

UNITED STATES ASIATIC FLEET
Destroyer Division Thirteen
U.S.S. J.D. Edwards (DD216)

Manila, P. I.
October 18, 1940.

From: Lieutenant Commander Henry E. Eccles, U.S. Navy.
To: Commander in Chief, U.S. Asiatic Fleet
Subject: Trip from Washington to Manila via South Africa,
Persian Gulf, and East Indies, report of.

1. In accordance with BuNav orders 9807 of 20 June, 1940 as modified by 10184 of 25 June, 1940, I arrived Capetown 26 July, and proceeded in accordance with attached itinerary to Manila. The general political situation in South Africa is fully reported to the State Department by their representatives in that country; however, it is well to note that there is a considerable difference of opinion as to the prosecution of the war between the Afrikaner element and the British element. So far, it appears that this has affected the prosecution of the East African campaign by making it necessary to retain troops in South Africa for local emergencies. Some minor sabotage has taken place.

2. Very few naval vessels are in evidence in the vicinity of Capetown. One County-class cruiser was in Simonstown, and several others appeared to be operating from Simonstown. The "MONARCH OF BERMUDA", which is armed with 6-inch guns, was operating out of Durban in connection with other vessels, maintaining an offshore patrol. The coastal defenses of the important ports of South Africa appear to be inadequate, and the air force is very small. Most of the South African planes having been sent to Kenya for operations against the Italians.

3. In Mahe, in the Seychelles, a Naval Reserve tanker of about fifty to seventy-five thousand barrels capacity acts as a re-fueling

depot for cruisers operating in the Indian Ocean. There is good evidence to the effect that such tankers are widely distributed in the islands of the Indian Ocean. The port of Mombasa was closed for a week at the end of August because of the activities of a German auxiliary cruiser in that vicinity. As of 1 October, there was no intimation that the German raider or raiders in the Indian Ocean had been disposed of. Ships proceeding from Singapore to Calcutta and Colombo are now operating in a recently instituted convoy system.

4. It is understood that an Italian submarine sunk a vessel off the coast of Sumatra and was, in turn, sunk by British forces about 1 October. The Commanding Officer of forces in the Persian Gulf intimated that not more than two Italian submarines were still at large as of 25 September. One Italian submarine was sunk at the mouth of the Persian Gulf by HMS FALMOUTH six hours after arrival, due to the fact that the operation order involving that submarine was found in the log book of another submarine sunk or captured in the Red Sea. It is understood that the operation orders found in the first Italian submarine sunk resulted in the sinking of about six Italian submarines in very short order. The Commander, Persian Gulf Force, states that the Adsic apparatus has been very effective, and insofar as operations in waters containing temperature gradients is concerned, has exceeded their best expectations. It is well to note that the high sea-water temperature reaching 92°F has resulted in a very considerable loss of power, and increased wear and tear on the machinery of vessels operating in and near the Persian Gulf.

5. The oil-fields of the Bahrein Petroleum Company have been very well protected against air attack or sabotage. The Refinery, however, is very vulnerable to air attack. Should the Italian campaign in

Egypt or vicinity prove successful, the refineries in Saudi-Arabia, Bahrein and Abadan would be vulnerable to aircraft attack since there is no protection whatever. The present combined capacity of the Saudi-Arabia and the Bahrein Petroleum Company is about 40,000 barrels per day, and refineries at Abadan are the largest in the world, with a capacity output well over 100,000 barrels per day. The visit to Bahrein developed the following points: There are between four and five hundred American citizens at the Bahrein Petroleum Company plant and at the plant of the California Arabian Standard Oil Company, which is only about twenty-five miles from Bahrein, on the mainland of Saudi-Arabia. The Executive personnel of the Bahrein Petroleum Company is extremely high quality. Mr. Milton Lipp is the Manager. Mr. Lipp has been at Bahrein for about six years, and his patriotism and ability are unquestionable. His assistants are Mr. McConnell, in charge of production, and Mr. Anderson, in charge of the refinery. The entire American staff is of high quality insofar as personal character, the appearance of competence and reliability is concerned. The company has a completely modern camp in which all offices and residences are completely air conditioned. The commissary is supplied with tin canned goods and staples from the United States and with frozen meat from Australia. A twelve months' reserve supply of all food is constantly maintained. The refinery is running at maximum efficient capacity, of about 35,000 barrels per day. No aviation gas is produced. The sulphur content of the bunker oil and diesel oil is high, running about 3.5% and it would take considerable expenditure and some time to modify the plant in order to reduce this percentage. From a standpoint of cleanliness and other qualities, the products are very high-grade.

