

SECRET

Australia Station Intelligence Summary



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SECRET

S E C T I O N I

R.A.N. MONTHLY NOTES - EXTRACTS FROM
REPORTS OF PROCEEDINGS, ETC.

REVIEW OF PRINCIPAL NAVAL ACTIVITIES.

H.M.A. Ships SYDNEY, TOBRUK, SHOALHAVEN, MURCHISON and MACQUARIE.

H.M.A. Ships SYDNEY (wearing the Flag of the Flag Officer Commanding Her Majesty's Australian Fleet) and TOBRUK arrived at Manus from Sydney on 7th and 11th September respectively. Both ships departed for Port Moresby on 13th September, arriving there on 16th to rendezvous with H.M.A. Ships SHOALHAVEN, MURCHISON and MACQUARIE.

Forming a Task Force, the ships sailed, via Darwin, for the Monte Bello Islands to assist in the atomic weapon test which took place on October 3rd. National servicemen were embarked at Sydney for the cruise which, including a circumnavigation of Australia, was the longest time afloat so far envisaged for these trainees.

H.M.A.S. CULGOA.

H.M.A.S. CULGOA was also present at the atomic test at Monte Bello. Departing Sydney on 8th September and calling at Melbourne on 10th-12th Sept., she arrived at Fremantle on 19th September and sailed for Monte Bello on 23rd September.

H.M.A.S. CONDRAMINE.

During September H.M.A.S. CONDRAMINE operated on both the East and West Coasts of Korea.

H.M.A.S. HAWKESBURY.

H.M.A.S. HAWKESBURY remained in the vicinity of the Monte Bello Islands during September, patrolling in the atomic weapon test area.

H.M.A.S. AUSTRALIA.

H.M.A.S. AUSTRALIA departed Sydney on 15th September for a training cruise to New Zealand, where she visited Wellington, Bay of Islands and Auckland.

While en route she diverted from her course to assist in a search for the missing steamer "AWAHOU" in the vicinity of Lord Howe Island. After a thorough, but unsuccessful search, H.M.A.S. AUSTRALIA proceeded to Wellington.

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She departed Auckland for Jarvis Bay on 3rd October, arriving there on 8th October.

H.M.A.S. ANZAC.

H.M.A.S. ANZAC arrived in Japan on 23rd September and sailed on 27th for the West Coast of Korea.

H.M.A.S. WARRAMUNGA.

H.M.A.S. WARRAMUNGA is paying off in Sydney preparatory to being taken in hand at Cockatoo Dockyard.

H.M.A.S. BATAAN.

H.M.A.S. BATAAN returned to Kure from her last patrol in Korean waters on 1st September. On her voyage home from Japan she called at Hong Kong, Tarakan and Darwin, arriving at Sydney on 3rd October.

H.M.S. TACTICIAN.

H.M.S. TACTICIAN is in dock at Sydney.

H.M.S. THOROUGH.

H.M.S. THOROUGH departed Sydney on 17th September for Suva (Fiji). En route she exercised with the First Frigate Squadron off the Queensland coast, detaching from the ships at Port Moresby. She arrived at Suva on 24th September, remaining there until 11th October.

H.M.A. Ships BARCOO and WARREGO.

H.M.A. Ships BARCOO and WARREGO continued their survey duties during the month, H.M.A.S. BARCOO operating off Cape Wessel and H.M.A.S. WARREGO in ~~the~~ mouth Gulf.

H.M.A.S. LATROBE.

H.M.A.S. LATROBE carried out a training cruise between Melbourne and Sydney during the first half of September.

H.M.A. Ships GLADSTONE and COLAC.

Both vessels visited Tasmanian ports during September. H.M.A.S. GLADSTONE cruised in the vicinity of Devonport between 15th-24th and H.M.A.S. COLAC visited Launceston at the end of the month.

H.M.A.S. COWRA.

H.M.A.S. COWRA visited Hobart and Devonport during the first week in September. On a cruise to South Australia, commencing 15th September, she encountered some very heavy weather off Kangaroo Island. Unable to call at Nepean Bay as scheduled, she made her way, in gale conditions, to Adelaide, arriving on 19th September just before her fuel ran out. She returned to Melbourne on 3rd October, via Portland, Burnie and Devonport.

H.M.A.S. MILDURA.

H.M.A.S. MILDEWA, with National Service and Reserve Trainees on board, departed Fremantle on 9th September for a training cruise to Onslow, arriving on 23rd September. She departed Onslow on 30th and arrived at Fremantle on 9th October.

H.M.A. Ships WAGGA and COOTAMUNDRA.

H.M.A. Ships WAGGA and COOTAMUNDRA accompanied the First Frigate Squadron and H.M.S. THOROUGH on the anti-submarine training cruise to Cairns between 7th - 14th September, returning to Sydney on 21st September.

H.M.A.S. RESERVE.

H.M.A.S. RESERVE carried out an Intelligence Cruise to Dutch New Guinea and Portuguese Timor during September, visiting Hollandia, Sorong and Dili. (A description of Hollandia and Sorong is given in Section II).

COMMISSIONINGS.

H.M.A.S. APUNTA will commission in Sydney on 12th November under the command of Commander J. M. Ramsay, R.A.N. On completion of sea trials she will be placed under the administrative and operational control of R.O.C.A.F.

H.M.A.S. FREMANTLE will commission in Melbourne on 10th December and will perform duty in the West Australian area under the administrative and operational control of N.O.I.C. W.A.

APPOINTMENTS.

As a result of changes made in appointments, the following amendments are now necessary to the list of new appointments published in ASIS No. 6:-
The date of the appointment of Captain O.H. Recher, D.S.O., D.S.C., A.D.C., R.A.N., as Deputy Chief of Naval Staff should read 24th October.

The date of appointment of Captain A.W.R. McNicoll, G.M., A.D.C., R.A.N. as Commanding Officer, H.M.A.S. AUSTRALIA should read 24th November. All reference to Commander J.H. Dowson, R.A.N. should be deleted.

Planning for the Monte Bello Atomic Weapon Test.

The planning in Australia for the Monte Bello atomic weapon test was carried out under the direction of the First Naval Member of the Australian Naval Board (Vice-Admiral Sir John Collins) by a panel comprising the Deputy Chief of Naval Staff (Captain A.W.R. McNicoll) as Chairman; the Naval Representative on the United Kingdom Service Liaison Staff (Captain C.H. Hutchison R.N.), the Director of Military Operations and Plans (Colonel R.G. Pollard); the Director of Air Staff Plans and Policy (Group-Captain M.O. Watson); and a senior officer from the Australian Security Intelligence Organisation.

Besides the ships of the Royal Australian Navy who were present at the test on October 3rd, indispensable services were performed in the early preparations for the test by H.M.A. Ships WARREGO and KARANGI. H.M.A.S. WARREGO carried out a detailed hydrographic survey of the waters around the islands in July 1951, and H.M.A.S. KARANGI, in November 1950, made the preliminary survey.

Operation "Marjorie".

Nine Sea Fury and three Firefly aircraft from the Naval Air Station, Nowra, sank the old disused iron-ore carrier, "MARJORIE", 20 miles South East of Sydney Heads with rockets and 20 mm shells on 2nd September.

