

EXHIBIT NO. 80

NAVY DEPARTMENT

Office of Chief of Naval Operations
Office of Naval Intelligence
Washington

CONFIDENTIAL

Copy No. 83
Serial No. 25

December 1, 1941

FORTNIGHTLY SUMMARY OF CURRENT NATIONAL SITUATIONS

(Information concerning Anti-Axis Belligerents
is omitted from this publication due to
its wide dissemination by mail.)

Because of the CONFIDENTIAL nature of the sources from which some of the information embodied in the text of this publication issues, and because of the CONFIDENTIAL channels through which it is transmitted to the Division of Naval Intelligence, it is appropriate to invite particular attention to the CONFIDENTIAL character of this publication.

T. S. Wilkinson
Captain, U. S. Navy
Director of Naval Intelligence

CONFIDENTIAL

3

299 (22 Apr 1942 - 11 Nov 42)

CONFIDENTIALSerial No. 25.
December 1, 1941Fortnightly Summary of Current National SituationsA. The Diplomatic Situation1. Japan

Unless the Japanese request continuance of the conversations, the Japanese-American negotiations have virtually broken down. The Japanese Government and press are proclaiming loudly that the nation must carry on resolutely the work of building the Greater East Asia Co-prosperity Sphere. The press also is criticising Thailand severely. Strong indications point to an early Japanese advance against Thailand.

Relations between Japan and Russia remained strained. Japan signed a five-year extension of the anti-comintern pact with Germany and other Axis nations on November 25.

2. Germany

Members of the German Armament Commission in Casablanca are now authorized to wear uniforms and make arrests. General Schultheiss of the Air Force, Head of the Commission, is reported to favor a German military occupation of Morocco.

There is evidence that Germany, now virtually in control of the governments of Spain and Portugal, has impressed upon these governments the necessity of maintaining friendly relations with the United States and with Britain. It is Germany's expectation that such a policy will increase the resources of these two countries with materials which eventually can be turned against those who have supplied them.

Turkey still is being subjected to diplomatic pressure to join the Axis or "take the consequences." Germany's representations have had no apparent effect.

According to a press report from Berlin, seven more nations have signed the anti-comintern pact. The new signatories are Finland, Denmark, Bulgaria, Croatia, Slovakia, Rumania, and the Nanking Government in China. This pact should not be confused with the Tri-Power Accord of which Germany, Japan and Italy were the original signatories and to which Rumania, Hungary, Bulgaria and Yugoslavia subsequently adhered.

-1-

CONFIDENTIAL

4

CONFIDENTIAL3. Italy

The repurchase of war materiel sold to Italy by the French is now the subject of conversations being held by a French delegation which arrived recently in Rome. These conversations were initiated by Italy and were based on Italy's urgent need for foreign exchange. These negotiations are not expected to meet with particular success.

The visit of the German Minister of Economics (Dr. Funk) to Rome in October apparently was motivated by the serious concern felt by Germany over the steady climb in Italian prices of exports to Germany. Dr. Funk threatened to raise the price of coal shipments to Italy, but it was agreed finally that Italy would not raise prices, and that Germany would increase the yearly exports of coal to Italy from the twelve million tons previously agreed upon to eighteen million tons. Previous shipments of coal from Germany barely reached two-thirds of the Italian national requirements. This was demonstrated by the recent laws restricting heating this winter.

4. France

France moved a step closer to the "new order" in Europe on November 18 when Marshal Petain, under continued pressure from Berlin and the pro-collaborationist elements within the Vichy government, announced the "retirement" of General Maxime Weygand as delegate-general and military commander of French North Africa. That strategic area henceforth is to be administered from Vichy under the direct control of Vice Premier Darlan. Lieutenant General Alfonse Juin, until June of this year a prisoner of war of Germany and later commander of French troops in Morocco, succeeds Weygand as military commander in North Africa. The military command of French West Africa goes to General Jean Barrau, formerly in command of troops at Dakar. Vice Admiral Fenard was named permanent Secretary General of French Africa, and Yves Chatel is the new Governor General of Algeria. Additional concessions to the Germans may be announced following the meeting of Petain and Darlan with Reichsmarshal Goering which is scheduled for the near future. There are indications that this meeting may be followed by a conference with Adolph Hitler, with the possible attendance of Premier Mussolini.