6. The refinery and oil fields of the NKPM (Standard Vacuum Subsidiary) at Soengei Gerong and Pendopo Sumatra are under the super-

vision of Mr. Elliott. Mr. Liebacher is the assistant manager, Mr. J. N. Jennings is the refinery manager, and Mr. McCobb is the production manager. All these men have high qualities of character and their reliability and patriotism are unquestioned. The key positions are manned by Americans. Hollanders predominate among the technical and executive assistants. At the oil fields centered around Pendopo, about 100 km. west of Palembang, an NKPN has already taken steps to cement up some of the least productive wells. Preparations are being made to be ready to cement other wells, but since these number about 500 and the equipment necessary to pump the cement is rather bulky, it would take several weeks of intensive work to secure these wells. The cementing, of course, merely implies redrilling if the field is to be put back into production again. However, there are other steps which can be taken and may be forced by the Dutch government, which would not only put the field out of production, but might permanently damage it to a very serious extent.

7. It is noted that at Capetown, Durban, and Singapore, the oil storage arrangements are extremely vulnerable to air attack, in that the tanks are very closely spaced and clearly visible. Construction of underground oil storage tanks is proceeding rapidly at Singapore. The first five tanks will be ready to receive oil about 1 November. However, their capacity is not over 200,000 barrels.

8. There are very few naval vessels actually in Singapore; mostly small patrol vessels, mine-sweepers and mine-layers. It is believed that several heavy cruisers and one aircraft carrier are operating from Singapore. All the British submarines formerly based there have been returned to European waters. The whole area is very heavily mined, the mines being partly contact mines and partly distant-control. A great degree of activity is evidenced in the strengthening of the

of defenses of Singapore.

9. The Lockheed Company has just delivered thirty-five new bombers to the Singapore R.A.F. The Lockheed representative stated that in Australia, similar Lockheed bombers have frequently crashed because the Australian pilots have never before handled such high-speed planes. He expects that some time will be necessary to train those pilots to handle such planes. The total air force in Singapore apparently does not exceed 100 planes. Recently a large number of troops from India have arrived, and further reinforcements of Australian troops are expected shortly. It is understood that in addition to additional troops being sent to Singapore itself, large forces have been sent to the lower part of the Malay Peninsula. The "ILE DE FRANCE" is at anchor under mine-field protection, near Singapore and it is understood that the Captain and First Officer, who are Nazi sympathizers, have been returned to France; and that the remaining officers are loyal to the DeGaulle government. The "ILE DE FRANCE" has been in this location for over six weeks. It is thought that she is being held in case it is necessary to evacuate civilians from Singapore.

10. The drydock facilities at the Naval Base at Singapore have been augmented by an additional floating drydock, and now consists of the large dock in which the Queen MARY was recently docked, a floating drydock which can handle the heavy cruisers, and a larger floating drydock which can handle ships up to about 25,000 tons.

11. Wherever contact was made with the Officers of the British Army and Navy, it was noted that their morale was exceedingly high, and while they realized the critical nature of the situation, they were fully confident of ultimate victory. The morale of the British civilian

population appeared to be equally high. The resentment against the policies (frequently characterized as "short-sighted" and based on immediate expediency) of the British governments of the last 10 - 15 years was marked, and it appeared that the general opinion was that the "Old School Tie" method of handling affairs had been disastrous.