"MARJORIE", an 860-ton steel vessel, was built in 1898 in Sunderland, England, and arrived in Australia in 1901 under the ownership of the Bellambi Coal Company. She has been a hulk for many years.

Aircraft Flight to Manus.

On 8th September four Sea Furys and four Fireflies took off from Nowra for a long-range training flight to Manus Island, where they joined H.M.A.S. SYDNEY, who arrived there on 7th September.

The route taken was via Townsville, where they stopped overnight, Port Moresby and the Kokoda Gap. For most of the flight the Sea Furys flew at 17,000 feet and the Fireflies at 7,000 feet.

Naval Training for Merchant Navy Apprentices.

Ten Merchant Navy apprentices are at present carrying out their National Service training in H.M.A. Ships SYDNEY and AUSTRALIA. Five apprentices joined H.M.A.S. AUSTRALIA on 5th September and five joined H.M.A.S. SYDNEY on 29th August. They will serve in these and other ships of the Fleet until

December with the rank of Probationary Midshipman R.A.N.R. (S). The apprentices have already attended a fortnight's course at Flinders Naval Depot. Other apprentices will receive similar training in subsequent National Service Training call-ups.

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EXTRACTS FROM OR SUMMARIES OF, REPORTS OF PROCEEDINGS.

H.M.A.S. ANZAC's Second Tour of Duty in Korea.

H.M.A.S. ANZAC commenced her second tour of duty in Korean waters on 28th September, when she arrived in the Chinnamp-Haeju area to carry out her first patrol.

On 30th September and 1st October she bombarded gun positions and supply areas at Chinnampo and nearby enemy-held islands, scoring many hits.

H.M.A.S. CONDAMINE's September Patrols.

During September H.M.A.S. CONDAMINE performed two patrols off Korea, one on the East Coast, the other on the West Coast.

She operated with U.S.N. Ships during the first patrol and, on one occasion on 6th September, in company with five destroyers, took part in a heavy bombardment of rail installations near Songjin. More than 200 rounds were fired and much damage was done.

During 5th-11th September H.M.A.S. CONDAMINE participated in the destruction of many buildings and factories, three railway bridges and a transformer sub-station.

On the West Coast patrol commencing on 24th September she had much success in the bombardment of troop positions near Haeju. On 29th September she fired over 100 rounds at troop concentrations and gun positions.

A Blind Approach.

On 2nd July, H.M.A.S. BATAAN sailed from Kure to rendezvous with H.M.S. OCEAN the next day. The passage was uneventful except for a difficult approach to Shimonoseki Straits. Two hours before the ship was due to arrive at Moji light the gyro compass failed; due to rain and mist the visibility was reduced to approximately three miles at the time (1700), and to add a finishing touch the surface warning radar failed.

H.M.A.S. BATAAN - West Coast of Korea Bombardments.

H.M.A.S. BATAAN performed her last patrol in Korean waters during

August, operating in the Haeju Gulf area.

During this patrol 15 effective bombardments were carried out, mainly in the Mudo area on the Chonggu-Myon Peninsula.

In this period there was a considerable increase in enemy gun activity and build-up around Haeju. The enemy had moved down additional 76.2 mm guns in an attempt to neutralise Haeju Gulf island defences and disrupt guerilla junk communications.

H.M.A.S. BATAAN was, almost daily, given co-ordinates of enemy gun and troop positions by "Wolfpack" guerillas and, if the reported positions were outside gun range, was able to call for air strikes from H.M.S. OCEAN.

Only on one occasion, 28th August, when she was lying off Mudo, was there any return fire from coastal guns. The shells fell short, however, splashes from 76.2 mm guns being seen 500 yards from the ship.

Visit of Chief of Naval Staff to West Coast of Korea.

Vice-Admiral Sir John Collins, K. B. E., C. B., took passage in H.M.A.S. BATAAN on 1st August for a tour of the operational area on the West Coast of Korea.

On 2nd August he went ashore to visit two islands in the Haeju area. Taeyonpyon-Do, the principal island base, where he inspected the organisation and defences of the Wolfpack Guerillas, and Paengyong-Do.

Vice-Admiral Collins disembarked from H.M.A.S. BATAAN on 3rd August at Inchon.

Intelligence obtained from an Enemy Captive.

There were many instances during World War II of captured Japanese and Koreans changing "face", or heart, and aiding the Allies. The following is an example of that Oriental tendency.

On 28th August some useful intelligence was gained from a captured North Korean Army Captain and passed to H.M.A.S. BATAAN. This Officer, interrogated at Yongmae-Do, was anxious to tell all he knew of the enemy forces and supplied much valuable information.

He told that a large increase in enemy forces was planned for the Haeju area, which was to be taken over from the North Korean Army by Chinese Citizen Force personnel. Attacks on Yongmae-Do, which the enemy seemed most desirous of capturing, were reported under consideration. The fact that fresh enemy guerillas were in the area, and that there had recently been increased enemy attempts to disrupt island defences, added weight to his statements.

This intelligence led to a request for sustained day air strikes and intermittent night bombings, with flare droppings, to prevent an enemy build-up.

An additional destroyer reinforcement for the Haeju area was also requested.

Enemy Camouflage.

While bombarding reported gun positions near Mudo, H.M.A.S. BATAAN often found it impossible to confirm the existence of guns in such positions. It is apparent that the North Koreans are adept both at camouflage and in shifting their weapons under cover of darkness. Reconnaissance aircraft have rarely been able to detect their presence unless the guns are actually firing.

Typhoon "Karen".

H.M.A.S. BATAAN, with the other ships of Task Element 95.12 in which she was operating in August, was able to elude a tropical storm, the typhoon "Karen", which hit Japan and Korea, causing much damage.

Warnings of the approach and expected northerly route of the typhoon had been received by H.M.A.S. BATAAN while she was in Kure between 5th-15th August.

On 16th August, when she arrived on the West Coast of Korea, the weather was still fine and the sea calm. All vessels on the coast, other than frigates and above, were at Inchon sheltering until the typhoon passed.

The next day the weather worsened and the wind increased to Force 6, heavy rain falling. The Commander of Task Element 95.12 gave orders on 18th August for ships of the Element to rendezvous in position 37 degrees 30 minutes North 124 degrees East, form a circular screen around R.F.A. WAVE CHIEF, and then to proceed in a South-South-Westerly direction towards the Yellow Sea.

During the day the tropical storm passed over the South-West of Korea, then re-curved to traverse the North-East of the Peninsula, leaving considerable damage in its wake.

The Task Element, however, encountered only moderate seas and winds, the latter backing to the North-East with the Northerly progress of "Karen".

Ships of the element were detached in the evening of 18th August and returned to their respective "parishes" on the next day.

H.M.A.S. BATAAN's Korean Farewell.

On 30th August, H.M.A.S. BATAAN's last day in Korean waters, the opportunity was taken to entertain United States and Korean leaders from Taeyonpyong-Do to lunch, and to thank them for their helpfulness and support to H.M.A.S. BATAAN during her three patrols in the Haeju area. On all occasions H.M.A.S. BATAAN and the shore personnel had worked in the closest harmony. The ship was presented with South Korean flags and a captured Russian machine gun by a Republic of Korea Major of Marines.