CONFIDENTIAL

The Reich is said to be attempting to persuade Vichy to provide naval convoys for Italian supply vessels and to have requested that French Army divisions replace Nazi troops between Nantes and Irun. Germany, meanwhile, is reported to have cut the occupation cost levied against France from \$8,000,000 to \$6,000,000 a day, retroactive to May 10, 1941.

France's concern over the situation in Africa is manifested by the sudden departure from Vichy of Admiral Platon (Minister of Colonies), General Bergeret (Air Secretary) and Admiral Auphan (Chief of the Naval General Staff) to inspect the defenses of North and West Africa. During the absence of Platon and Bergeret, Admiral Darlan will act as interim Secretary of Colonies and Air. Additional powers have been granted Darlan by placing under his National Defense Ministry all services under the Franco-German armistice formerly administered by the War and Foreign Ministries.

Following the dismissal of General Weygand, the United States Department of State announced that trade with North Africa would be suspended and that Franco-American relations were to be studied in the light of the new developments. At the same time American lend-lease aid was extended to the Free French of General Charles de Gaulle.

On November 26, General Catroux (Free French Commander in Syria) proclaimed the independence of Lebanon and the termination of the mandate in the name of France. The new government will be headed by President Alfred Macache.

France is understood to have protested to the Japanese government over the size of the mission, numbering 350 political and economic experts, accompanying Kenkichi Yoshizawa, new Japanese Ambassador to French Indo-China.

Despite rumors of capitulation, the situation in French Somaliland remains unchanged. The Paris radio announced on November 21 that the colony could not hold out longer than four to six weeks under the continued British blockade.

CONFIDENTIAL5. Latin AmericaMexico

President Roosevelt has nominated the present Ambassador to Cuba, George S. Messersmith, to succeed Josephus Daniels as Ambassador to Mexico. The new British Ambassador to Mexico, Charles Bateman, is expected to arrive in mid-December, which is about the same time that Messersmith probably will take up his new duties.

The State Department announced an agreement has been reached with Mexico providing: (1) The settling of a final fair price for American properties taken over in 1933, through experts or through further diplomatic negotiations. Mexico tendered \$9,000,000 in advance as a token payment. (2) General and agrarian claims comprised, Mexico to pay \$40,000,000 in full settlement. Mexico has already paid \$3,000,000 on these claims and will pay \$3,000,000 upon exchange of ratifications of the conventions covering them. The remaining \$34,000,000 is payable at the rate of \$2,500,000 annually. (3) A reciprocal trade agreement to be negotiated at once. (4) The United States will provide a \$40,000,000 stabilization fund to maintain the peso at its present rate. (5) The United States will purchase up to 6,000,000 ounces of newly-mined Mexican silver monthly.

The Export-Import Bank has established a \$30,000,000 credit for the development of roads and highways. The credit will be available in yearly increments up to \$10,000,000 over a three year period. The Mexican Government guarantees payment unconditionally; and additional security is provided, in the form of highway bonds, payable from the Federal gasoline tax.

Costa Rica

President Calderon has repeated his offer of landing fields, air and naval bases to the United States, as free measures of hemispheric defense.

El Salvador

Pro-Axis Chief of Police Colonel Marino has been replaced by pro-Ally Colonel Monterrosa.

CONFIDENTIALPanama

Little progress is noted in the new government of Panama towards consolidation of its gains. The second designate to the presidency is named Minister to Washington; the third designate, Anibal Rios, is in Colombia, and will be arrested if he returns to Panama, where a number of his supporters have been jailed. Key positions still are occupied by Ariaristas, although there is a cordial disposition to cooperate with the United States. The extreme nationalistic laws passed by Arias are not repealed, but already their application is lapsing. The government is unlikely to do anything that will frighten off U. S. tourist or business dollars.

Argentina

There are many indications that a secret understanding as to the joint defense of the Straits of Magellan has been established between Argentina and Chile. The recent death of the President of Chile probably will reopen discussions on defense in that area. There have been expressions of annoyance on the part of high Argentine officials over staff discussions between the United States and countries adjacent to the Argentine, and over the U.S. lend-lease aid promised to Paraguay, Uruguay and Brazil. The view is held that the Argentine is an interested party to all such discussions and dispositions.

A new political party, of Fascist character, called Patria has been launched in Buenos Aires by the pro-Axis Manuel Fresco. Observers note a new student's party, or "Young Argentine" party, in process of formation. It is a coalition of radical nation-list groups.