12. Two interviews of several hours each were held with Mr. Hugh Grant, American Minister to Thailand. Mr. Grant's opinion is that there is no necessary connection between the Nationalist movement in Thailand and the Japanese propaganda which has been very extensive in the past few years. He feels that the territorial demands of Thailand against Indo-China have a sound, equitable basis. The rectification of the frontier on the northern border of Thailand is for the purpose of removing an arbitrary frontier and substituting a natural frontier following the river boundaries. To a certain extent, the demands in regard to the eastern frontier have the same basis. The territory in question is extremely wild, and in itself, has no particular value. Ratification of the non-aggression pact entered into with the Paris government has been held up pending the adjustment of the sovereignty of certain islands in the river. The point of view of Mr. Grant is that the Thai demands are just but badly timed, in that they tend to disturb the "Status Quo" and appear to play into the hands of Japan. The government of Thailand is a tight military dictatorship based on an extremely Nationalistic and quite progressive basis. At one time recently, Mr. Grant, in conversation with the Vice-Premier and Minister of Defense asked point-blank for assurance that Thai would not resort to force to accomplish its ends. The Vice-Premier refused to commit himself and stated that while Thai did not desire to use force, ~~if~~ such pressure might develop that he was unable to give

this assurance. In turn, Mr. Grant was asked to obtain the assurances of the U.S. Government that they would support the Thai demand for rectification of the frontiers if this demand were postponed to some more appropriate time. The State Department has not, and apparently will not, give any such assurance, and therefore Mr. Grant must attempt to use personal persuasion rather than official commitments. Mr. Grant states that his whole policy in dealing with the Thai Government has been to fit in with the State Department's policy of maintaining the status quo in the Far East.

13. Mr. Grant feels that the London Government has given Sir Josiah Crosby a very free hand in dealings with the Thais because they are so preoccupied with affairs at home. Sir Josiah Crosby, the British Minister to Thailand, is a man of some 40 years' experience in that section of the world, is on very intimate terms with Thai officials, and has a very considerable knowledge of the country. During the earlier stages of the discussions on this subject, he apparently was fully in accord with the policy of maintaining the status quo. However, recent developments indicated to Mr. Grant that the British Minister has weakened in his attitude and is tending to support the Thai demands against Indo-China.

14. The opinion of Commander Brownfield, the British Naval Attache to Thai, is that the Thai Navy is a small and ineffective force; the Air Force is fairly well equipped and quite competent, and the Army is very good, in comparison with native armies in that part of the world. He feels that Japanese propoganda has been so intense and blatant that to a large extent it has defeated its own purpose, and that the Thai demands against Indo-China might very easily be the result of a desire to strengthen their frontiers against Japanese aggression. Mr. Grant concurs in

this belief. While Mr. Grant, Sir Josiah Crosby and Commander Brownfield concur in the belief that the Thais are acting independently in this matter, they admit the possibility that they might have been deceived by the Thai officials, and that the Thais may actually have a working understanding with the Japanese.

15. In an hour-and-a-half interview with Mr. Foote, the American Consul General in Batavia, the following points were developed. Mr. Foote has had an intimate acquaintance with the Netherlands Indies for the past 14 years. Several years ago, after a long tour as Consul General in Batavia, he was transferred to Australia. Within the last few months he has been returned to Batavia. He is on very intimate personal terms with the Governor General, Commanding General, and other officials, and he feels that they have given him complete information as to the situation. He has made voluminous reports by cable and radio to the State Department, with supplementary similar reports to Ambassador Grew in Tokyo.

16. The situation in regard to the defenses of the Netherlands East Indies is as follows: The Army has a ratio of about seven natives to three Hollanders. This represents a recent increase in the percentage of Hollanders. The Indies officials said that they will resist and fight, because the Indies represent the last place with a Hollander can call his own. The Netherlands officials feel that the recent embargoes by the United States against Japan have forced Japan to turn to the N.E.I. for supplies. These officials cannot understand the fact that, while forcing Japan in this manner, the United States has recently cancelled contracts of relatively long standing for munitions which are urgently needed by the Netherlands East Indies for defense. It is felt that the Army can give a good account of itself in man-to-man fighting on the beaches and

