routed through the Canal. The problem of insulating the power plant from seawater under all weather conditions remains to be solved.

The Ford Instrument Company is working on a closed cycle gas-cooled reactor, which, it claims will be particularly suitable for fitting in tankers.

Dry Cargo Ship. The President has authorized design and construction of a prototype which is to be a 21-knot mixed passenger/cargo vessel of 12,000-tons deadweight carrying capacity. Completion date depends on the power plant, which is to be furnished by the Atomic Energy Commission.

Refuelling in Flight - Convair R3Y-2 Tanker Plane.

(Confidential)

The Convair R3Y-2, Tradewind, a seaplane ~~tanker~~, has successfully accomplished the simultaneous refuelling in flight of four fighter aircraft.

The Tradewind is a four-engined turbo-prop aircraft which carries sufficient fuel to service eight fighter aircraft. Its transport version can carry 25 tons of cargo, up to 105 passengers, or combination loads. A bow-loading door on this version enables it to unload cargo and equipment directly at the beach.

The probe and drogue in-flight refuelling method is used by the Tradewind which is equipped with four funnel-shaped drogues housed in reinforced plastic pods attached beneath the wings. The refuelling pods, each of which is 223 inches long and 51 inches in diameter, are located on the wing tips and under each nacelle of the aircraft's outboard engines.

Each pod has a door on the lower surface and a

built-in- retaining mechanism to trap the drogue. Hydraulic cylinders actuate the doors, allowing the drogue and its attached fuel hose to trail out. Each receiving plane has a nose probe, which fits into the drogue, where it is held by couplings when in-flight contact is made. When connection is made valves automatically open, and fuel flows at a rate of 250 gallons-per-minute. When refuelling is completed the pilot of the refuelled plane drops back, disengaging the connection which automatically cuts off the supply of fuel.

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SOUTH AMERICA.

Proposed South Atlantic Defence Organisation.

Last March, Argentina proposed to Brazil and Uruguay that the three countries hold preliminary meetings to set up a South Atlantic Defence Organisation. Uruguay readily accepted, but Brazil, while agreeing in principle, was somewhat chary of any regional arrangement possibly detrimental to general Latin American unity.

The matter has again been raised, and it now seems likely that meetings may be held in Buenos Aires and that the seat of the Organisation will be in Montevideo. Possibly, Paraguay will be united to the preliminary meetings, and General Sheppard, former Commander of the U.S. Marine and President of the Inter-America Defence Board, may attend the proposed Conference.

Not a great deal is known about what will be discussed, but it seems very probable that the proposed organisation will not be on the lines of N.A.T.O. but a mere co-ordinating Committee.

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S E C T I O N III.EXTERNAL POLITICAL, POLITICO-MILITARY AND ECONOMIC
INTELLIGENCE.

(This Section contains both SECRET and CONFIDENTIAL information).

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U. S. S. R.

The Soviet Satellites.

Despite superficial resemblances, the revolt in Hungary differs fundamentally from the Polish coup, which doubtless was the spark which set it off.

In Poland the Communist Party set itself at the head of the National movement and more or less successfully asserted Poland's right to independence. But the Hungarian uprising on the other hand was a spontaneous nation-wide revolt against Soviet domination and the police state, with no unifying political principle, and no integrating leadership.

The revolt in Hungary has been ruthlessly crushed by the Soviet Armed Forces and this armed intervention on the part of the Soviet Union has possibly had the effect of quietening, for the time being, restiveness in other Satellite countries. Also, it has probably been an object lesson to Poland and East Germany as to what might happen if they sought to follow Hungary's example. These two countries are the key countries among the Satellites because the U.S.S.R. must safeguard its lines of communication with East Germany if it is to maintain its present strategic position in Europe.

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J A P A N.

Super-Tankers.

It is anticipated that five sister ships to the 84,000 d.w.t. super-tanker "UNIVERSE LEADER", launched

recently at Kure, will be built between now and mid-1958.

