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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.

Visit to India by Australian Cadets for Republic Day Celebrations.

At the invitation of the Government of India, four Australian Cadets (2 Army. 1 Navy and 1 Air Force) visited India to attend the Republic Day Celebrations during the period 20th January to 10th February. The Navy representative was Leading Sea Cadet J. Sinclair, who is a member of the Geelong Grammar School Unit of the Navy League.

The guest Cadets left Sydney by air on 18th January and, after an over-night stay at Calcutta, arrived in Delhi on the 21st.

At Delhi, where they met their counterparts from Great Britain and Ceylon, the Cadets visited many places of interest, including various Military Academies.

The following is an extract taken from Leading Sea Cadet Sinclair's impressions of the Republic Day Parade :-

"This parade was the purpose of our visit to India. We arose at 0415 and arrived at our seats at 0700. Many of the poorer people had been camping there for two days to see the parade. The parade was held at New Delhi, on a wide road near the Secretarial Buildings. It was a very cold morning and the seats were wet with dew.

At 0930 the parade started; the Prime Minister had already arrived by car. He received the President in

State. The President was accompanied by fifty lancers, fifteen ahead of his coach and thirty-five behind. The horses were all chestnuts and the trappings of the horses and the coach were very beautiful. The President was received on a covered-in dais; just as he was received, a twenty-one gun salute was commenced. At the finish of the salute, the Lancers rode off with the coach. Now the parade really got going. The Army, being the Senior Service in India, led. Firstly came their armoured equipment; each regiment was led by the Officer-in-Charge. They showed tanks, artillery, Bren-gun carriers, range-finding equipment, and then came all the signals equipment. All the equipment here was rather old but beautifuly kept. Then the Army marched, showing some of its most famous regiments, Ghurka, Rajputana Rifles, and many others.

The Navy and Air Force came next. The Air Force showed their ground equipment, which consisted of radar, weather apparatus, artillery, emergency equipment and the ground maintenance equipment. In between each regiment there was a band; these bands had more colourful costumes; there were two Scotch pipe bands, but no Scotch regiment. I thought the naval band was the best band.

Then a small squad of elephants (10) came past. These elephants had red-and-gold trappings, a lot of gold tassels hung from the Howdah. The first elephant had tigers painted on its face and trunk.

The Camel Corps came next, about sixty in that squad. These looked most impressive as they walked along with their heads held aloof. They also had red and gold trappings.

The National Cadet Corps (Army, Navy and Air Force) marched next. These three squads were made up of boys from all over India. It was a great honour to be chosen from their circle to march in the Republic Day Celebrations. The girls came next and got a special cheer from

the crowds.

From every State there was one float. These floats were very highly decorated, portraying some important historical or industrial event; also some of the floats showed the change in Government."

Commando "Raid" from H.M.S. THOROUGH.

In the early hours of 13th February, H.M.S. THOROUGH proceeded from Balmoral to Broken Bay to participate in a Commando exercise arranged by the 1st Commanding Company and the 3rd Battalion, Royal Australian Regiment.

Twelve Commandos in six rubber canoes were dropped at 0100K from the submarine off Broken Bay and proceeded to 'raid' an objective which was being 'guarded' by members of the 3rd Battalion. At the same time on 15th February, THOROUGH reappeared at a specified spot to collect the Commandos who had very successfully achieved their objective.

This exercise of landing of Commandos was previously carried out in Captain Cook Dock on 27th October, 1956, as part of the Trafalgar Day Display in conjunction with H.M.S. TELEMACHUS.

* * * * *

H.M.A. Ships QUEENBOROUGH and QUICKMATCH.

H.M.A. Ships QUEENBOROUGH and QUICKMATCH arrived at Hong Kong on 6th February after completing exercises off the East coast of Malaya. Subsequently both vessels completed a three-week self-refit. During this time opportunity was taken by 44 members of the ships' companies to donate blood to meet an urgent shortage in the Colony.

This was the third time during their present tour on the Far East Station that men from QUEENBOROUGH and QUICKMATCH have performed this service. At Bangkok and Manila more than 40 officers and men from each ship generously donated blood to the Thailand and Philippines branches of the Red Cross Society.

Whilst at Hong Kong, QUICKMATCH was represented in the Royal Navy Rugby team which won the Island Hexangular Rugby Tourney for the first time since World War II. Signalman B.L. Welch was the Australian representative.

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H.M.A.S. WARREGO.

On 11th March, H.M.A.S. WARREGO sailed from Port Adelaide for Sydney after carrying out a survey of approximately two months duration in St. Vincent's Gulf and Investigator Strait.

His Excellency the Governor of South Australia, Air Vice-Marshal Sir Robert George, K.C.V.O., K.B.E., C.B., M.C., embarked in WARREGO on 5th March for a day's observation of a survey ship at work.

WARREGO arrived in Sydney on 16th March and is at present undergoing refit.

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H.M.A.S. WARREEN - Transfer to H.M.A.S. TORRENS.

On completion of her tour of duty with H.M.A.S. WARREGO, H.M.A.S. WARREEN was transferred to H.M.A.S. TORRENS on 11th March. WARREEN has become the training ship for the Port Adelaide R.A.N.R. Port Division

and will be manned entirely by R.A.N.R. personnel.

* * * * *

H.M.A.S. EMU.

On two occasions since her return to Darwin last December, H.M.A.S. EMU has rescued crews of small vessels which ran aground in that area.

On 19th January EMU proceeded to Cape Don Lighthouse to embark five survivors ex "CALYPSO", a 44-foot yawl, and returned to Darwin on 21st January.