A party from the ship visited an orphanage of 70 children on Taeyonpyong-Do and presented gifts of food and medical supplies to the children. The ship's company were most generous in their support of the orphanage.

H.M.A.S. BATAAN sailed for Japan early on the morning of 31st August.

SECTION II

EXTERNAL INTELLIGENCE.

KOREA.*Truce Talks.* -

The truce talks have been "recessed" indefinitely by the United Nations delegations. This move took place on 8th October and followed the rejection by the Communists of the United Nations' proposal of 28th September. The United Nations' proposal contained three alternatives by which the issue of the repatriation of prisoners of war might be solved: these were, firstly, all prisoners-of-war to be brought to an agreed demilitarised zone and released after individual identification in accordance with freely expressed choice of side; secondly, immediate repatriation of those desiring to return and interview by neutral teams of those who did not wish to be repatriated; and thirdly, those objecting to return to be taken to a demilitarised zone from where they would be free to move to either one side or the other. The alternatives within this proposal, together with proposals previously made by the United Nations for the repatriation of prisoners-of-war, represent the extent to which the United Nations are prepared to compromise on this issue.

Military Situation.

Limited objective attacks of up to battalion strength and supported by heavy mortar and artillery fire were launched by the Communists at points along most of the front line, except the Eastern sector, towards the end of the first week in October. These attacks are reported to have been the strongest enemy effort since May, 1951: but, although some United Nations outposts were lost (and remain in enemy hands), the Communists did not succeed in reaching the United Nations' main line of resistance. The enemy suffered approximately 5,800 casualties in these actions, against 1,400 United Nations casualties.

Naval and naval-air activity by the United Nations Naval Forces continues and includes attacks on enemy troop concentrations, road transport and railways. Minesweeping operations were carried out off the West coast, and routine interdiction bombardments of points along the East coast were continued.

Political Situation.

The President of the Republic of Korea (Dr. Syngman Rhee) is en-

deavouring to seek further amendments to the Constitution designed to increase his personal powers. This has caused embarrassment to the United Nations.

JAPAN.

Political Situation.

In the Japanese elections held on 1st October, the Liberal Party, led by the Prime Minister, Yoshida Shigeru, was returned with an absolute, although reduced, majority. The Liberals gained 240 of the total 466 seats in the Diet, against 285 seats held in the previous parliament, while the Communists lost all 22 of the seats they previously held. The Right and Left Wing Socialist Parties and the Progressive Party made the greatest gains, while the smaller parties and the Independents increased their representation slightly.

It now appears that the split which developed within the Liberal Party prior to the elections is more a difference over methods of implementing policy than a conflict over party policy. There is as yet no clear indication as to how this struggle within the party will be resolved, but doubt whether Yoshida Shigeru will continue as leader of the Liberal Party has recently been expressed.

If Mr. Yoshida does relinquish leadership, present indications are that it will fall to Hatoyama Ichiro, who founded the party and was recently released from purge restrictions. In such an event the more nationalistic part of the Liberal Party policy seems likely to be pushed to the fore.

The eclipse of the Japanese Communist Party in the elections is important in that it shows a substantial withdrawal of public support for the Party, but it does not necessarily indicate that there has been a comparative decline in the influence of the Party, as the strength of the Japanese Communist Party is in its underground organisation rather than in the parliamentary party.

Japanese Navy.

In ASIS No 5 reference was made to the formation of a small Japanese Naval Force. However, since this information was published the position has been clarified somewhat and it now appears that the Japanese Coast Guard remains as a part of the Maritime Safety Agency which is operated by the Ministry of Transport.

The Naval Force is the Guard Force or Coastal Security Force which is controlled by the National Safety Agency.

National Safety Agency Recruiting Programme.

The National Safety Agency has had to reconsider its recruiting programme for the Coastal Security Force (Guard Force) in the light of the

possible increase of eight in the number of frigates loaned by the United States. It is reported that an additional 3,000 men will be required. The strength of the Coastal Security Force appears likely to advance to about 10,000 and this increase in strength will require an additional budgetary allowance and possibly Diet approval.

Japanese Police Reserve.

The Japanese Police Reserve (Safety Force) are likely to receive heavy military equipment from the United States shortly because the present method of training Japanese Police Reserves in United States bases is considered unsatisfactory. It is reported that 500 guns and 500 light tanks are to be handed over to Japan on loan by the United States for training purposes. This programme will be undertaken gradually and may take over a year to complete and will possibly commence this month.

Peace Treaty with India.

The Peace Treaty between Japan and India came into force at the end of August, when instruments of ratification were exchanged in New Delhi.

Japanese Representation in Indonesia.

The Japanese Agency in Indonesia has been converted to a Consulate-General and a Consulate has been opened in Sourabaya. For reasons of prestige the Japanese Government have been particularly anxious to exchange Ambassadors with Indonesia, but the Indonesian Government has refused to establish diplomatic relations until the Peace Treaty with Japan is ratified. Indonesia signed the San Francisco Treaty of Peace with Japan, but ratification has been delayed and is now unlikely to take place until after general elections are held in Indonesia. This postpones the question until at least mid-1953.

CHINA.

Sino-Soviet Conference in Moscow.

Agreement on only two points has been announced so far as a result of the conference. The USSR has agreed to hand over to China, without payment and not later than the end of this year, full ownership of the Chanchung Railway, which runs from Manchukui, close to the Siberian border, to Dairen and Port Arthur on the Yellow Sea. China has requested the Soviet Union not to withdraw her troops from Port Arthur until Japan concludes peace. It is of interest to note that the Mongolian Prime Minister and the Deputy Minister for Foreign Affairs arrived in Moscow late in August. Their presence no doubt was required at the Sino-Soviet talks but the reason for this is not clear.

It may be because they will be expected to provide transit facilities for whatever material aid the Soviet may decide to give China; on the other hand it is possible that the question of controlling Inner Mongolia may be involved. The talks are apparently still in progress, although the leader of the Chinese delegation, the Chinese Prime Minister, Chou En-lai, and the Foreign Secretary returned to Peking towards the end of September. It is possible that further announcements of results of the talks will not be made and that the full scope of agreements reached at the conference will not be known until they are reflected in future developments. Also the Sino-Soviet conference has done little to show the real relationship between the two governments.

Peking "Peace" Conference.

This conference opened on 2nd October and so far there has been no official information about its proceedings. Press reports, however, indicate that the conference has addressed an appeal to the United Nations General Assembly "for an immediate end to the Korean war on just and reasonable terms".

Closure of British Firms.

British firms in Tientsin have been faced with increasing exorbitant demands by trades unions in their efforts to terminate their activities in China. Imperial Chemical Industries has been asked to pay :-

- (a) One and one-third month's salary per year of service including war service.
- (b) Six months salary for termination of employment.
- (c) Six months salary as discharge fee owing to closure of business (calculated according to the highest salary paid to any member of the staff).
- (d) Home-going travel allowance equal to 10% consistent with the amount due to each individual under (c) above.