German influence in the Argentine is very low, the Russian war having alienated many former supporters. There is demand for a more vigorous attitude toward the Axis than that exhibited by Vice-President Castillo, and an intensification of the Tuborda Committee activities may be expected.

While there are no immediate signs of trouble in the Argentine, the next few weeks will be critical. The conscripts are finishing their military service and returning home. Justo, always a dubious factor in

CONFIDENTIAL

politics, seems firmly in control of the Army. In the Senate, the nationalists and the Democratic factions have reached an impasse. A coalition of nationalist - or totalitarian - factions, under a strong leader, probably would mean the overthrow of the present government.

Brazil

During the period under review there have been some alarming reports from various sources in Brazil, forecasting trouble between Vargas and the explosive elements in his government. To date, however, nothing serious has occurred. Brazil is meeting, with some hesitation, her commitments in hemisphere defense, and cooperating in the movement of U. S. troops to Surinam by sending a military mission to Paramaribo, and strengthening her border forces in that area. Currently, General Góes is denouncing U. S. aims as imperialistic in South America, and his good faith in staff discussions should be accepted with grave reservations.

Chile

The sudden death of President Aguirre Corda, from a bronchial affection, has caused considerable unrest in Chile, and responsive uneasiness in that country's neighbors. Don Tinto, as he was affectionately called, because of the red wine for which his vineyards were famous, headed the only popular front government, but was generally regarded as a friend to Democracy. He has preserved for some years an uneasy equilibrium between highly antagonistic and immoderate factions. His successor pro tempore is a noted conciliator. Most observers believe that the government will remain stable during the sixty-day period before the election of a new President.

Colombia

The Colombian Senate has rejected the U. S. Black List of Axis firms in the Western Hemisphere, on the grounds that, in a matter of such mutual interest to the American Republics, all their governments should have been consulted.

The Colombian press condemns articles on the country by Benjamin Welles and John Gunther, terming them "Ambassadors of Ill-Will." It is not realized

-6-

CONFIDENTIAL

9

CONFIDENTIAL

in the United States to what a high degree the Latin-America press is sensitive to criticism of national custom and usage. The sum total of U. S. literary comment on the Latin Americas is undoubtedly harmful to Pan American accord.

Bolivia

A U. S. Army Air Mission has been established in La Paz.

Ecuador

The notorious and able Dr. Kuhno, suspected Nazi-agent in Quito, has been banished to a small town on the Ecuador-Colombian border, because of attention focused on him by the writer John G. Gunther.

Peru

Early in the period observers in Peru reported widespread popular resentment over Peru's failure to receive certain airplanes and material, embargoed by the U. S. Department of State pending settlement of the Ecuador-Peru border dispute. Concessions have been made in the procurement of non-combatant types, and the excitement is subsiding. Affairs on the border are quiescent.

In Lima, the Aprista Party announces the possibility of the resignation of President Prado, because of popular dissatisfaction with the border situation. General Ureta, the hero of the Ecuadorian war, is a strong Presidential possibility, but he is said to have no desire to gain the office by unconstitutional means. Ureta is pro-U.S. and anti-Axis.

General

The ABC countries at large are showing signs of disillusionment and exhausted patience in the matter of lend-lease material. Much has been promised; almost literally nothing has been sent. Some deliveries, even token deliveries, would have a happy effect at this time.

CONFIDENTIAL

Trends

Military and Naval

Mexico. The naval budget for 1942 has been set at 35,000,000 pesos, or about \$8,000,000. This is twice the 1941 budget.

South America. Nothing to add to summary of November 15.

Economic.

The period under review has been characterized by numerous complaints in the press of the American Republics, and in reports from various local sources, over the growing dearth of materials essential to the support of industries. Deprived of European export markets, the American Republics look to the United States for a variety of heavy materials, neither produced nor manufactured south of the Rio Grande. Immediate obstacles are: The matter of priorities, and the availability of shipping. Here, as in the lend-lease military and naval material, the patience of the Latin-Americans is about exhausted, and their confidence in U. S. good faith is deteriorating. Few Latin Americans appreciate the magnitude now of the demands upon U. S. industry. Aids to Britain, to Russia, and to China, and confusion in U. S. production, are widely advertised. Opponents to U.S. and to Pan American policies are alert to take advantage of current circumstances. As a measure for the future, no less than for immediate benefit, the allotment to Latin American trade of certain priorities, however limited, and of shipping, appears urgently desirable.