The "CALYPSO" was beached at Two Hills Bay near Coburg Peninsula and was subsequently **burned** by her crew to prevent her becoming a navigational hazard should she re-float. The party left on a crocodile-shooting venture to the South Alligator River against the advice of local seamen, and put to sea at the time the Darwin pearling fleet was returning to harbour to shelter from the monsoons. While attempting to cut across Van Diemen Gulf, strong winds and rough seas damaged the stern of the boat and it was beached. The party decided to make for Cape Don Lighthouse and after eight days walking across country, arrived there on 18th January.

On 12th March, EMU arrived at Bathurst Island, where she rescued six starving shipwrecked men. The men were the crew of the 78-ton salvage ship "GOLD SEEKER", which left Scotland last year to hunt for treasure off New Zealand.

The "GOLD SEEKER" ran aground on the south coast of Portuguese Timor after developing engine trouble. The Captain, with native guides, left on a trek to Dili for help. His crew decided to sail on in a 16-foot life-boat.

For ten days, battered by storms, the men were lost. Finally the life-boat was smashed on rocks on the south side of Bathurst Island. They were found after seven days. The Captain of EMU (Lieut.-Cdr. J. Toulouse, R.A.N.V.R.) said on arrival in Darwin that the men were in a pitiful condition.

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(b) ROYAL NAVY.

H.M.S. DIANA.

Early in February, H.M.S. DIANA arrived at Plymouth, after an absence of ten months during which she steamed just over 52,000 miles. The first 11,000 miles from Plymouth to Fremantle were completed in five weeks with stops for fuel at Gibraltar, Aden, Colombo and Singapore and at Monte Bello to rehearse for the atomic explosions. H.M.S. DIANA was present at the tests which were conducted in May and June of last year.

On the conclusion of these tests DIANA was on her way to join the Mediterranean Station via Singapore, Penang, Madras, Trincomalee and Aden. She was involved in the Suez Canal crisis and patrolled the Red Sea area. She was in company with H.M.S. NEWFOUNDLAND when the Egyptian frigate DOMAIT was sunk, and rescued seventy survivors.

In mid-December DIANA was ordered home via the Cape, calling at Mombassa, Dar-es-Salaam, Durban, Simonstown, Freetown and Gibraltar. During this passage she crossed the Equator for the seventh and eighth times. The ship is to refit in Plymouth and then to serve in the Home Fleet.

* * * * *

H.M.S. BLACKPOOL.

The Whitby Class A/S frigate, H.M.S. BLACKPOOL, was launched on 14th February at Belfast. At the launching ceremony, the Vice-Chief of Naval Staff (Admiral Sir William Davis, K.C.B., D.S.O., and Bar) read the following extract from a report on a sister ship, H.M.S. TORQUAY.

"I consider the TORQUAY to be the most useful class of small ship put into service with the Fleet. The ship is remarkable in rough weather. With her high fo'c'sle and clean lines, she rides well in a sea-way and is exceptionally dry. Her enclosed bridge is excellent. It is spacious, with splendid vision, and it is warm and comfortable in cold weather. The heated windows in the fore-part of the bridge will be an asset in Arctic waters. The employment of double-reduction gearing allows low propeller revolutions to be employed at high power and the propeller efficiency is correspondingly high; this fact, coupled with improvement in hull design, enables TORQUAY to achieve over 30 knots on only 75% of the power required by older destroyers of comparable displacement. The arrangement of the engine-room machinery is outstandingly good, and the engine-room is a relatively easy compartment to keep clean. Internal communications within the department have satisfied every demand upon them and the siting of voice-pipes, call-ups and inter-coms has proved to be most convenient. Without question the operations room is the finest ever put into a small ship."

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(c) ROYAL NEW ZEALAND NAVY.Chief of Naval Staff Visits Antarctic.

The flag of the Chief of Naval Staff, Rear-Admiral J.E.H. McBeath, C.B., D.S.O., D.S.C., was flown for the first time in the Antarctic when he went aboard H.M.N.Z.S. ENDEAVOUR in McMurdo Sound.

Accompanied by Commander E.P. Reade, D.S.C., R.N., Director of Plans, Rear-Admiral McBeath recently spent a week at the Sound as a guest of Admiral G.F. Dufek, Commanding Officer of the United States Antarctic Task Force. At a press interview after his return Rear-Admiral McBeath said one could not but be impressed by the efficient manner in which the United States and New Zealand expeditions under Admiral Dufek and Sir Edmund Hillary were tackling an enormous job involving a continual fight with Nature.

On the first of three air trips, Rear-Admiral McBeath flew over the South Pole and "three times around the world in 10 minutes". It was a supply-dropping trip for the aircraft and 20 parachutes containing 10 tons of supplies were dropped to the American Camp at the South Pole.

Aboard ENDEAVOUR Rear-Admiral McBeath sailed around to Cape Royds, where he saw the hut used by Sir Ernest Shackelton and on return called at Cape Evans to visit Captain Scott's old hut. "I was most impressed", he said, "by the way ENDEAVOUR was able to get around down there, and she is undoubtedly a first-class ship for the job".

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H.M.N.Z.S. ENDEAVOUR Returns to New Zealand.

After seven weeks in the Antarctic H.M.N.Z.S. ENDEAVOUR sailed for New Zealand on 22nd February and arrived at Dunedin on 4th March. The return journey was not altogether without incident. Twice she was forced to hove-to due to bad weather, and on one occasion was rolling 53 degrees.

On 1st March, she made her way into Campbell Island waters by radar to pick up a patient for Dunedin Hospital. She remained at anchor overnight and sailed for Dunedin early the following morning.

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SECTION II.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).

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U. S. S. R.

Modernisation of KIROV Class Cruisers.

Reliable information has been received that MOLOTOV, a KIROV Class cruiser, has been extensively refitted and is now back in service in the Black Sea Fleet.