These demands have been capped by the workers of Tientsin Anlee Export Company, who demanded, in addition to the above, a bonus of 30% of profits made both in China and abroad in 1946-48, 1950-1951 and allowances in arrears for staff living quarters.

Because it is impossible to negotiate on these demands and of the futility of any appeal to the Labour Bureau, five firms, the two firms mentioned above, Jardine, Matheson & Co., the Hong Kong Bank, and the Chartered Bank, have written to Tientsin Military Control pointing out their difficulties and indicating that union demands exceed local labour-capital regulations and individual firms' labour-capital agreements. It is clear that the unions have been

given a free hand to extort whatever they can and any modification of their demands seems unlikely.

HONG KONG.

Internal Situation.

The Chinese People's Government anniversary celebration on 1st October passed off quietly in the Colony, and the local labour situation is quiet.

"TASHKING" Incident.

On 25th September the Hong Kong-Macao ferry "TASHKING", was intercepted and fired on by a Chinese Communist gunboat and a motor launch. The "TASHKING" was boarded and two Chinese were abducted. One was roughly handled and roped-up, but the other seemed on friendly terms with the Communists.

Two British warships which went to the aid of the "TASHKING" were fired on by a Communist shore battery situated on the Southern island of the Lapsami Group. No damage was sustained by them and fire was returned.

FRENCH INDO-CHINA.

Military Situation.

The expected offensive by the Viet Minh against the Tonking delta defences has not yet materialised, but a renewal of their activity in this area can be expected at any time now, especially since their capture of Nghia Lo, a French outpost situated about 100 miles north-west of Hanoi.

Political Situation.

The establishment by the State of Vietnam of a Provisional National Council marks a step forward towards a representative form of government, as the Council may be regarded as the forerunner of a National Assembly. At present the Council is made up of 30 members drawn from North, Central and South Vietnam. Its composition will be increased later to include representatives of trades unions, peasants and other working class bodies. The Council's proceedings will be in public and will be conducted in the Vietnamese language.

THAILAND.

There has been no information such as to indicate an improvement in the political situation, which apparently is only prevented from further deterioration by the fact that, for the present at least, none of the rival groups feels strong enough to attempt a coup.

MALAYA.

Bandits' Difficulties.

Malayan Communist Party Organisations are finding it increasingly difficult to feed themselves, according to information collated from captured documents and Surrendered Enemy Personnel statements.

One Party representative of an Independent Platoon in Perak who surrendered recently states that a directive has been issued to M.R.L.A. and Nin Yuen members that they were to treat as urgent the cultivation of small plots.

This would seem to indicate that the Security Forces are having far greater success in finding and destroying food dumps than has been apparent in reports.

BURMA.

Internal Situation.

There has been a considerable improvement in the internal situation as a result of the failure of the Burmese Communists to launch their planned offensive. They have lost the initiative to the Government forces, which have been conducting successful, if small-scale, operations against them. Unless the Chinese Communists intervene (and so far there is no evidence to suggest that they intend to do so), there is little possibility that the Burmese Communists will be able to seize power in Burma. The apparent failure of their insurgent campaign is traceable to a cleavage which has taken place on the question as to whether or not they should follow Soviet leadership. It seems likely that in future the Burmese Communists will confine their activities to the political sphere, and to this end it is possible that they will work through the Burma Workers' and Peasants' Party (which constitutes the parliamentary opposition to the Government and in which the Communists have the dominant influence).

The problem of the Karen revolt is still unsolved, but there are signs that Burmese attempts at conciliation with the Karens are meeting with some measure of success.

The Burmese Army has shown definite signs of improvement, both in bearing and in training, and discipline is gradually being established. It is now considered that the elimination of the remnant K.M.T troops in Burma would not be beyond its capabilities.

INDIA.

Merger of Parties.

A significant merger has taken place in India between the Socialist and Kesan Mazdoor Praja (KMP) Parties which brings to an end a parliamentary alliance between the KMP and the Communists. Any kind of alliance between either party and the Communists is definitely barred by the merger terms.

This will give the Socialists a voting strength of between 17 and 20 millions in a total of 110 millions, and if various splinter Socialist and non-Communist groups join the merger, the Socialists will become the only alternative to the Congress Party which now holds power.

Soviet Food Shipments.

Recently the Tass Agency in Delhi released a message that a Soviet food ship had left for India with food grains to be placed at the disposal of the Communist-dominated Famine Relief Committee to assist the "starving" people of Andhra Province. Just prior to the release of this message the Indian Government had notified the Soviet Government that its policy was that food shipments from abroad for famine relief could only be distributed through the Indian Government or the Indian Red Cross.

The Indian press has contrasted the Russian food offers, given with political strings, with the unconditional aid given by the United States and under the Colombo Plan.

Although the Soviet Government has since announced that the food consignment had been re-addressed to the Indian Red Cross, it is felt that the announcement has come too late to undo the harm already done to the Communist cause in India.

Peking "Peace" Conference.

The attempt to whip-up public backing for the "Peace Campaign" has been a failure in India. The non-Communist press has given it little or no publicity and public meetings have been poorly attended.

Internal Security Services have intercepted a message from Peking to the World Peace Headquarters in India which took the latter severely to task for the failure of the campaign in India.

TIBET.

India Recognises Chinese Sovereignty.

The Indian Government has agreed that the Indian Mission in Lhasa will be designated as a Consulate-General. This means that India now recognises full Chinese sovereignty over Tibet.

INDONESIA.

Sultan of Djogjakarta.

The clash between the President, Dr. Sukarno, and the Minister of Defence, The Sultan of Djogjakarta, has been carried into the Indonesian parliament. At present parliament is debating a motion of censure against the Sultan and there is a possibility of a split in the Government ranks occurring as the outcome of this debate.

Whichever way the verdict goes, the clash between the Sultan and the President has had no other effect than to worsen the security of Indonesia and the Communists have not been slow to take advantage of the dispute.

Communism.

The Communists have turned to their advantage a statement by the Indonesian Prime Minister, Dr. Wilopo, to the effect that influences outside the country ^{were} affecting Indonesia's economy. This statement was probably quite harmless, being intended merely to indicate that depressed prices were partly responsible for Indonesia's troubles; but the Communists were quick to seize on the statement to blame the Western Powers for all Indonesia's ills.

The Prime Minister has failed to be more specific in his statements since and in consequence there is considerable anti-foreign feeling and the Communists have gained a valuable propaganda point.

BRITISH NORTH BORNEO.

Communist Infiltration.

There is reason to believe that Communist infiltration is becoming more widespread, due to the aid of Chinese sympathetic to the Peking regime. In this regard there may be some significance in a report from Brunei which states that attempts are being made in the oilfields area to unite into one National Party three separate Associations that have been moribund for some time.

Although there is some difficulty in assessing the accuracy of this

report, there is a strong possibility that this move is a Communist one with the object of forming a National Front in British North Borneo

PHILIPPINES.

Political.

President Quirino continues to fight for the retention of his emergency powers and has vetoed a Bill passed by Congress before it adjourned which repealed all laws granting presidential emergency powers.