CONFIDENTIAL

//

CONFIDENTIALB. The Japanese Military Situation

Japanese troops, supplies and equipment were pouring into Indo-China during the past fifteen days. Units landed at Haiphong were sent south by rail to Saigon. Troops were moved quickly through Saigon towards the interior and the Thailand border. The arrival of reinforcements continues. Japanese army strength now in Indo-China is believed to be about 25,000 in Tongking province, and between 70,000 and 100,000 in south Indo-China.

Naval craft and aircraft also moved south. It is estimated that there are about 200 Japanese planes in Indo-China and roughly the same number on Hainan Island.

C. The Japanese Naval Situation

Deployment of naval forces to the southward has indicated clearly that extensive preparations are underway for hostilities. At the same time troop transports and freighters are pouring continually down from Japan and northern China coast ports headed south, apparently for French Indo-China and Formosan ports. Present movements to the south appear to be carried out by small individual units, but the organization of an extensive task force, now definitely indicated, will probably take sharper form in the next few days. To date this task force, under the command of the Commander in Chief Second Fleet, appears to be subdivided into two major task groups, one gradually concentrating off the Southeast Asiatic coast, the other in the Mandates. Each constitutes a strong striking force of heavy and light cruisers, units of the Combined Air Force, destroyer and submarine squadrons. Although one division of battleships also may be assigned, the major capital ship strength remains in home waters, as well as the greatest portion of the carriers.

The equipment being carried south is a vast assortment, including landing boats in considerable numbers. Activity in the Mandates, under naval control, consists not only of large reinforcements of personnel, aircraft, munitions but also of construction material with yard workmen, engineers, etc.

D. The Chinese Military Situation

The Chinese are concentrating troops to defend the Burma Road. In position, or moving up for this duty, are about 185,000 men, including China's only mechanized units. Skirmishing was reported during the period in north Honan, south Hopei, Shantung, south Anhwei, near Shanghai and near Canton.

-9-

CONFIDENTIAL

12

CONFIDENTIALThe German Military, Naval and Air Situation1. MilitaryStrength

It has been estimated that Germany now may have 207 divisions. Of these, 28 divisions are unidentified. Of the identified divisions 72 are probably unfitted and not yet ready for field duty. This would leave 200 divisions ready for active service at the present time.

Distribution

The 272 identified divisions are distributed as follows:

<u>Location</u>	<u>Number of Divisions</u>
<u>Western Front</u>	Total 248 (including 20
Northern Group	41 motorized, 19
Central Group	86 armored, 2
Southern Group	91 cavalry, and 2
	mountain divs.)
<u>Italy and Libya</u>	7 (including 2 armored)
<u>Balkans and Hungary</u>	14 (including 1 mountain)
<u>Poland and East Prussia</u>	10
<u>Finland</u>	7 (including 1 motorized
	and 2 mountain)
<u>Germany and Austria</u>	31
<u>Holland, Belgium and France</u>	27
<u>Norway</u>	8
<u>Denmark</u>	2

Operations

(Note: Eastern Front only; see ITALY for Libyan Campaign)

CONFIDENTIAL

Following the freezing of the ground, German offensive operations have been resumed.

Finnish Sector - There is evidence of renewed pressure towards Murmansk, Kandalaksha and the White Sea. None of these objectives has been reached to date. The situation along the Svir River and in the southern Karelian front remains unchanged. There has been a resumption of artillery action at Hangoe.

North-Central Sector - The siege of Leningrad continues with no apparent change in the situation. The Kronstadt batteries are reported to be still active against the Finnish right flank on the Isthmus and against the German left flank engaged in the siege of Leningrad.

Russian counter-attacks have prevented German forces at Tichvin, just east of the Volkhov River, from effecting a junction with Finnish-German units in the Svir River section. This leaves the Russian route to Leningrad via Lake Ladoga still open.

The Russians claim to have carried out counter-attacks in the vicinity of Novgorod. These attacks have had no visible results to date.

Central Sector - German assault against Moscow has been resumed during the past 6-10 days. Despite bitter Russian resistance and incessant counter-attacks, the Germans have made some headway north and south of the city. At Kalinin no appreciable shift in the lines has been apparent. Southeast of Kalinin the Russians have admitted fighting near Klin, and the Germans have officially claimed the capture of Solnechnogorsk, indicating considerable German penetration northwest of Moscow. The Russians admit being forced back in the Mozhaisk sector. Another threat is developing at Tula, where the Russians report great German pressure.