MOLOTOV, the second of her class to be modernised since the war, was completed in 1941. The principal items noted are :-

- (i) Replacement of the secondary armament directors by those of the SVERDLOV type.
- (ii) Removal of torpedo tubes.
- (iii) Replacement of single 37 m.m. mountings by 9 twin mountings of SVERDLOV type.
- (iv) Re-positioning and strengthening of foremast and mainmast.
- (v) Replacement of obsolete radar equipment.

A third vessel of the class MAXIM GORKI, is known to be undergoing modernisation in Leningrad but progress recently appears to have been negligible.

Possible Soviet Submarine off Christmas Island.

On 1st March a possible submarine contact was obtained by a Royal Fleet Auxiliary in a position 30 miles S.W. of Christmas Island (Pacific Ocean).

No submarine hunt was possible, but it is considered that this is a likely place for Soviet submarines to be operating at the present time.

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J A P A N .

Contract for Fast Patrol Boat. (Confidential).

A contract has been concluded for the purchase from the U.K. of a Fast Patrol Boat with Napier Deltic engines. The boat is expected to arrive in Japan shortly. It is reported that this craft is being purchased because of the disappointing performance of the locally-built prototypes.

* * * * *

REPUBLIC OF KOREA (SOUTH KOREA).Armed Forces.

It is claimed that the South Korean Army now totals between 650,000 and 700,000 men, more than half of whom are formed into combat units. There are an additional 60,000 men in the Air Force, Navy and Marines.

The maintenance of this large force absorbs 52 per cent of the Republic of Korea's overall revenue. In addition to this the U.S.A. supports it by an amount of 420

million dollars annually, quite apart from the Korean Military Assistance Group which assists the R.O.K. forces in all spheres of activity.

* * * * *

COMMUNIST CHINA.

Possible Training of Submarine Crews.

Recent sightings at Tsingtao of a submarine with an unusual pennant number raise the possibility that the craft may be a Soviet "W" Class sent down for the purpose of training personnel who will eventually be manning submarines of Chinese construction.

* * * * *

SOUTH VIETNAM.

Potential of Saigon Naval Dockyard.

The Saigon Naval Dockyard has a potential for major refit work and for the docking of ships up to 485 feet in length. In addition to the main dock there is a small graving dock capable of taking craft up to frigate size and a slipway capable of handling landing craft of all types.

This dockyard, when handed over to the Vietnamese by the French in September, 1956, was in first-class condition, in full operation and employing 2,500 men, but since the take-over the output has been reduced almost to nil, with only 580 civilians currently employed in the task of stocktaking the vast amount of stores and spares left by the French.

The Vietnamese anticipate that their Navy can be fully serviced at home when the dockyard is, with U.S.

financial assistance, restored to full working capacity; and to this end 17 Japanese dockyard engineers, including one retired Vice-Admiral who had command of home dockyards during World War II, have been employed to offset the lack of skilled supervision available amongst the local population. Skilled labour, is, however, available from those who worked under the French and it is believed that an undisclosed number of Japanese tradesmen are also to be employed.

The United States' interest in the re-activation of the dockyard is prompted by the high cost of repairing Vietnamese vessels at Subic Bay, but there is still considerable doubt as to the ability of the Vietnamese to work the dockyard efficiently.

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

(This Section contains both SECRET and CONFIDENTIAL information).

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JAPAN.The Japanese Shipbuilding Industry.

In 1956 Japan doubled her output of ships for the previous year and displaced Britain as the world's leading ship-builder. Statistics of launchings in the two countries are shown in the following table :-

	<u>No. of Vessels.</u>	<u>Gross Tonnage Launched.</u>	<u>Percentage of World Tonnage Launched.</u>
<u>Great Britain</u>	275	1,383,387	20.73
<u>Japan</u>	325	1,746,429	26.17

Although early in 1954 the Japanese were producing only 8% of the world's new shipping tonnages, they had since 1950 been investing very heavily in shipbuilding facilities, placing emphasis on capacious slipways, suitable for the construction of larger tankers, and on advanced equipment for welding and pre-fabrication. They were thus in an ideal position to take advantage of the world-wide shipping boom which started in 1954/55 and still continues. Their equipment was the most modern in the world, they had no backlog of orders and were thus able to quote for an early delivery, and they were prepared to accept less favorable prices and terms of payment than their competitors.

Despite increasing costs, the industry's competitive position is still strong. The shipbuilding period is considerably lower than in Britain and West Germany, and delivery times are at least 18 months earlier.

The Japanese shipbuilding industry is overwhelmingly dependent upon orders from abroad; no more than 20% of current orders are from domestic shipping firms. Order books are full for at least two years, and probably longer, and if the "super-tanker" becomes as popular as recent trends suggest it will, Japan should have an assured market for several years to come.

* * * * *

COMMUNIST CHINA.

Projected Harbour Development at Amoy.

A recent Chinese Communist press report states that plans are being considered for the construction of a new wharf at Amoy to accommodate 10,000-ton ships.

Amoy possesses the best natural deep-water harbour of all ports between Canton and Shanghai, but at present cargo facilities are limited to two berths for small ships.

Since the status of the port will be improved by the Ying-t'an/Amoy rail connection, the construction of a wharf for larger ships would be a logical development.

The use of the port is at present restricted by the Nationalist blockade.

Expansion of Civil Air Network.

Plans have been announced for a significant development of the civil air network in Communist China during 1957. Communications will be improved between Peking and certain inland areas, particularly the west and north-west, where surface transport conditions are poor.

This expansion of the air network has been made possible by the acquisition of CRATE (IL-14) aircraft, whose greater range and speed have permitted the introduction of longer stages and more direct routes between focal points.

If all new routes materialise the programme will result in an increase of 68% in unduplicated route-miles.

Impact of the Suez Crisis on China's Economy and the P.O.L. Position in the Soviet Far East.