"UNIVERSE LEADER" will be used to carry oil between Iran and the United States.

Oil Discovery.

Japanese press reports claim that exploration of coastal oil reserves in the Akita Prefecture (West coast of Honshu Island) has revealed two promising pools which are expected to match the monthly yield of Japan's largest oilfield at Yatsuhashi, which at present produces 200,000 tons per month.

As Japan imports some 12 million tons of petroleum products each year, a field of this magnitude would be extremely useful in reducing Japan's dependence on overseas sources.

Shipbuilding.

Recent returns of Lloyd's Register show that **Japan** is now ahead of the U.K. and Germany in current shipbuilding activity, particularly in rate of construction.

In the quarter ending September, 1956, Japanese shipyards had completed 417,000 tons of shipping, compared with 245,000 tons in U.K. yards and 282,000 tons in Germany.

For ships launched, which become ships completed in the next few months, Japan's figures are 498,000 tons compared with British and Northern Ireland figures of 284,000 tons and Germany's 278,000 tons.

In 1954 Japan had under construction less than one-tenth, and Germany less than one-third of the U.K. tonnage.

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COMMUNIST CHINA.Fort Bayard (Tsamkong).

Considerable progress has been made in developing Fort Bayard (Tsamkong) into a modern port.

A Hong Kong Communist press report claims that new port facilities include a wharf capable of accommodating two 10,000-ton vessels, four new warehouses, a row of travelling gantry cranes, and railway tracks with a total length of $6\frac{1}{4}$ miles.

It is believed that a concrete wharf has been constructed and equipped with flush railway lines, four travelling gantry cranes and at least two concrete-framed warehouses.

The largest vessel so far to enter the port is reported to have been the Polish vessel "MARIAN BUCZEK", of 7,000 tons gross. She is reported to have discharged 10,000 tons of cargo in 135 hours.

Relations with Egypt.

The Chinese Communist Government has promised material support for Egypt. A gift of £1,600,000 (stg.) in cash and two ship-loads of supplies are reported to be on their way. A committee has been set up for the purpose of mobilising "volunteers", and it is believed that some 250,000 have offered their services.

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T H A I L A N D.Control of Imports from China.

According to the press, the Thai Premier has ordered the slowing-down and eventual cessation of

imports from Communist China. Apparently, one of the reasons for this action is that proceeds from the sale of such goods were being used for economic and political subversion.

In recent months there had been a considerable increase in the quantity of consumer goods reaching the Thai market from Communist China, and this is the first decisive move by a South-East Asian country to check the flooding of markets by subsidised cheap Chinese goods.

* * * * *

N E P A L.

Relations with Communist China.

Communist China and Nepal have agreed to enter into diplomatic relations.

Consulates-General are to be established, but representation at the Ambassadorial level will, for the present, be through their Ambassadors accredited to India.

Tanka Prasad Acharya, the Prime Minister of Nepal, who recently returned from Communist China, has announced that Chou-En-Lai has accepted an invitation to return the visit.

While Prasad was in Peking it was announced that the Communist Chinese would give Nepal economic assistance worth approximately £A.5,650,000 over a three-year period.

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C E Y L O N.

Relations with Communist China.

Sir Claude Corea, the Ceylon High Commissioner in London, has recently completed visits to Moscow and Peking

to arrange diplomatic relations between Ceylon and Communist China. As a result it has been recommended that : -

- (a) Ambassadors be exchanged.
- (b) A trade and payments agreement be negotiated.
- (c) An economic co-operation agreement be negotiated.
- (d) Closer cultural relations be established.

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INDONESIA.

Government Instability.

Tension in Indonesia has been building up since early November, when Army Chief of Staff Nasution launched a drive against dissident officers. A projected coup d'etat plotted by army officers has so far been foiled and the whereabouts of Colonel Lubis, former Deputy Chief of Staff (due for disciplinary punishment for 'violating military laws') are not at present known.

Insurgent Situation.