in the jungles back of them. However, the Netherlands officials feel that they would not stand up against high explosives, and that the natives would "run like rabbits". The officer in command of the anti-aircraft states that it is badly under-equipped. There is a moderate number of mobile artillery, tanks, and armored cars. A number of tanks and armored cars are con-centered at garrisons in areas of high Japanese concentration. The officials said that these will be used to wipe out the Japanese in those areas at the first sign of action. Rifles and small-arms ammunition are urgently needed. The British have furnished the Indies with a large number of mines. The Air Force consists of about 200 bombers and about 50 fighters. Mr. Foote stated that there were only eight Dutch submarines in the Indies. This does not agree with the information I received from Naval Intelligence in Singapore, which stated that there were 22 Dutch Submarines in the Indies.

17. The Indies Government has given orders that in case of hostilities, the oil wells and refineries be totally destroyed -- not put out of commission. This represents the possible destruction of about \$300,000,000 of American property and a capital investment of about \$100,000,000. These figures, when questioned by the State Department, were verified by Mr. Foote.

18. In regard to the Japanese Missions now in the Indies, the following facts were developed; The original mission of eight Japanese businessmen headed by Mr. Mukai of the Mitsui Brothers arrived late in August, as a purely commercial mission for the discussion of oil purchases. Upon arrival they did nothing, apparently waiting the coming of the Kobayashi Mission. The Japanese Government requested the Netherlands East Indies Government to receive the Kobayashi Mission. The Indies' Government stated that this mission would be welcome only under the

following conditions:

- (a) That it had the proper credentials;
- (b) that an agenda be presented in advance;
- (c) that no discussions of a political nature would be considered.

In early September the Kobayashi Mission arrived -- without credentials, without agenda; and has since shown itself to be of primarily a political nature. In spite of this surprising move, the Netherlands government received the Kobayashi Mission officially. This Mission consists of about 40 to 50 members, primarily made up of officers of the Army and Navy with attendant clerks and so-called "experts". In the words of Mr. Foote to the State Department, "by receiving this mission and parading troops for them, the Netherlands Indies lost the first round". It is believed that all the mission are members of the Black Dragon Society.

19. This mission has at all times adopted an extremely high-handed attitude. In May, the Japanese government unofficially presented a list of commodities which they desired to obtain from the Indies. This list consists of thirteen items, and involves practically the entire economy of the Indies. Among the items requested were petroleum products, scrap iron, bauxite, molybdenum, copra, manganese, tin, rubber, wolfram, and quinine. The first request for petroleum amounted to 1,000,000 metric tons. The rubber and copra requests were larger than the normal consumption of Japan, and are believed to be intended for Germany.

20. In the discussions which have so far taken place, only one product has been considered, and that is oil. Immediately upon the arrival of the Kobayashi Mission, the Japanese increased their demands to 3,150,000 metric tons per annum for five years, with a guarantee of delivery by the N.E.I. Government. In addition, they made the following political demands:

- (a) That Japanese Army and Navy officers be stationed in the Netherlands Indies for the purpose of inspecting raw materials and supervising the shipping and harbors to insure delivery.
- (b) That the number of Japanese employed in the Netherlands Indies commercial concerns be greatly increased.
- (c) That the Japanese be granted the right of unrestricted immigration into the Netherlands East Indies.
- (d) That the Japanese be allowed to purchase stock in the commercial industries of the Netherlands East Indies.
- (e) That the Japanese be granted full concessions for the exploration and exploitation of the natural resources of the Netherlands East Indies.

21. These represent a demand for complete economic, political, and military domination of the Indies. Except for oil, the Indies officials have replied in the negative to all Japanese demands. Insofar as oil is concerned, the officials have stated that if Japan wishes to purchase oil, the Indies government has no objection to it; however the Japanese must deal directly with the commercial concerns primarily Shell and Standard Oil. The Government has stated that under no circumstances will it guarantee the delivery of oil or any other item to Japan.