The largest single item shipped to Communist China through the Canal is chemical fertiliser. Delay in deliveries beyond the Spring sowing would have some adverse effect on food output. Delayed deliveries of machinery and equipment may disturb the phasing of developmental plans upon which China's future so greatly depends. Communist China's stocks of P.O.L. are probably comparatively large in relation to consumption, and it is possible that supplies via the Trans-Siberian Railway may have been stepped-up.

Shipments of P.O.L. from Black Sea ports to the Soviet Far East increased by 1100% over the years 1954/1955, as compared with 1952/1953. Similarly, shipments to Communist China increased by 520% in the same period. The high level of supply appears to have been maintained during the first six months of 1956. This stockpiling might well indicate a Soviet intelligent anticipation of events in the Middle East.

No further shipments of P.O.L. to the Far East have been made since the Canal closed.

Hainan Island - Possible Development of the Port of Bakli.

It has been announced that the port of Bakli (or Pasuo), on the west coast of Hainan Island, may be

developed. The artificial harbour of Pasuo, situated about five miles south-west of Bakli village, was originally constructed by the Japanese, and the port used for the export of iron-ore mined at Shihu-lu, 27 miles inland. It has been inactive since the war. This proposed development may have resulted from a reduction of iron-ore deposits in the Yulin area, and Yulin (situated at the southern extremity of Hainan Island), freed from the necessity of clearing ore shipments, may consequently be used more as a naval base.

Possible New Port in the Chusan Area.

A railway extension is being constructed in south-east Chekiang from the Ningpo area to Ch'uan-shan on the mainland side of Ta-hsieh-Tao harbour, some 20 miles east of Ningpo. Ta-hsieh-Tao is a natural deep-water harbour formed by the island of Ta-hsieh-Tao and the mainland coast; it is about two miles long and varies in width from 400 to 600 yards. Vessels drawing approximately 28 feet could enter at any state of the tide, and ample room is available on the mainland coast for the construction of wharves with natural deep-water frontage.

It is not known whether Ch'uan-shan will be developed as a deep-water port, but the natural advantages of such a harbour, allied to the rail connection, suggest that this could be so. Such a port could accommodate vessels unable to enter the shallow waters of Ningpo and Chen-hai. In particular, it could provide an outlet for iron ore from rich deposits recently discovered close westward of the Ningpo area. It could also function as a mainland supply point for Ting-hai naval base, located 10 miles north-eastward in the Chusan Islands.

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PHILIPPINES.Nuclear Research Centre.

The Philippines Atomic Energy Commission is to begin construction of a nuclear research centre at Quezon, near Manila. When completed it will become a training as well as a research centre for Asian students from Colombo Plan countries.

The cost of construction will be borne entirely by the U.S.

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I N D I A .Visit of Soviet Military Mission.

A Soviet Military Mission headed by Marshal Zhukov recently visited India.

The Indians planned to treat Marshal Zhukov as a distinguished soldier, but found that he preferred to be regarded as the Defence Minister of the Soviet Union, and he appears to have upset them by his frequent political statements.

The effect of the Mission's visit on the Air Force was neutral, on the Army slightly adverse, and on the Navy distinctly adverse.

Marshal Zhukov annoyed the Navy by failing to salute the quarter-deck, by making disparaging remarks about equipment, by going off sight-seeing in Ernakulum when a launch was about to take him round Cochin Harbour, where the Ships' Companies were lining the decks to cheer him as he passed, and by failing to attend a

luncheon arranged in his honour.

During his visit to the Army, senior officers were amazed by his sneering references to all things British and by his scarcely veiled insinuations that they were themselves British "stooges". He gave the impression that he could not take seriously an Army in which training was not based on the assumption that nuclear weapons would be used.

Before the Mission had completed its itinerary in India it changed its plans (possibly through boredom) and paid an unexpected visit to Burma.

The Burmese were invited to send a Military Mission to the U.S.S.R., but no military aid or equipment was offered.

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I N D O N E S I A .

Political Situation.

The Indonesian Government under Ali Sastroamidjojo resigned on 14th March. This followed the Army revolts in East Indonesia (Celebes, Moluccas and Lesser Sunda Islands) and Borneo which, in turn, following upon the revolts in Sumatra, left the Central Government in control of only Java and a small area in the vicinity of Medan in Sumatra.

After Ali's resignation President Soekarno proclaimed a state of war and siege throughout Indonesia, thereby putting the country under martial law with supreme legal authority vested in the President as Commander-in-Chief.

The President appointed the Chairman of the Indonesian Nationalist Party (P.N.I.), Suwirjo, as formateur for a new coalition cabinet or, alternatively, a cabinet of "experts" who would not be closely tied to their political parties. Suwirjo's efforts so far have been frustrated by the antipathy between the Moslem Parties and the Communists: the Masjumi (Moslem) refuse to participate in a cabinet with the Communists; the Nahdatul Ulama (Conservative Moslems) refuse to participate without the Masjumi; the Communists demand inclusion if the Masjumi are included.

The Army attitude will be important in achieving a settlement of the current problems in Indonesia. The Army has been divided between the faction which supported the Ali Government and the one opposed to it (although the latter made it clear that they had no intention of seceding from the Republic). Army conferences held in Palembang in January and in Djakarta in March have apparently failed to produce a clear-cut and united Army policy, although a moderate and responsible approach to Indonesia's problems has been evidenced in statements released after the latter conference.

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SECTION IV.AUSTRALIA STATION INTELLIGENCE.

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

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VISIT TO SYDNEY OF U.S. NAVAL VESSELS. (Restricted).

Four U.S. Naval ships have recently paid visits to Sydney. The first ship to arrive was U.S.S. TULARE (AKA-112), an Attack Cargo Ship of 9,200 tons gross, her stay being from 27th February to 4th March. She arrived from U.S.A. via Honolulu. She departed on 4th March for Yokosuka. TULARE was commissioned in January, 1956 and is the latest of this class of vessel.