Recent Government statements give some indication of the extent of rebel activity in West Java and North Sumatra :-

West Java. During the first six months of this year the Darul Islam rebels lost 237 killed and 118 captured. In the same period 59 soldiers and 366 civilians were killed and over 2,000 houses were destroyed as a result of rebel activity.

North Sumatra. In the last three years the Darul Islam rebels are alleged to have killed 12,500 and wounded 30,000 civilians. In addition they have caused £A3 million worth of damage to property. No mention is made of losses inflicted on Security Forces or of

those suffered by the rebels in this area.

The State Railway in North Sumatra is expected to suffer a loss of approximately £A1 million this year as a result of the increase in rebel activity.

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S E C T I O N I V .AUSTRALIA STATION INTELLIGENCE.

(Except where otherwise indicated, the information contained in this Section is UNCLASSIFIED).

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DEVELOPMENT OF NEWCASTLE COALFIELDS.

A plan to develop the Newcastle coalfields into another Ruhr Valley has been submitted to the New South Wales Government. The plan was prepared by Associate-Professor R. Klar, Dr. R. H. Buchanan, and Dr. G. H. Roper, of the School of Chemical Engineering of the N.S.W. University of Technology.

The three experts state that it is essential to the Australian economy that large-scale chemical factories should be established, based on coal, in the absence of local sources of oil, as their main raw material.

The establishment of the first large coal-based chemical factory would not only reduce imports by as much as £50 million a year but could also markedly increase exports.

A site for the factory could be found within conveyor distance of one or more of the Greta seam mines in the Morrisset-Cessnock-Maitland-Newcastle district. Deep water access, while desirable, should not be sacrificed for the probably more economic location of an inland coalfield.

The plan says that the best evidence of Australian chemical needs is seen in import statistics. These show that of the total imports of £841 million for the 12-month period ended 30th June, 1955, between £40 and £50 million could be eliminated by the establishment

of the factory.

Other arguments in favour of the coal-based factory are:-

- (a) It could generate its own electrical power, thus lowering production costs;
- (b) It could produce chemicals needed for munition-making in case of war;
- (c) It would be a potential source for the manufacture of cyanides for the mining and metallurgical industries;
- (d) It would increase and make more efficient Australia's annual chemical production.

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PROPOSED NEW STEELWORKS AT
PORT STEPHENS, NEW SOUTH WALES.

With reference to A.S.I.S. Serial No.46, the New South Wales Minister for Mines has announced that, since his previous announcement concerning the establishment by French interests of a steelworks at Port Stephens, two American firms have shown interest in the proposal. However, up to the present, nothing concrete has developed.

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DEVELOPMENT OF URANIUM FIELD IN N.W. QUEENSLAND.

A major mining operation is well under way at the Mary Kathleen lease, midway between Mt. Isa and Cloncurry.

A dam across the Corella River, to store 3,500 million gallons of water for the town and treatment plant, is being built by Thiess Bros., who hope to have it completed early next year.

Houses are already up on the town site, and the contractor plans to complete his contract for 218 houses by August, 1957.

A 45-mile bitumen road to join the field to Cloncurry has been given a top State Government priority.

The company confidently expects that the treatment plant will be installed and uranium produced by late 1958.

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EXPANSION OF QUEENSLAND BEACH SAND MINING.

The yearly production of rutile from beach sands in Queensland has doubled in quantity and quadrupled in value under the impetus of world demand. The current year's production is estimated to be 40,000 tons.

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WHALE CATCHING OFF MORETON ISLAND.

Whale Industries Ltd., with headquarters at Tangalooma, Moreton Island, has had a good start in its annual whaling season and expects to catch its quota of 600 whales in less than 70 days.

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CAIRNS OIL FUEL INSTALLATION. (Restricted)

On 22nd February furnace fuel oil in No. 3 tank became contaminated with a quantity of water, and, as Nos. 4 and 5 tanks are below suction level, no issues of furnace oil, other than the oil in the pipeline, have been made.