22. Considerable friction developed during the discussions, and at one time when a Japanese statement that "since nothing could be accomplished, they might as well go home" was made, it was met literally, with raised eye-brows. Following this, the Japanese claimed that the interpreter had made a mistake and that what they had said was that the subject of petroleum should be gone into in more detail. At one time, when the Kobayashi Mission insisted that the Netherlands Government deal with the

oil companies, Van Mockt, the Minister of Economics, stated that he was no broker.

23. During all the preliminary discussions of petroleum, no types of petroleum were specified. In other words, the Japanese merely said they wanted oil. They did not state the amounts nor quantities of the various types of oil they desired, nor did they at any time make any mention of how the oil was to be paid for. On Wednesday, October 10, the Japanese Mission for the first time contacted Baron Von Eckt, the Shell representative, and Mr. Kaye, the director of the Standard Oil, who arrived in Batavia from New York about the 15th of September. At that discussion, the Japanese finally put their cards on the table and stated that they wanted aviation gas and aviation crude. At one time in the discussion, the Indies Government requested the American and British oil interests to state how much oil they would be able to sell Japan without interfering with their present contractual obligations to the United States and to the British Empire. The oil companies stated that they would be able to furnish a maximum of 1,800,000 tons per annum. The Kobayashai Mission was very indignant at this low figure. As of October 10, negotiations were at a standstill. The Mission had cabled Tokyo for further instructions. Mr. Kaye and Mr. Elliott of the Standard Oil Company were leaving for Palambang for the week-end.

24. It is Mr. Foote's conviction that the Indies Government will stand firm and play for time. If the other commodities take anything like the time that the discussion of petroleum has taken, the conversations will drag on indefinitely. The information contained in COMSIXTEENTH'S despatch of October 11th was obtained by Mr. Foote from one of the highest officials in the Indies Government, who stated that his sources of information in Tokyo had been in the past 100% correct, and

that he had implicit confidence in his informant, and the accuracy of the information.

25. If invasion takes place, the Indies officials believe that it will come either through the Mandated Islands or by way of the Malay Peninsula. The initial objectives will probably be the Celebes, the Moluccas, Dutch New Guinea, and Borneo. There are no defenses worth mentioning in these points, and the Indies officials believe that a few hundred troops could take practically unopposed possession of any point in those areas. The Dutch would defend Java and Sumatra. The airfields are now covered with obstructions which are removed only upon the arrival of known planes, and are guarded by troops and machine guns. No heavy equipment was noted near any air-field.

26. In case of attack through Malaya, unofficial opinion in Singapore is to the effect that the British would not make any attempt to defend Northern Malaya. The roads, though good, are very few, and for a considerable distance north of Singapore, there are very heavy jungles and mango swamps. The amount of mechanized equipment in Singapore and in the Malay Peninsula is believed to be relatively small.

Henry E. Eccles

ITINERARY

ARRIVED

PORT

DEPARTED

26 July	NEW YORK	30 June
1 August	Capetown	1 August
2 August	Mossel Bay	2 August
3 August	Port Elizabeth	3 August
4 August	East London	4 August
7 August	Durban	7 August
8 August	Gollel - Swaziland	8 August
9 August	Lower Swabi	9 August
10 August	Skukusa	10 August
11 August	Middleburg	11 August
12 August	Johannesburg	11 August
17 August	Durban	16 August
20 August	Lorenco Marques	18 August
25 August	Beira	21 August
26 August	Lindi	25 August
27 August	Zanzibar	27 August
1 September	Mombasa	28 August
10 September	Mahe - Seychelles	1 September
12 September	Sabang - Sumatra	11 September
14 September	BelawanDeli	13 September
22 September	Singapore	22 September
23 September	Bangkok	23 September
24 September	Calcutta	24 September
25 September	Karachi	25 September
29 September	Bahreïn	29 September
30 September	Karachi	30 September
1 October	Calcutta	1 October
2 October	Bangkok	2 October
6 October	Singapore	6 October
7 October	Soengei Gerong	7 October
8 October	Pondopo	8 October
9 October	Soengei Gerong	9 October
10 October	Batavia	10 October
	Manila	

ENCLOSURE A