On 28th February, U.S.S. ARNEB (AKA-56), also an Attack Cargo Ship, of 7,430 tons d.w., arrived in Sydney. ARNEB had left New Zealand on 10th December, 1956, for a voyage to the Antarctic to help set up Wilkes Station on Clark Island. With the erection of this base, the network of six U.S. (I.G.Y.) bases was completed. Early in January, ARNEB ran into an unexpected storm with hurricane force winds which caused a 200-mile ice floe to trap the ship. Damage was caused to the propeller, rudder and 120 sq. feet of hull plating. ARNEB, on arrival in Sydney, proceeded direct to Cockatoo Island for repairs and departed on 13th March for Melbourne.

The next ship to arrive was U.S.S. CURTISS (AV-4). She had left San Diego on 27th December, 1956, to participate in operation DEEP FREEZE II and had been assigned to transport to Antarctica Navy relief personnel, cargo and the scientists who were participating in the International Geophysical Year; and, after visiting Kainan Bay, Sulzberger Bay and Cape Hallett, she departed on 12th February for Lyttelton, New Zealand. Proceeding to Wellington, CURTISS

took delivery of a spare propeller for U.S.S. ARNEB to transport to Sydney, and after visiting Auckland for five days arrived in Sydney on 1st March. She departed on 6th March for San Diego.

U.S.S. CURTISS is the first ship of that name and was designed and constructed as a Seaplane Tender. She was launched in 1940 and saw all her World War II service in the Pacific. Later, she took part in the Korean War and in 1950 underwent extensive reconstruction to fit her out as a Nuclear Fission Control ship. Since this reconstruction, she participated in operations GREEN HOUSE (April-May, 1951), IVY (October, 1952), CASTLE (April, 1954), WIGWAM (May, 1955) and REDWING (June, 1956), all at Eniwetok Atoll.

The fourth ship to visit Sydney was the tanker U.S.S. CHEMUNG (AO-30) which returned to Pearl Harbour on 13th March.

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FREMANTLE HARBOUR TRUST SIGNAL STATION - CANTONMENT HILL.

The new three-storey Harbour Trust Signal Station at Cantonment Hill came into full operation on 1st February. The new station is located immediately adjacent to the old station, which has since been demolished.

Facilities provided at the new station include telephone, R/T connection to all harbour authorities, including tugs, pilots, berthing gang etc., and surface radar. Visual communication range has been considerably improved and now extends to ships berthed at Kwinana.

It is understood that space has been provided for R.A.N. requirements in time of war but there is some doubt whether this will prove adequate.

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FREMANTLE HARBOUR SLIPWAY.

Work has now commenced on the new 600-ton Slipway in Fremantle Harbour. Clearing and preparation of the shore area and the removal of underwater rock are in hand and materials for temporary timber pile construction have been ordered.

On the closure of the old slipway on the North side of the Harbour, the existing oil berth No.1 North Wharf will be equipped with a transit shed and additional road and rail facilities. This berth will then be available for general cargo-handling as well as for bulk oil discharging.

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PHOSPHATE DEPOSITS, RECHERCHE ARCHIPELAGO.

Unconfirmed reports indicate that another attempt is to be made to form a company to work deposits of phosphatic rock from one of the islands of the Recherche Archilepago east of Esperance. The principals in the scheme are Messrs. J.W. and F. Kirwan, who are at present developing a 16,000 acre property close to Esperance. They recently chartered an aircraft and flew over the island concerned. Mineral claims attached to steel spikes were dropped on to the island to establish mineral claims. Preliminary plans include the acquisition of a landing craft to transport the rock to Esperance.

If this project becomes workable it should materially hasten the establishment of the superphosphate

works at Esperance already envisaged under the Chase plan.

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MINERAL SANDS, WESTERN AUSTRALIA.

Bunbury. The vessel "ELLEN BAKKE" recently loaded at Bunbury for shipment to Japan 1,500 tons ilmenite extracted by Cable (1956) Ltd., Bunbury.

This is the second large shipment from this plant. It is understood that the "ELLEN BAKKE" and other vessels of the Knutsen Line will make regular three-weekly visits to Bunbury affording regular direct contact with the Far East, Canada and United States.

Cheyne Beach Area. Plans have been announced for the projected establishment of a treatment plant for beach sands taken from the Cheyne Beach area. The two mineral companies involved are Hancock Prospecting Pty. Ltd., and Jackson Exploration. For some time these companies have been prospecting and surveying a large portion of the coastal strip in the Albany area. They have been granted dredging claims on 1,800 acres, mainly in the vicinity of Bluff River, Cheyne Beach, about forty miles East of Albany. The treatment works will be located near Albany harbour, and, apart from the separation of rutile, ilmenite, and zircon, will have furnaces for smelting the ilmenite to produce pig-iron and titanite slag.

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WESTERN TITANIUM N.L., CAPIL.

This company is now in full production. Ilmenite extracted during January amounted to 3,150 tons.

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NEW STEEL PLANT FOR PORT KEMBLA.

A £4,750,000 ore-handling, screening and sintering plant has been completed at the Port Kembla iron and steel works of Broken Hill Co. Pty. Ltd.

The new plant is equipped to smelt soft iron-ore from the recently developed deposit at Yampi Sound, Western Australia, whereas, previously, these plants only used rich, hard iron-ore.

Increasing world demand for iron and steel had made necessary the development of poorer-grade ore deposits which caused serious irregularities in production if they were fed directly into blast furnaces.

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MORNINGTON ISLAND MISSION STATION, GULF OF CARPENTARIA.

The Mornington Island Mission Station (Presbyterian) is situated on the north bank of a passage between Mornington Island and Denham Island. The passage is not shown on Admiralty Chart 1897 nor on Chart 445; Mornington Island and Denham Island being delineated as one.