At the present time, however, pending replenishment of stocks in Nos. 4 and 5 tanks or the "settling out" of water in suspension from the greater bulk of oil in No. 3 tank, only 600 tons (approximately) are considered suitable for issue.

On 28th June, the Naval Board granted approval for No. 1 Tank at the Oil Fuel Installation, Cairns, to be leased to Caltex Oil Pty. Ltd., for a period of five years.

At the present time the 8" diameter pipeline from No. 1 tank to No. 10 wharf is in poor condition and one of the terms of the lease will be that the Oil Company effect repairs to the line. Caltex propose using the tank, together with the pump, pump house and associated equipment at the wharf, for Furnace Fuel Oil.

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NORFOLK ISLAND AND BYRON WHALING CO. LTD.

Negotiations are under way to form Norfolk Island and Byron Whaling Co. Ltd., and it is expected that a public issue of 417,000 £1. ordinary shares at par will be made. The Company's object is to acquire the assets of Norfolk Island Whaling Co. Ltd., and Byron Whaling Co. Pty. Ltd. It will pay £170,000 cash for the Norfolk Island Company and will buy the Byron Bay Company from Anderson Meat Industries Ltd. for £150,000.

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AUSTRALIAN ANTARCTIC EXPEDITION.

A huge glacier 30 miles wide and a gulf extending 100 miles inland have been discovered by the Australian Antarctic expedition based at Mawson.

The discoveries have ~~made~~ all existing maps

obsolete. Mr. P. Law, Director of Antarctic Division of the External Affairs Department, has stated that vast new mountain ranges have also been discovered.

The 20-man team is now preparing for a summer excursion into the Prince Charles Mountains, 200 miles south of Mawson, and the Beaver aircraft has established a landing field on a plateau ice-cap to maintain contact with the ground party.

Previously shown as part of the coastline, Mount Christensen is now considered to be a large island.

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NETHERLANDS NEW GUINEA.

Exploration.

A 70-strong Dutch expedition plans to leave for Netherlands New Guinea in January, 1958, to explore an area near the Australian part of the territory which has not been mapped.

The expedition will be led by Dutch zoologist, Dr. L. D. Bron-Gersma, and will be away about six months.

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SHIPPING INFORMATION.

Jas. Patrick & Co.'s Services.

James Patrick & Co. are withdrawing their ships from service between Sydney and Brisbane, as road, rail, and air traffic has cut their one-time 1,000 tons per week general cargo trade to about 100 tons only.

The Company will switch two of its Brisbane-Sydney ships to a new direct service from Brisbane to Melbourne. They will turn round in 21 days.

Two others will trade between Melbourne and Sydney.

William Holyman & Sons new Vessel "LEMANA".

The latest addition to William Holyman and Son's Bass Strait fleet, the 945 ton "LEMANA", is about to enter service.

"LEMANA" conforms with the latest cargo ship trend, with engine and funnel aft to give a clear hold 100' long.

Built by George Brown and Company at Greenock, the "LEMANA" is 203 ft. long, with a moulded depth of 15'3" and a beam of 33 feet.

New Tug for Geelong.

Geelong Harbour Trust has bought the steam tug "VICTOR" from the Melbourne Harbour Trust to help meet the expected increase in harbour traffic.

When dredging at the Shell Co's. Corio Pier is finished, 30,000-ton tankers will use the harbour.

M.V. "WARRINGA".

Huddart Parker Ltd.'s new motor-vessel "WARRINGA" (2,716 tons) has commenced a regular run between Hobart, Sydney and Newcastle, replacing "ADELONG", which is in Sydney for conversion from coal to oil burning.

Built by Burntisland Shipbuilding Co. Ltd., of Glasgow, last year, "WARRINGA" has been trading on the Melbourne-Hobart general cargo run since last November.

She has four cargo holds, with a shelter deck running the full length of the ship. Three refrigeration chambers operate independently. Provision has been made for installation of forced draught ventilation in all holds.