Congress still fails to clear most of its important business and during a 12-day session it had passed only the General Appropriations Bill and had revised and extended the Exchange Control Law. A parliamentary error prevented the Japanese Peace Treaty from receiving Senate consideration and it will not be considered before the end of October.

Banditry

At the beginning of August much publicity was given to the surrender on 31st July on Jolo Island (Sulu Group) of Datu Kamlon and 300 of his Moro followers. Later it appeared, however, that Datu Kamlon's surrender was more formal than real, and thereupon a large-scale operation, supported by tanks and aircraft, was launched against the bandits.

No reports of the success or otherwise of this operation are yet to hand, but it has been reported that the bandits have suffered casualties of 90 killed, while the Government forces have lost 11 killed.

S E C T I O N III

AUSTRALIA STATION INTELLIGENCE.

HARBOUR IMPROVEMENTS.

Bunbury.

The curtailment of Commonwealth Loan Funds to the States has compelled a revision of plans for the development of Bunbury (and other) harbours.

Breakwater and groyne construction will be suspended and the breakwater dip-head slopes are being lined to prevent storm damage. Dredging of the approaches, swing basin, and jetty berths will be continued. The 600 ft. jetty extension will be continued at half the formerly-planned rate.

Albany.

Dredging of the swing basin approaches and berths, and reclamation of the land-backed wharf will be continued. Wharf construction will be slowed down and will probably be confined to concrete piles and sheath piles. Stone protection work and drainage of the reclaimed area will be continued. Work on the bulk wheat terminal will be deferred.

Brisbane.

The Brisbane Stevedoring and Wool Dumping Pty. Ltd. have commenced the construction of a new wharf at Hamilton, Brisbane River. It will be 700 feet long and extend downstream from the existing wharves at Hamilton covering the area now occupied by the flying boat base.

Piles and decking will be constructed of timber and concrete, and a cargo shed 300 feet by 80 feet will be erected in line with present sheds.

Reclamation of Hamilton Inlet.

Work has commenced on the reclamation of Hamilton Inlet, Brisbane River. A new pumping station has been established at Cruiser "F" Wharf.

Pile Light at Entrance to Brisbane River.

It is expected that a new pile light to replace that destroyed in October, 1949, will be erected by the end of the year.

The light has been fabricated and will be placed on the foundations of the original light.

The new light will flash red and white every 2½ seconds, and will be 28 feet above high water. It will not be manned.

Whale Industries Ltd.

A permit has been granted by the Commonwealth Government to Whale Industries Ltd. to catch 500 whales during the Season which ends on 31st October.

The Company has its station at Tangalooma on Moreton Island. It operates three whale chasers, 'KOS I', 'KOS II' and 'KOS VII', which are manned by Norwegian crews under contract. These vessels are of 248 gross tons.

The whale oil is stored in bulk in a tank at the Lytton oil fuel installation, for shipment overseas.

Refit of AD. 1001.

AD. 1001 was taken in hand for refit by Evans Deakin & Co. Ltd., on 15th September, 1950. This dock was originally built by Evans Deakin and was in commission at Darwin during the war.

On 17th and 18th September, 1952, machinery and submersion trials of the dock were carried out.

The bottom and sides to poop deck level have been completely replated. Difficulty was experienced by the contractors in that AD. 301 was given priority for refit; also the work was interrupted by other vessels requiring the use of Cairncross Dock.

The General Manager of H.M.A. Naval Dockyard, Williamstown inspected the dock on 18th and 19th September.

When towing arrangements are completed AD. 1001 will be towed to Williamstown Dockyard.

Cairncross Dock, Brisbane.

It is intended to enlarge Cairncross Dock to take two ships at the one time by extending the dock and adding another gate. Commencement of this work is contingent on the necessary finance being made available by the Queensland State Government.

The need for this extension is shown by the fact that the refit of AD. 1001 was frequently delayed by other ships requiring docking and particularly by KANIMBLA's three month refit which prevented AD. 1001 from being undocked.

Callide (Queensland) Coal - Overseas Shipments.

Following upon shipments of Callide coal to Japan and Hong Kong totalling 20,000 tons, a trial shipment of 5,000 tons was made in September to Pakistan. This is part of a 30,000 tons order which is expected to be increased to 300,000 tons ultimately.

Indian Ocean Air Service.

The new Qantas Air Service to Johannesburg, South Africa, via Cocos Island was inaugurated on 1st September. The service is a fortnightly one.

The Empire Indian Ocean Air Route Committee, which had been endeavouring to inaugurate this service for many years, is continuing to urge development of additional facilities on this route. It is particularly concerned with the island of Diego Garcia and is endeavouring to stress its importance in the overall aspect of air service and air defence in the Indian Ocean area.

Purse Seiner "Tacoma".

The purse seiner fishing vessel "TACOMA" recently visited Port Adelaide for the purpose of slipping for minor repairs. A visit was made to her when she was on the slips to obtain particulars for the Shipping Index.

The 129-ton "TACOMA" is owned by the three Haldane brothers, Bill, Allan and Hugh, and was built by them at Port Fairy. The South Australian Government assisted in financing the venture.

The vessel is based on Port Lincoln and operates on the deep sea fishing grounds between Port Lincoln and Kangaroo Island for tuna, salmon, mackerel and pilchards, with considerable success. An echo-sounder on the bridge is used in addition to a man in the look-out at the masthead for locating the schools of fish.

The "TACOMA" has a purse seine net which is valued at £5,000 and owned by the Commonwealth Government. She is the only purse seiner operating in Australian waters. Weighing 5½ tons, the net is spread like a large curtain 600 yds. long and 180 ft. deep around the fish. A wire, passed through rings at the bottom of the net, is pulled tight to close it and form a purse. The corks on the surface are then bunched to close the area of the net and the fish are worked to one end and taken out with a big dip net.

Fishing has to be concentrated in waters more than 30 fathoms deep, as the net would foul the sea bed in shallow water. The fish are preserved in special compartments in the hold with ice. The Haldanes are considering installing a refrigeration plant to replace the ice.

Japanese Tuna Fishing Vessels.

With reference to A.S.I.S. No. 5, the following is a description of the Japanese tuna fishing vessels sighted by H.M.A.S. RESERVE:-

The vessels are steel-built, diesel-engined vessels of about 150 tons gross. They have a clipper bow, fairly high and short forecastle, remainder flush deck; hull painted grey; one short funnel; two masts. White super-

structure, with well-enclosed, substantially built bridge. The vessels have four holds and are fitted with two winches - one on forward end of flush deck, the other aft. Aerials are of ordinary type, excepting that one vessel sighted by RESERVE carried an aerial fitted with a D/F loop.

When the vessels are engaged in fishing at night, a brilliant cluster of lights is spread around the two forward holds to assist in the operation of hauling-in the fish and arc lamps are also switched on when necessary.

NEW CALEDONIA.

Trade with Japan.

The Japanese vessel "NAGISAN MARU" called at New Caledonia on 30th August and left on 4th September with a cargo of 4,079 tons of nickel ore from Thio and 1,890 tons of nickel ore from Doniambo (Noumea).