The Mission is situated on a reddish* coloured cliff about 30 feet high on the northern shore about $\frac{1}{2}$ mile from the N.W. end of the passage. In front of the Mission House is a small jetty constructed of stone with approximately 6 feet of water alongside at L.W.S., - the depths increasing sharply a few feet away from the jetty, which is in a very sheltered position and out of the main run of tide. Half a mile E. from the Mission Station are cattle-loading yards, with the loading race terminating half way down the beach. Thirty feet from the end of the race the depths

fall away sharply to 4 and 5 fathoms. A drying sand and mud flat lies within a line drawn from the cattle race to the inside of the jetty head. There is a deep pool with 4 to 5 fathoms L.W. half a cable south of the jetty with ample swinging room for a moderate-sized vessel. This anchorage is protected from all winds except extreme weather from the north-west and then only at high water, as there are numerous sandbanks fronting the north-west end of the passage which tend to break the sea and swell from that direction.

The Mission is in touch by R/T with the Director of Native Affairs' Station at Thursday Island and also with the Flying Doctor Radio at Cloncurry.

A well-constructed air strip on the island handles medium-sized commercial planes. The present schedule is fortnightly, the Flying Doctor's plane calling in addition to the Regular commercial air line.

Much progress has been made by the Mission in recent years in the education of the natives and in the eradication of disease. Many wild cattle roam the island. Wild duck are plentiful in season. Fish and turtle are in abundance.

Water is scarce at the Mission during most of the year and is strongly contaminated with mineral salts.

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NETHERLANDS NEW GUINEA.

Establishment of an Administrative Centre, Baliem Valley.

The Government of Netherlands New Guinea plans to establish a permanent centre of administration in the Baliem Valley. A group comprising an administrative

Officer, a wireless operator and fifteen members of the Netherlands New Guinea police force recently flew in a "Beaver" aircraft to the Baliem Valley. Two flights by a Dakota aircraft have also been planned.

The first task of the Administrative Officer will be to establish contact with the population of the Valley and to endeavour to recruit sufficient labour to build a landing strip of 2,000 ft. For that purpose a piece of land near the River Wameni, a tributary of the Baliem River, has been chosen.

The Baliem Valley, or the Great Valley as it is sometimes called, was compared with an elusive Shangri La some years ago when a U.S. Air Force Dakota crash-landed with 23 persons on board, there being three survivors.

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NEW HEBRIDES.

Map Survey.

A ground survey is being conducted in the New Hebrides which will enable a map of the Group (on a scale of 1/30,000) to be prepared from aerial photographs taken in 1955.

The survey is being carried out by a team of eight surveyors headed by M. Bonneval, Engineer of the Geographical Institute of France.

The survey is being financed by a French F.I.D.E.S. grant and the cost balanced by another developmental project to be met from British Colonial Development and Welfare Funds.

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PORTUGUESE TIMOR.Oil Exploration.

A £1 million company to search for oil in Portuguese Timor, Timor Oil Ltd., was launched in Sydney on 5th March.

The Portuguese Government will receive a royalty of $10\frac{1}{2}$ per cent of the calculated value of any petroleum extracted from the company's areas.

The company plans to send two geological parties to the island shortly.

The drilling rig, which is in Brisbane, will be sent to Timor in June.

Five of the seven directors are Australians.

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SHIPPING INFORMATION.New Vessel "KOOLAMA".

The Western Australian State Shipping Services new vessel "KOOLAMA", under construction in Scotland, will be completed by November.

"KOOLAMA" (2,300 tons D.W.) will have accommodation for 60 passengers and all passenger and crew space will be air-conditioned. She will have refrigerated space for 160 tons, and about 300 head of cattle will be carried in specially ventilated holds.

Two seven-cylinder ^{engines} driving through magnetic

couplings and gearing to a single shaft will give a service speed of 13 knots. The ship will be capable of being slipped at Fremantle, thereby avoiding time lost in voyages to the Eastern States for refitting.

Sale of S.S. "ULOOLOO".

The Adelaide Steamship Co. Ltd.'s freighter "ULOOLOO" (3,236 tons) has been sold to John Manners & Co., Hong Kong.

M.V. "VIRIA".

Hetherington and Kingsbury Ltd. have purchased M.V. "VIRIA" (602 tons gross) from New Guinea Industries Ltd., Prt Moeresby.

After undergoing overhaul and refit at Newcastle, "VIRIA" has joined "BONABO" and "JOBARGO" in the North Coast sugar trade.

"VIRIA" was built in Sweden in 1948.

Collier "IRANDA".

The Australian Coastal Shipping Commission's collier "IRANDA" was launched at the Newcastle State Dockyard on 16th February.

"IRANDA" has an overall length of 386 feet 10 inches, a beam of 52 feet, and will have a service speed of 12 knots.

New P. & O. Vessel For Australian Service.

The P. & O. Line recently announced that it will place an order on Harland and Wolff Ltd., Belfast, for

the construction of a 45,000-ton liner for the Australian trade.

The vessel will have a speed of 27 knots. She will carry 2,250 passengers (600 first class and 1,650 tourist class). She will have a length of 814 feet, beam of 102 feet, and draft of 31 feet.

The whole superstructure will be aluminium.

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APPOINTMENT OF DIRECTOR OF NAVAL INTELLIGENCE, MELBOURNE.

On 3rd April, 1957, A/Captain I.H. McDonald, R.A.N. succeeded A/Captain J. McL. Adams, R.A.N., as Director of Naval Intelligence.

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INTELLIGENCE OFFICERS IN H.M.A. SHIPS.

Lieutenant-Commander J.A.N. Cuming, R.N., has assumed the duties of Ship's Intelligence Officer in H.M.A.S. TOBRUK.