South-Central Sector - Gradual German advances along the Orel-Kursk front, which have been hinted at for some time but not substantiated, are confirmed in the reports that Yofremov (on the Moscow-Yelets railroad) has been captured and that advance units, progressing toward the important center of Voronezh, have reached Tim, 40 miles east of Kursk.

CONFIDENTIAL

Donetz Basin Sector - The Russians claim deep advances in a counter-attack on the "Donetz Plateau", but fail to mention the recapture of any important industrial centers. Axis reports have emphasized gradual progress along a broad front, but have been vague as to details.

Rostov apparently has been captured, although the Soviets insist street fighting is still in progress. A crossing of the lower Don River and the pursuit of retreating Red forces towards the Caucasus is reported from Berlin.

Crimean Sector - According to reports, all of the Crimea except Sevastopol is now in German hands. The defeat of Russian forces in the central Crimea, the breaking of strong defense positions across the Kerch Peninsula, the capture of Kerch and of the western shore of Kerchinski Straits have opened up another avenue for the invasion of the Caucasus.

Sevastopol is isolated and under siege, and apparently has lost its value as a base for the Red Black Sea Fleet.

Personalities

General Kurt von Briesen was killed in action on the eastern front on November 20, 1941.

2. NavalDistribution

Ship		Date	Location
Name	Type		
TIRPITZ	BB	November 9	Kiel
SCHARNHORST	BB	November 21	Brest
GNEISENAU	BB	November 21	Brest
SCHLESWIG-HOLSTEIN	OBB	November 9	Hamburg
SCHLESSEN	OBB	October 7	Central Baltic

-12-

CONFIDENTIAL

15

CONFIDENTIAL

Ship		Date	Location
Name	Type		
(Continued)			
GRAF ZEPPELIN	CV	Prior Nov. 16	Departed Stettin
ADMIRAL SCHEER	CA	November 19	Swinemünde
LUETZOW	CA	November 9	Kiel
SEYDLITZ	CA	October 12	Bremen
PRINZ EUGEN	CA	November 21	Brest
ADMIRAL HIPPER	CA	November 5	Off Sassnitz
NUERNBERG	CL	(November 5	One of these two ships off Sassnitz
LEIPZIG	CL		
KOELN	CL	September 29	Gdynia
EMDEN	CL	November 9	Kiel
4 Units	DD	September 24	Northern Norway
5-7 Units	DD	September 24	In the Baltic
1 Unit	DD	September 24	Bergen
3 Units	DD	September 24	North Sea ports
2 Units	DD	October 24	Cherbourg
Remaining Units	DD	-	Unknown
150 Units (estimated)	SS		Operating out of German, Norwegian and French Atlantic ports

Operations

A smaller number than usual of German submarines were encountered during the period November 6 to November 13. Two forces were operating: one off the Portuguese coast, and one off the southern coast of Greenland.

British October shipping tonnage losses were less than 75% of the September, 1941, losses.

-13-

CONFIDENTIAL

CONFIDENTIAL

HMS ARK ROYAL was attacked and sunk by two or more German submarines just east of Gibraltar on November 13, 1941. It is not certain whether these submarines were operating out of the usual French West Coast bases, or from newly established bases in the Mediterranean.

In the light of available information, it appears practically certain that all Rumanian and Bulgarian Black Sea ports are being prepared by the Germans for use as bases for offensive operations. The naval forces at Axis disposal in this sea are still very inferior to the Russian Black Sea Fleet. Axis Black Sea naval operations on any extensive scale are not to be expected until such time as the Red Black Sea Fleet either will have been destroyed or otherwise neutralized.

It is reported that Axis Black Sea forces have been reenforced by five small submarines brought down the Danube. A sixth small U-boat is to follow.

A shortage in available Axis Black Sea shipping may be indicated by the recent sinking of a 1200-ton Hungarian river motor vessel. This ship was reported to have been carrying munitions for Axis land forces and was sunk by a mine in the Black Sea.

H.M.S. DEVONSHIRE (CA) encountered and sank a converted German commerce raider on November 22 in the South Atlantic. The Axis raider, believed to have been the TALEXIS, was blown up by a magazine explosion thirteen minutes following the commencement of the engagement.