The "YAMAHASI MARU" was due to arrive at Noumea on 14th September to load 4,000 tons of nickel ore.

The French vessel "KORO" arrived at Noumea from Vila on 11th September with a cargo of scrap-iron for Japan.

A total of 36,604 tons of nickel ore was shipped to Japan from New Caledonia during the first seven months of 1952.

Vessel "NGAKUTA".

A Chinese Nationalist aircraft was due to arrive at Tontouta on 17th September with a crew of 25 Japanese to man the "NGAKUTA" (1,175 tons), formerly owned by the Union S.S. Co. Ltd. of New Zealand.

The vessel, which arrived at Noumea on 2nd August, was purchased in Sydney by or through Gilbert's Australasian Agency and towed there by the "WAN VIU" a Chinese Nationalist vessel, for re-sale or delivery to Japanese interests.

NEW HEBRIDES.

Visit of High Commissioner for Western Pacific.

From 18th August to 23rd August, Vila was visited by His Excellency the High Commissioner for the Western Pacific (Mr. R.C.S. Stauley), who, accompanied by his family, then briefly toured the New Hebrides, calling at Leman Island, Epi, Port Sandwich, Malekula and Segond Channel before returning to the British Solomon Islands Protectorate.

Medical.

Dr. A.R. Mills, M.R.C.S., L.R.C.P. arrived from England on 2nd July

as the first British National Medical Officer to be appointed to the New Hebrides.

His appointment as Condominium Medical Officer, Central District No. 1, and Port Health Officer relieves the Presbyterian Mission Medical Officer of these duties, and offers a prospect of improved co-operation between the British and French Medical services.

Anthropology.

M. Guiard, French Anthropologist, has commenced, at the request of the Condominium Government, a 3-months tour amongst the natives at Tanna.

Copra.

Copra prices have remained steady, but the previous fall led to a considerable decrease of native production and it is anticipated that this will continue for some time. Planters are showing a more active interest in other crops, particularly coffee and cocoa.

Shipping.

Comptoirs Francais des Nouvelles Hebrides' vessel "ALTAIR" has been sold to W.R. Carpenter and Co., Suva. The former Company have chartered a similar vessel, "LE PHOQUE", for their New Hebrides - New Caledonia trade.

DUTCH NEW GUINEA.

The following information concerning Hollandia and Sorong has been compressed from a report rendered by H.M.A.S. RESERVE:-

HOLLANDIA.

General Impressions.

Hollandia created the impression of a well established community. A colony of new brick houses painted white and with red fibro-cement roofs has been built on the northern shore of Challenger Cove, and there are large storage sheds and godowns on the waterfront, which, generally, is in good condition, particularly as regards the approaches to the piers.

There was much vehicular traffic on the waterfront, and it was observed that many workers (Indonesians and "Indos") possessed bicycles. All sections of the community appeared to be well conditioned and contented; and the impression created was that the Dutch intend to maintain their sovereignty over Dutch New Guinea.

Very few police were in evidence; they were dressed in jungle-green uniforms of military type and carried rifles. The lower ranks were Indonesians and their attitude was respectful.

The total population of Hollandia, including that of Kotta Baroe (the Administration centre situated 8 miles from Hollandia) is approximately 7,000 composed as follows:-

Europeans, 1550 (including Service personnel) Indos, 1000; Indonesians, 2000; and natives 2000.

Naval.

The naval shore establishment, consisting of approximately 40 officers and 350 other ranks, is under the command of a Captain, R.N.N., who holds the appointment of Naval Officer-in-Charge, Netherlands New Guinea.

The naval barracks are highly situated in the Anafre Valley (the main centre of settlement) about two miles from the waterfront. The wardroom and administrative offices are more serviceable than attractive.

The Dutch naval officers impressed as being excellent types and their attitude towards H.M.A.S. RESERVE was not merely cordial but very friendly. A high standard of discipline was noticeable among the Dutch naval ratings.

The Fleet Minesweeper "BOEROE" was present in port during "RESERVE's" visit. She had recently undertaken a three months patrol of the Western and Southern waters of Dutch New Guinea.

The Marines have now been transferred from Hollandia to Sorong. Later they will be transferred to Biak.

Floating Dock.

A 4,500-ton floating dock is to be built at the former U.S. Destroyer Base at Hollandia. The nucleus of the skilled labour necessary for this work already exists, but so far no material has arrived.

Transport and Communications.

A metalled road runs from Hollandia to Ifar (35 miles) via Kotta Baroe and Lake Sentani. The road has deteriorated, but much work is now being done to restore it and already it is in quite serviceable condition.

There is a sufficiency of road-making equipment (bulldozers, graders, steamrollers etc.), an abundance of suitable road metal, and also sufficient labour to enable the road to be thoroughly restored.

Only one airstrip is at present in use, namely the Lake Sentani airstrip. Steps are being taken to restore the Hollandia, Cyclops and Tami airstrips. A Dakota aircraft runs weekly from Hollandia to Biak, where it connects with the K.L.M. Amsterdam - Sydney service.

SORONG.

General.

The port is compact, the various facilities (jetties, storage sheds etc.) covering a comparatively small area. Situated on a cliff overlooking the waterfront, the oil tanks (six tanks with a total capacity of 34,000 tons) stand out conspicuously. The various harbour craft are small vessels owned by the North New Guinea Petroleum Company and are well conditioned, and closer contact with the shore strengthens the impression that expense has not been spared in the development of the place. The splendid condition of the Marine Parade is an example of this.

A 600-ton floating dock is now stationed at Sorong.

The European population (including that of Doom Island, where officers of the Administration reside) is 450. In addition there are many hundreds of Indonesian and native labourers.

Social and Political.

Practically all the European male adults are employees of the Oil Company. They live with their families in neat homes made for the most part of a closely plaited straw (kadjang), but it was observed that considerable material for the erection of pre-fabricated houses had arrived.

The European social life centres largely upon the local Club (the Vogelkop Club). The employees of the Oil Company have a strong anti-Administration complex and do not mask their dislike of the administration officials. They are also critical of the size of the local Administration - which consists of the Resident of Western New Guinea, an Assistant Resident, three Controleurs and Staff.

Security.

Understandably, through its geographical situation, there is a strong awareness at Sorong of the dangers of Indonesian infiltration.

Some 250 Marines are stationed in the area; they are living in tents at a camp three miles distant on the road from Sorong to Klamono. The Marines are undergoing rigorous training and they have six L.C.A.'s at their disposal.

Flame-throwers are included in their equipment. Catalinas are used to transport the Marines to localities where there have been reports of infiltration by Indonesians. Some 50 Indonesians have so far been rounded up; they have been taken to Hollandia, where, after trial sentences have been imposed on them,

Oil Exploration.

Sorong is the port of export for oil produced on the Klamono oil-fields, situated 35 miles inland and connected with Sorong by pipe-line.

The output from the Klamono oilfield is limited, and more promising fields exist at Wassian and Moetoeri, situated on the Vogelkop Peninsula some 55 miles from Sorong.

A scheme is now under way to connect the Wassian and Moetoeri oilfields by a 26" pipe-line with Steenkool, on the Wassian River. This pipe-line will be approximately 40 miles long. Later a terminal will be built at the mouth of the Wassian River, with wharfage suitable for overseas tankers to come alongside.