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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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TAIWAN (FORMOSA) - ECONOMIC CONDITIONS, (Confidential)

Taiwan's first four-year economic plan (1953-1956) has just ended. Its immediate objective of restoring production to the pre-war level has been broadly achieved, in the case of industrial production by a very considerable margin. Because of the great increase in the island's population since 1949, however, production per head is still well below the pre-war peak. Rising population and very heavy defence expenditures have inhibited progress towards the four-year plan's further aim of increasing the economy's ability to support itself without substantial external assistance.

An influx of some two million refugees from the Chinese mainland has been the most important factor in raising Formosa's population from about 6.5 million in 1949 to an estimated 10.5 million in 1956. Moreover, this population is growing by some 2.75% each year, one of the highest rates of increase in the world. If present conditions continue, a further 1.7 million persons will have been added to the population by the time the second four-year plan is due to end in 1960.

The difficulty of maintaining this rapidly growing population is greatly increased by the need to devote a large part of available resources to defence. Some 600,000 men of working age are absorbed in the armed forces, and their maintenance imposes a heavy burden on the economy. Budgeting

expenditure for defence in 1956 amounted to some £50 million stg. (58%) out of a total budget expenditure, including both central and local allocations, of £85.7 million stg. Indications are that this proportion will be almost as high in the current year.

While production in Taiwan has increased considerably since 1953, it has barely kept pace with population pressure and defence commitments. Output of agriculture, the leading productive sector and source of most of the island's exports, has now risen to some 7% above pre-war levels in terms of total value. Agricultural output per head, however, is still not much more than half the pre-war figure. Opportunities for expansion of cultivated area are limited, and, in spite of irrigation and reclamation projects, Taiwan's once large export surplus of staple foods seems bound to decline as domestic requirements increase. The redistribution of agricultural land under the "land to the tiller" programme, officially completed early in 1954, has had a beneficial effect on output. The long-run success of the programme is, however, already being endangered by a tendency for uneconomic fragmentation of holdings under the pressure of growing rural population.

Apart from her abundant hydro-electric power potential, Taiwan is not rich in industrial raw materials. Industrial output has nevertheless risen rapidly over the period of the first four-year plan, and in the first half of 1956 was running at a rate over 60% higher than in 1952. Even in per capita terms, industrial production is now higher than ever before. Electric power capacity has been raised by over a third since 1953 to some 500,000 k.w. and, although slightly below the four-year plan target, is adequate for requirements. Modernisation of the Kaoshiung oil refinery has made the island self-sufficient in refining capacity, though crude oil, amounting to 650,000 tons in 1956, is imported.

Coal production has risen by some 50% since 1953 and is well ahead of the four-year plan target. Output of chemical fertilisers, cement and aluminium has developed rapidly with United States aid, and current plans envisage continued expansion. The engineering industry has been restored to its 1941 level and Taiwan is now able to provide roughly half of her civilian requirements for iron and steel products. Light industry has also expanded rapidly, and output of textiles has doubled over the four-year period to make the island almost self-sufficient in this sector. The bulk of Taiwan's larger scale industry is under direct government control and expansion in this sector has been on the basis of government investment. Private domestic investment in industry has not been large, and, with the exception of investments by a very small number of large American corporations, there has been little influx of private foreign capital.

Failing means of mobilizing domestic investment capital, Taiwan's economic development has been financed largely by United States economic assistance. Over the past few years this aid, equivalent annually to some 8% of Taiwan's national income, has been an important source of government funds and has financed almost half of all the island's imports. Imports of United States aid goods have altered the pattern of Taiwan's trade, which before the war was very closely tied to Japan. In addition, direct military assistance on an even larger scale provides almost all of the armed forces' military equipment.

This substantial aid, and, to some extent, the growth of domestic production, have helped to stabilize Taiwan's financial position. The high rate of inflation which characterised the early years of Nationalist control has now been reduced to a tolerable, if steady, price rise, and balance of payments difficulties are more than covered by United States aid, which remains

an indispensable prop to the island's economy.

(J.I.B. Melbourne).

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PHILIPPINES - RELATIONS WITH JAPAN. (Confidential).

After the United States, the country which looms largest on the Philippines horizon, in more ways than one, is Japan. In this respect the past year was of special importance to the Philippines in that it saw the formal termination of hostilities between the two countries, the restoration of diplomatic relations and the conclusion of a Reparations Agreement. Under this Agreement, which was signed in May, after many years of hard bargaining, the Japanese Government undertook (a) to pay a total of 550 million dollars in reparations, (500 million dollars in capital goods, 30 million dollars in services and 20 million dollars in cash) and (b) to extend long-term development loans totalling 250 million dollars. On the whole, it was a reasonably satisfactory Agreement which, given bona fide and effective co-operation on both sides, should work to the benefit of both countries. At the same time it must be recognised that there are numerous "if's", including a notable unpreparedness on the part of the Philippines to receive and utilise the reparation items already scheduled for delivery.

The Agreement represents not merely reparations in the simple sense - i.e. gifts of goods, money and services in compensation for war damage, but a partnership contract in the field of industrial and agricultural development. The way is open for side agreements under the 250 million dollar loan agreement which could lead to more industrial and development partnerships independent of Government auspices. Japan doubtless hopes to promote a vast expansion of normal trade along with all this.

The conclusion seems inevitable that, as the special privileges enjoyed by Americans and Filipino traders under the Laurel-Langley agreement gradually lapse, Philippine-Japanese commercial ties will become progressively closer, until at the end of twenty years - perhaps even sooner - Japan will replace America as the Philippines' chief foreign market and the chief supplier of her imports. Whether this will in the end work out badly or well for the Philippines will depend on the good faith shown by both sides in operating the agreement. The fear of Japanese domination is deeply rooted in the Philippines, and with reason. However, if the opportunities now offered are properly used, the Agreement could lead to peaceful co-existence and substantial material benefit for both countries.

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LIBYA.

A short time ago Sir Alex Kirkbride, lately U.K. Ambassador in Libya, delivered an address on the subject of Libya to the Royal Empire Society, London.