Her deadweight carrying capacity is 3,910 tons, with a general cargo capacity of 5,000 tons. Service speed is 12 knots.

Sale of Vessels to the Far East.

John Manners and Co., Hong Kong, have now acquired the vessels "EASBY" and "IRON PRINCE".

"EASBY" departed Sydney on 17th November for Hong Kong via Port Kembla and Darwin and will be renamed "CLYDE BREEZE". This vessel was formerly the "COLAC" owned by Huddart Parker Ltd.

The B.H.P. ship "IRON PRINCE", having embarked a Chinese crew at Port Kembla during October, sailed for Sasebo via Bowen under the name of "KEMBLA BREEZE".

John Manners & Co. now have acquired sixteen "BREEZE" ships, of which twelve were formerly on the Australian register.

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SECTION V.SPECIAL ARTICLES.

(The Director of Naval Intelligence is not necessarily in agreement with the views expressed in Section V. of A.S.I.S.).

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THE SINGAPORE RIOTS. (Confidential).

Most of the rioters in the recent Singapore riots were students from Chinese schools, although members of pro-Communist unions and a hooligan element were also involved. The disorders came as a culmination of agitation against measures taken by the Singapore Government to check Communist influence in Chinese schools, trade unions and other organisations. During the course of the riots, 14 persons were killed and a considerable number injured. Police and troops were forced to open fire on several occasions.

The Singapore Government began its anti-subversion campaign in the second half of September. Initial measures included the arrest of a number of foreign-born Chinese for deportation. Those arrested were mostly connected with Chinese schools, but included two prominent members of the Singapore Factory and Shop Workers' Union (S.F.S.W.U.). The Singapore Chinese Middle School Students' Union, along with two other Communist front organisations, were dissolved at about the same time.

Subsequent developments centred around the opposition of Chinese students to the Government's dissolution of the Chinese Middle School Students' Union. This organisation had become one of the chief instruments of Communist subversion in Singapore. It had openly engaged in Communist propaganda activities, had intimidated anti-Communist students and teachers, and had been involved in

recent labour disputes and disorders. In the past the British authorities had been reluctant to take strong action against this organisation because they feared it might be construed as an attack on Chinese culture and traditions. The new Singapore Chief Minister, Mr. Lim Yew Hock, and his Minister for Education, Mr. Chew Swee Kee, both of whom are Chinese, were, however, themselves responsible for initiating firm action against subversive elements among the students.

Protests and demonstrations by Chinese students led on 10th October to an order by the Minister for Education for the expulsion of 142 pupils from Chinese Middle Schools and the dismissal of two teachers. Students then started to camp in two of the schools, and on 12th October the Minister for Education ordered the closure of these two schools. Students were told that if they wished they could be enrolled in other schools.

Of 4,000 students camped in the schools, only 1,000 were left by 13th October. However, they started to return to camp in the schools when their campaign against the Government, alleging an attack on Chinese culture, began to show signs of winning some support in the Chinese community. By 19th October, there were 4,000 students camped in the schools again. After repeated appeals, followed by warnings to parents and School Management Committees, the Singapore Government decided that the students would have to be ejected from the schools. An ultimatum was issued, but before it had expired students and members of left-wing trade unions joined in attacks on the police on the evening of 25th October, near one of the schools. Subsequently rioting broke out in other parts of Singapore and it became clear that there was a fairly well co-ordinated plan to organise widespread disorders. The students were forced out of the schools on the morning of 26th October with the aid of tear-gas. Rioting continued during that day and on the following, but order was then fully restored by the authorities.

The Singapore Factory and Shop Workers' Union and left-wing unions called a one-hour strike on 24th September, but apart from that, concentrated on providing leadership for the rioting students. The police on the night of 26th October raided the headquarters of these unions and arrested many of their leaders, including Lim Chin Siong, Devan Nair, and other prominent People's Action Party members.