Sorong will, however, remain the administrative and supply centre for the Oil Company.

The number of tankers at present calling at Sorong averages out at five per month. The oil is shipped either to Altona Bay, Victoria (where the Vacuum Oil Company's refinery is situated) or to Yokohama.

Intelligence Officers in H.M.A. Ships.

Lieutenant I. S. Bennet, R.A.N. has been appointed Intelligence Officer in H.M.A.S. CULGOA.

Projected Sale of Commonwealth Shipping Line.

Negotiations are in progress for the sale of the Commonwealth Shipping Line to private enterprise. It is hoped to sell the thirty-four vessels for £8 - £10 million.

Conditions of the sale are:-

- a. The vessels must remain on the Australian Coastal trade for at least twenty-five years.
- b. The purchasing authority must acquire and complete the present building programme, which includes two 1250-ton colliers and two 7000-ton bulk carriers in the United Kingdom and eight 7000-ton bulk carriers and two 3500-ton colliers in Australian shipbuilding yards.

Although the Line made its first profit last year (££ 70,000), the accumulated loss between 1946 and 1950 amounted to £7,573,000.

Vessels to be sold are listed below:-

<i>Vessel</i>	<i>Gross Tonnage.</i>	<i>Year Built</i>	<i>Place built</i>
River Burdekin	5108	1943	Erisbane
River Burnett	5,034	1947	Erisbane
River Clarence	5,995	1943	Sydney
River Derwent	5,020	1944	Whyalla
River Fitzroy	5,001	1944	Erisbane
River Glenelg	4,981	1944	Whyalla
River Hunter	4,942	1945	Sydney
River Loddon	4,984	1944	Williamstown
River Mitta	5,010	1945	Williamstown
River Murchison	4,954	1945	Whyalla
River Murray	5,032	1945	Whyalla
River Murrumbidgee	5,030	1945	Whyalla
River Norman	6,458	1945	Erisbane
Dalby	2,348	1947	Erisbane
Dandenong	2,350	1946	Whyalla
Daylesford	2,351	1946	Whyalla
Delamere	2,426	1946	Whyalla
Delungra	2,333	1947	Newcastle
Dennan	2,265	1949	Newcastle
Dorrigo	2,320	1946	Newcastle
Dubbo	2,333	1947	Newcastle
Dulverton	2,280	1948	Erisbane
Nyora	1,299	1935	Emden
Pilkura	3,592	1949	Erisbane
Binburra	3,952	1950	Erisbane
Tyalla	7,327	1945	Sunderland
Ransdorp	469	1934	Amsterdam
Edenhope	584	1949	Maryborough
Elmore	584	1949	Maryborough
Enfield	584	1948	Maryborough
Eugowra	584	1948	Maryborough

Euroa	584	1950	Maryborough
Carcoda	2,942	1943	United Kingdom
Coolabah	2,906	1943	United Kingdom

SECTION IV

SPECIAL ARTICLES

(The Director of Naval Intelligence is not necessarily in agreement with the views expressed in Section IV of ASIS).

STATUS OF THE RYUKYU ISLANDS.

On 6th December, 1951, those islands in the Ryukyu Group which lie north of Lat. 29 degs. North were returned to Japan. The remaining islands in the Group remain under United States jurisdiction pending the making of trusteeship proposals by the United States.

An article in a recent issue of "World Today", the monthly journal issued by the Royal Institute of International Affairs, discussed the question of the political status of the Ryukyus. The following extracts have been taken from this article.

The status of the Ryukyus is a matter that at any moment may become one of urgent importance. The Japanese Prime Minister has told the Diet that he expected the islands to be held by the U.S.A. as a Victor Power while present military requirements continued to exist, but to be handed back to Japan later, either by the U.S.A. directly, or by a mandate action of the United Nations. The Japanese Right Wing Socialist Party was reported on 6th June to be contemplating joint action with all the non-Communist opposition parties in favour of opposing the creation of a United Nations trusteeship for the U.S.A. in the Ryukyus.

In February, the Ryukyans elected the first autonomous central Legislature in the history of the Ryukyu Islands. Independents and liberal parties in the islands gained 20 out of 31 seats. The Socialist Party won 10 seats and the People's Party one seat. In April, when the San Francisco Treaty came into force, this Legislature sent a petition to President Truman, S.C.A.P. and Premier Yoshida, for an early return of the Ryukyus to Japan.

The petition stated that the islands were recognised by Article III of the Treaty to be part of Japan, and that the Okinawans, though entirely willing to co-operate with the U.S.A. in the cause of peace, wished to be reunited with Japan as soon as possible. The present situation was said to be a source of "deep pain" to the islanders.

This view of the question of sovereignty is not, however, borne out by the actual words of the Treaty, Article III of which reads as follows:

"Japan will concur in any proposal of the United States to the United Nations to place under its trusteeship system, with the United States as the sole administering authority, the Nansei Shoto south of 29 degs. north latitude (including the Ryukyu Islands and the Daito Islands), Nanpo Shoto south of Sofu Gan (including the Bonin Islands), Rosario Island, and the Volcano Islands), and Parece Vela and Marcus Island. Pending the making of such a proposal and affirmative action thereon, the United States will have the right to exercise all and any powers of administration, legislation, and jurisdiction over the territory and inhabitants of these islands including their territorial waters".

From this it is clear that the petition ignores the real intention of the Treaty, which contemplates United Nations trusteeship under U.S. administration, as the ultimate goal. Instead, the petition takes advantage of those words which seem to imply that ultimate sovereignty still lies with Japan.

Behind this petition lies the kind of discontent always felt by a people living close to a large body of foreign troops mainly engaged on garrison duties, and also the economic distress of those families bereaved in the war, but not benefiting from the provision made by the Japanese Government for similar families in its care. On behalf of these families a society has been formed in Okinawa, whose leader, Zenbatsu Shimabukuro, recently visited Tokyo to attend the national memorial service for the war dead, an important occasion of great emotional meaning for all Japanese. He said there that he hoped for the early restoration of Japanese administration in the Ryukyus, apart from the military bases; that the 112,000 victims of the war on the islands were hard hit; and that the agricultural output was well below its pre-war level. He mentioned a camp for war orphans and a vocational school for juvenile delinquents, but said that these were insufficient in number for local needs. Islanders who had relatives abroad who could send them money were not allowed to receive remittances. Another petition from four mayors in the Amami Islands, who recently called on the Japanese Minister of Labour in Tokyo, claimed that 98 per cent of their people had signed statements asking to be returned to Japanese rule. They also complained of delays in repairing war damage to schools and houses. The Minister expressed no opinion on the matter, but promised to consult the Foreign Ministry.

Such gloomy pictures of life on the Ryukyus, put out as political propaganda by visitors to Tokyo, need correction. General Mark Clark administers the Ryukyus through his deputy in Okinawa, General Beightler, under whom two Generals are responsible for Military and Civil affairs respectively.