Some extracts from his address are appended :-

"Most of the land which makes up Libya is useless desert and the population, which is less than two million people, is concentrated along the coast - in Tripolitania along the belt of fertile oases which stretches from the Tunisian frontier to the Gulf of Sirte, and in Cyrenaica in the Green Mountain, that inland island which is akin in its flora, fauna, geology and climate to parts of Southern Europe and which stands surrounded by the wastes of the Sahara on the south and the sea on the north.

The United Kingdom of Libya consists of three provinces - Tripolitania, Cyrenaica and the Fezzan.

The third province is the largest in size but contains a population of only about 70,000 people, who manage to eke out a precarious existence on the occasional water points which occur in the vast dried-up water-courses which run through the desert.

The inhabitants of Libya call themselves Arabs but most of them are descendants of the race which has lived there long before the Arab conquest. They have adopted Islam as their religion and Arabic as their native tongue.

The present State of Libya might be described as the first-born child of the United Nations Organisation, because it was that institution which took the decision creating Libya as independent sovereign state within the frontiers of the previous Italian possessions in North Africa. The part played by Great Britain in the formation of this new state was, nevertheless, extremely important. It was Great Britain who paved the way by defeating the united armies of Germany and Italy; it was Great Britain who set up military administrations in the liberated provinces of Cyrenaica and Tripolitania and who carried the financial burden of subsidizing those territories financially for the next nine years until the declaration of independence on 24th December, 1951.

The form of government adopted by independent Libya is unduly complicated in form and top-heavy in size for so small and backward a people. There is a Federal Government and Parliament and three provincial administrations and legislatures. With what is virtually four governments in one country, the divisions of authority are not as clear as they might be, and the result is continual bickering between the federal and provincial authorities who take a very parochial view of their interests. In fact, the use of the word "United" in the official description of Libya was an expression of hope rather than a statement of fact.

This rickety fabric is held together by the personal prestige and wisdom of King Idris, but he is an ageing man, not in robust health and, worst of all, without a surviving child to succeed to the throne.

At the end of 1951, there were British troops and air forces in Tripolitania and Cyrenaica, United States air forces in Tripolitania and French troops in Fezzan. In 1953, a treaty of friendship and alliance was signed between Great Britain and Libya, in spite of the desperate efforts of the Egyptians to prevent its conclusion, providing for the continued presence of British bases and forces in Libya. An agreement regarding air bases was entered into between the United States of America and Libya in 1954, and an agreement was reached between France and Libya in 1955 whereby the French would retain certain advisory and cultural functions in the Fezzan but their troops were to leave that province eighteen months after the signature of the accord.

The reason why the Egyptians objected so strongly to the Anglo-Libyan treaty was their basic desire to break all influence of the Western Powers in North Africa, probably with the intention of substituting a neo-imperialism of Egyptian manufacture in its stead. At the time, the Egyptians were struggling to secure the evacuation of the British forces from Egyptian soil and it was not at all surprising that they were opposed to the acquisition by Great Britain of new rights for military bases in the territory of their next-door neighbour.

It has often been said, with truth, that Tripolitania looks westward to the Moghreb and that Cyrenaica looks eastwards to Egypt. This is one of the many facts that makes true unity in Libya so difficult to attain. To the Cyrenaicans, Egypt has for long been the refuge to which they flew in times of political stress

and the country to which they went for their holidays when conditions were happier. It was, therefore, natural that there should be special links of sympathy between the two peoples.

The Tripolitanians, who are, on the whole, relatively more sophisticated than the Cyrenaicans, did not take so kindly to the Egyptians and suspected that their blandishments and their readiness to lend the services of teachers and other civil servants were a preliminary to the establishment of Egyptian domination, both cultural and political, over Libya.

King Idris, who had spent most of the years of his long exile in Egypt, was not treated particularly well during that period and did not assume power with any desire for a close link between Libya and Egypt. When Libya became a member of the Arab League, he instructed that the Libyan representative should align himself in matters of policy with Iraq, another State ruled by a dynasty of the House of Hashem. It was unfortunate that the Iraqi politicians should have gone out of their way to discourage the attempts of the newcomers to the League to co-operate with them. The result was that what might have been a fruitful partnership failed to materialise and Libya followed a policy of non-identification with either the Egyptian or the Iraqi party within the League. The Egyptians have never ceased, however, to do their utmost to draw Libya into their orbit.

The Anglo-American military and air bases in Libya are a major obstacle to the effective extension of Egyptian influence along the whole of the North African coast. In the circumstances, the persistent efforts of the Egyptians to turn the Libyans away from their friendship with Great Britain and the United States of America

are perfectly logical, and their object is to induce the Libyans eventually to denounce their treaty and agreements with those powers. Because of her repressive measures in Algeria, France is not popular in Libya; and once the French troops have been withdrawn from the Fezzon, French influence will cease to count for all practical purposes.

The position of the British and American rights to maintain bases in Libya will become more precarious once the present ruler of the country disappears from the scene and a younger generation of politicians, who are more susceptible to emotional appeals of extreme nationalism than their elders, are left without a leader, guide and monitor. We can confidentially assume that the Egyptians and their associates will do all that they can to foster any developments in Libya which will affect us adversely.

However, it is no longer merely a question of the danger of Libya falling under Egyptian domination but a question of Libya falling under Russian domination through Egypt's folly. If this should happen, it will only be a question of time before Tunisia, Algeria and Morocco follow suit and the strategic map of the world will have been altered in a most disastrous fashion.

Both the British and the United States Governments enjoy certain rights in Libya for a period of twenty years, of which only two have elapsed, and I sincerely hope that the present Anglo-American differences over Middle Eastern policy will not preclude the two Governments co-operating in measures designed to secure the continued enjoyment of those rights."

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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