When the outbreak of rioting occurred, the Government was forced to use all available police and military forces. In response to an appeal to the Malayan Government, police reinforcements from Johore and troops were made available to Singapore to help restore order. The Malayan Chief Minister, Tunku Abdul Rahman, at the same time announced his full support for the Singapore Government's action.

The Singapore Government has shown great courage in coming to grips with the subversive problem in Singapore. In their handling of Chinese students they showed patience and restraint in the face of much provocation. In their arrest of trade union leaders, the Singapore Chief Minister and his colleagues made it clear that it is not the trade unions or Chinese education that they are attacking but key individuals who are seeking to extend Communist influence.

The Singapore Government in its campaign against subversion has received the support of all moderate elements in Singapore, including most of the Chinese business community, non-Communist trade unions and a significant anti-Communist Chinese student element. The Government is now pressing ahead with plans to re-organise the Chinese school system to provide improved teaching standards and facilities in the Chinese schools.

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ANGLO-YUGOSLAV RELATIONS. (Secret)

Since the visit of Vice-President Kardelj to London in November, 1955, when Anglo-Yugoslav relations seemed highly satisfactory, a steady deterioration in these relations has taken place. A brief examination of the reasons for such deterioration indicates that some blame is attributable to both parties.

For her part Britain can fairly claim that both Tito himself and the Yugoslav press have neglected few opportunities for attack on the United Kingdom, while studiously refraining from any hint of criticism of the Soviet Union, the Greek Government or President Nasser.

She can also claim that Yugoslavia, in her public pronouncements on German reunification and on the Baghdad Pact, seems to have aligned herself with the Soviet Union on all vital issues.

In the light of these actions Britain's alleged faults may seem mere trivial shortcomings but to a sensitive people like the Yugoslavs they have had a disproportionate effect:-

- (a) the fact that no visitors of any importance either from the British Royal Family or from the Conservative Government has gone to Yugoslavia to return the President's visit of 1953 or that of the Vice-President in 1955;
- (b) the fact that, despite statements to the effect that further meetings to review the world scene would take place, (these were included in the communique issued after the Four Power Meetings in Belgrade in June 1955 and also in that issued after M. Kardelj's visit later that year) - no such talks have been proposed by the U.K.;

- (c) the fact that the British Labour Party, since the Djillias' affair of 1954, seem virtually to have sent Yugoslavia to Coventry;
- (d) the fact that the British Stand at the annual Zagreb Trade Fair in 1956 was so poor that it appeared to constitute convincing proof to the Yugoslavs that the United Kingdom was no longer interested in their country;
- (e) the fact that, whilst Yugoslavia is flooded with theatrical and musical events of the highest quality from Russia, the United States, and the majority of European nations, the United Kingdom is conspicuous by her absence in the list.

Notwithstanding the above, there is still sober realisation in official circles that Yugoslavia has need of the West if the basic aspirations of Yugoslav foreign policy recently reiterated by M. Kardelj are to be fulfilled, namely :-

"To ensure political and economic independence and the right to pursue her internal development, and to co-operate and exchange Socialist experience with all Socialist and progressive forces in the world which do not seek to impose their own political and ideological patterns upon Yugoslavia."

It would appear that Yugoslavia has already played and may continue to play an increasingly important role in the introduction of regimes of a more independent character throughout Eastern Europe. It is inevitable that such a policy must logically be directed equally to the support of independent regimes in Middle and Far Eastern countries, and it is only unfortunate that in following this logical path of thought Yugoslavia should come into conflict with

the vital interests of Britain and France over Cyprus, Suez and French North Africa.

(N.I.D. Admiralty).

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CHINA COAST TRADE. (Restricted).

The trend of seaborne British trade on the China coast has continued to turn towards ocean-going vessels, although it would be far from true to say that the coastal shipping, or its importance, has in any way diminished.

The steady increase in China's exports has opened up regular shipping services from Hong Kong, North China ports and Shanghai, to Malaya, Indonesia, North Borneo and other overseas ports, even as far afield as India and Ceylon, all of which has caused a considerable spate in the purchase of 8/10,000 ton freighters by Hong Kong Shipping Companies.