The civil administration, now under Brigadier-General Lewis, was faced after the war with an Okinawa of which the Southern part had been totally devastated in the most severe land fighting, destruction to which a particularly bad typhoon added greatly. The island was only one, and a very small item in the immense list of overseas commitments with which the U.S.A. was suddenly faced in all parts of the world.. Almost every item on the list required men of exceptional political wisdom and economic knowledge. Peace in the Far East has always been fitful, and in 1950 the Korean war brought new demands for men and material. In these circumstances the present comparatively prosperous state of the civil population in Okinawa is sufficient testimony to the energy and goodwill of the U.S. administration. If much remains to be done, and the Ryukyans themselves still have cause for complaint, the changes in seven years are yet sufficiently remarkable.

In place of a sleepy and autocratic Japanese Government, which before the war treated the islanders as very poor relations of the Japanese of the homeland, there is an elected Legislature, a free press, and a native broadcasting service. American officers encourage native civil servants to show initiative and enterprise. Progress in education is considerable. Before the war the Okinawans had the very greatest difficulty in obtaining entry into Japanese universities. Now the Americans have started a university close to the site of the ancient shrine at Shuri, near the capital at Naha. Even in remote villages the most substantial post-war building is often the school. With its heavy pantile roof and concrete walls it makes a striking contrast to the grass-thatched wooden huts from which the majority of its pupils come. In the vacuum left by the destruction of the Shinto shrines and the absence of Shinto teaching, Christian missions are flourishing, particularly among the very young. Naha, destroyed in the 1945 fighting, has been rebuilt, and big stone buildings, including a 'Capitol', are also going up. Naturally such improvements are not at present sufficient to overcome all the disabilities of a vast and growing population of peasants who have never possessed any quantity of livestock and whose chief farm tool is the steel mattock. The Okinawans are gardeners rather than farmers, and work their tiny plots of sweet potatoes, beans, and rice on a family basis, and carry their crops home in baskets on their heads -- a sight endlessly repeated throughout Asia. American technical aid, and the use of fertilizers and better tools, must necessarily take a long time to raise such a standard of living, but progress is being made.

To sum up, the situation in the Ryukyus cannot be described as inflamed, but it is inflammable. Communist propaganda has already exploited existing discontents. Peking radio occasionally refers to Okinawa as 'an unsinkable

aircraft carrier'. Radio Free Japan has broadcast accounts of alleged American misrule there, showing an interest which may not be unconnected with the fact that the 'underground' Japanese Communist Party leader Tokuda is a native of the Okinawan seaport of Nago. In Japan itself it is not difficult for the Communists to stir up nationalist feeling on the subject of the lost empire, and to use it for their own purposes.

COMMUNIST PARTY OF AUSTRALIA - INDUSTRIAL SECTION.

The Communist Party and its industrial section is now a miniature likeness of the Soviet organisation, but adapted, to the smaller and entirely different sociological, regional, industrial and political conditions, problems and requirements of Australia.

Briefly, the Communist Party organisation is based on its central, political and other committees, including industrial; its combined convention; it then spreads down to state groups, districts or areas, localities and factories.

Parallel with this organisation, which also runs parallel to the traditional trade union structure, is the Industrial section of the Party. This organisation has its political and industrial inspiration from the World Federation of Trade Unions, backed by Moscow. It develops from the Political Committee, ^{not the Industrial Committee,} to a Combined Federal Unions' Committee, then spreads into vocational federations of Unions such as the Metal Trades, Building Trades, Maritime Unions, etc. These then break into Communist-controlled unions, combined shop committees, shop committees to shop stewards and delegates. In cases where unions are not controlled by Communists, the shop committees endeavour to supersede that union's functions in labour disputes. In cases where individual shop committees are not Communist-controlled, combined shop committees with Communists holding a balance of power, override these in labour disputes. Combined shop committees exist in the railways, aircraft industries, power houses, coal fields, etc.

This organisation has simplified the Communist Party's industrial subversion, and contributed largely to the recurring industrial crises, which, however, invariably collapse for lack of finance and support by workers as a body. The A.L.P. industrial groups, backed by moderate elements and the Arbitration system, combine to defeat the ultimate Communist objective of a united front of workers. Any form of widespread unemployment or depression conditions would however be capitalised to greater advantage by the Communist Party, when its influence would be more dangerous.

THE OIL INDUSTRY IN THE U.S.S.R.

The development of industry in the U.S.S.R. is making increasing demands on Soviet oil resources. How extensive are these demands is illustrated by the fact that in 1950 the U.S.S.R. consumed three times the quantity of oil used by Germany during the height of World War II.

Sources of oil outside the U.S.S.R.

The war cut Soviet crude oil output by one-third. To restore production and to cope with the increased demands, the Soviet exploited the oil resources of ^{its} European satellite countries, particularly Austria and Roumania. Also it transferred technicians and refineries from Germany and Poland to the U.S.S.R. and restored the war-damaged Estonian shale oil industry.

These Soviet-controlled areas now produce over 7 million tons of oil annually, of which 3 million tons are imported into the U.S.S.R.

Crude oil production.

The following table shows the increase in Soviet oil production between 1940 and 1951 :-

	Crude Oil in million tons.
1940	31.0
1946	21.3
1949	33.0
1950	37.8
1951	42.4
% increase 1940-1951	37%

From this table it will be seen that it was not until 1949 that Soviet oil production reached its pre-war production figure. Since 1949 this production has risen by about 4.5 million tons a year. If this rate can be maintained, the 60 million tons output by 1960 which Stalin called for in 1946 will be reached by 1955

There are two main oil-bearing regions in the U.S.S.R, namely, the Caucasus-Ukraine area, which produces 55% of Soviet oil; and the Volga-Urals area, which has lately become important, contributing 34%. This latter area includes Bashkir A.S.S.R., the Tartan A.S.S.R., and the Molotov, Kuibyshev and Chkalov oblasts. Another 5 million tons (12%) are obtained from the Central Asian areas, Turkmenia, Emba and the Ferghana Valley. In the Far East, Sakhalin Island produces about 1 million tons a year. There is as yet no evidence of oil production in Siberia or in the other Far Eastern Territories.

Reserves.

Unlike those of the rest of the world oil industry, the Soviet estimates of underground reserves of crude oil, do not represent "proven" resources; that is, their existence has not been proved by drilling and extraction. It is claimed that "known" reserves in the U.S.S.R. are now 4,500 million tons, but this figure is probably based upon topographical surveys of oil-bearing areas and is "probable" only.

The majority opinion of world oil experts is that Russia's proven reserves are about 1,000 million tons (about 10% of world reserves).

Refining.

Refineries are located mostly near the oilfield and it is the practice for local trusts to operate both the fields and the refineries. The trusts come under the close scrutiny of the Petroleum Ministry in Moscow.

The total capacity of Soviet refineries is estimated to be 49 million tons per annum. About 30 million tons are cracked at refineries in the Caucasus and 14 million tons in Turkmenia and Emban provinces. Sakhalin crude oil is treated at refineries at Komsomolsk and Khabarovsk, in the Soviet Maritime Province.

In 1951, 42 million tons of crude oil were cracked at Soviet refineries. They yielded about 37 million tons of the finished products.

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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