At the same time most liners from Europe have extended their services to Taku Bar and Shanghai, and thus the great entrepot port of Hong Kong has now changed its position and become a centre of transportation for EXPORTS from China to the Western world, as opposed to hitherto being the main import centre from which Western goods were previously distributed throughout the Chinese mainland.

Apart from some direct shipping services by Butterfield and Swire, Jardines and Royal InterOcean Line vessels from North China and Shanghai, Hong Kong acts as the focal point for China's export cargoes brought by coastal shipping from such places as Fukien coast ports and consigned to Cambodia, Bangkok, Rangoon, Bombay, Ceylon and many other ports of the world.

All this flow of trade has been non-strategic and of a volume to satisfy all participants in the China Coast

shipping family.

Of noteworthy mention is the slowly increasing trade between Japan and Red China. It is to be expected that this 'natural' movement of Japanese shipping will show a definite trend towards Chinese ports in the future.

Incidents involving British ships in the Formosa Straits with Chinese Nationalist warships have been most pleasingly of a minor nature during 1956, totalling eleven incidents in all.

Nevertheless, although mainly confined to stopping and questioning by signal off Foochow, unwarranted interference with the freedom of the high seas continues. The shelling by shore batteries of the 1,100-ton German ship "MONIKA" on 23rd September when she was seeking shelter from Typhoon "GILDA", and which resulted in the death of one of her officers and the wounding of others, is a most unpleasant reminder of the irresponsibility of those claiming to be in command in these waters.

The traditional British Master who knew the China coast like the palm of his hand and tramped the China coastal ports entirely by smell and sheer hard-headed experience is slowly disappearing, as Red China herself develops her own shipbuilding and purchases coasters from such countries as Poland and Finland.

Instead, comes the overseas British freighter, far wider ranging, and competing with zest in the free trading of the world.

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

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SEYCHELLES SURVEY. (Unclassified).

The Seychelles and its dependencies lying in the Indian Ocean between Madagascar and Ceylon consist of 92 islands and islets with a total estimated area of 156 square miles.

The principal island, Mahe, is 17 miles long, has a maximum width of 4 miles, and is extremely mountainous. Port Victoria, the capital of the Seychelles, is situated on the eastern side of the island.

Mahe is one of a group of 30 granite islands all lying within a 35 mile radius of Port Victoria. The remaining islands, all of which are of coral formation, lie anything from sixty to six hundred and thirty miles, chiefly to the south-west of the port.

The town of Victoria is scattered over the sides of the hills above the port, and so luxuriant is the vegetation that few houses can be seen from the harbour. There are good roads in the town, which has a population of about 10,000 - Archbishop Makarios being a temporary resident. The port is sheltered from seaward by islands and there are several channels giving access to the inner harbour. Port facilities are limited, but, notwithstanding, shipping handled in 1953 amounted to 176,000 tons.

The islands were colonised by the French in 1770, being previously uninhabited. They were captured by the English in 1794, and incorporated in Mauritius as a dependency in 1810. The present population of almost 40,000 are almost all of French or African extraction, and French is the language in common use.

Although the islands are only four degrees from the Equator, the climate is agreeable and healthy. The

only fauna of interest found there were giant tortoises and crocodiles, the latter now being extinct.

Copra is the mainstay of the group's economy and over 6,000 tons were exported in 1953, with India as the main market. Guano, cinnamon-leaf oil and patchouli oil are also important exports.

Not including allocation from the Colonial Development and Welfare funds, the Colony's budget is usually balanced with a small surplus from a revenue of about £300,000, derived mainly from import duties and income tax. The trade balance is usually favourable, although during 1955, owing to the decrease in value and quantity of exports, imports valued at £664,700 exceeded exports by nearly £206,000.

The Governmental organisation comprises a Governor, who presides over a Legislative Council consisting of six departmental heads, four elected and two nominated unofficial members, and the Executive Council with the Governor as President.

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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