According to belated evidence, it is not fairly certain that the German 6,000-ton light cruiser KOELN was engaged in operations leading to the capture of the Baltic (Oesel) Islands six weeks or so ago.

Personalities

Lt. Reschke and Lt. Guggenberger were in command of the two German submarines credited with the sinking of the ARK ROYAL. Reschke entered the Navy in 1929 and Guggenberger in 1934. Neither officer had been previously mentioned in connection with submarine operations.

-14-

CONFIDENTIAL

17

299

CONFIDENTIAL

Captain Bernhard Rogge was in command of the raider reported sunk by H.M.S. DEVONSHIRE. Captain Rogge entered the Navy in 1915 and was advanced to his present rank in 1940. He has been awarded the Knight's Cross of the Iron Cross.

3. AirStrength and Disposition

According to a recent reliable report, the disposition of the German Air Force in Russia is as follows:

	<u>Leningrad</u>	<u>Moscow</u>	<u>South of Kharkov-Kiev</u>	<u>Finland & North Norway</u>
Long range bombers	90	200	240	40
Bomber reconnaissance	30	30	45	10
Dive bombers	0	90	60-75	30
Single-engine fighters	30	180	130	30
Two-engine fighters	30	35	0	10
Totals	180	535	475-490	120

Grand Total - 1310-1325

A previous report from the same source estimated that, as of October 1, 1941, the Germans had almost exactly twice the above number of planes on the Russian front. This reduction in air strength may be due to some, or all, of the following factors: (a) reported withdrawal of some 560 bombers and 150 single-engine fighters from the Russian front to Central Germany for refitting; (b) losses; (c) shift of air strength to the Mediterranean, which has recently been reported from several sources.

In the Mediterranean, prior to the beginning of the recent British offensive in Cyrenaica, German Air Force distribution was reliably reported as follows:

CONFIDENTIAL

	<u>Bombers</u>	<u>Dive Bombers</u>	<u>Fighters</u>	<u>Recon- naissance</u>	<u>Coastal</u>
Cyrenaica	30	70	75	5	-
Sicily	10	-	-	-	-
Crete	-	20	10	-	-
South Greece	60	-	-	20	25

Total - 325

This represented a slight decrease in German air strength in the Mediterranean from the last previously reported figures.

Operations

West - Reconnaissance continues to be the chief German aerial activity in this theater, operations being carried out over the British Isles and over the sea approaches. A small number of bombers were regularly in action, and activity of mine-laying planes was reported occasionally.

Russian Front - According to German claims, the German Air Force has been very active on the Eastern Front. Leningrad and Moscow were bombed regularly during the past two weeks. The northern part of the city of Leningrad is now in ruins, the Germans report. German bombers also are said to have paid particular attention to railroad communications; namely, the yards near Moscow and the Kurlansk railroad at and north of Vologda.

The Luftwaffe also claims many successes in pounding the Russians in the Crimea at Sevastopol and at Kerch.

Up to November 1, German sources claim that 23,000,000 pounds of supplies in 30,000 flights had been carried to the front by German air transport.

On November 21, the Germans claimed further that, to that date, 15,877 Russian planes had been destroyed.

-16-

CONFIDENTIAL

CONFIDENTIAL

Mediterranean - German activity in this theater has been limited largely to defensive operations. It has been reported that German air units in Libya have recently vainly requested reinforcements of troop-carrying planes.

Personalities

During the last fortnight, the German Air Force has lost its greatest technical expert and its leading ace. Col. Gen. Udet was killed while testing a new secret weapon. Lt. Col. Koelders was killed when a transport plane in which he was a passenger crashed near Breslau on November 22. Koelders was returning to the front after attending Udet's funeral.

CONFIDENTIALF. The Italian Military, Naval and Air Situations1. MilitaryLibya

At dawn, Tuesday, November 18, the British launched their long-awaited offensive against the Italian and German forces in the Libyan Desert. The British have been preparing for this drive for many months, and a steady stream of materiel has been flowing to the Middle East. For the first time British forces are meeting the Germans with ample equipment and air superiority.

The main spearhead of the attack began south of Sidi Omar, fifteen miles from the coast at Sollum, and branched northward to Bir el Gobi and Sidi el Rezegh. At Bir el Gobi, the Italian 132nd Ariete Armored Division apparently was badly mauled by the British. At El Rezegh, Imperial forces captured the airfield, including planes and personnel. Further south an Imperial Motorized Force, starting from Giarabub, raced across the desert to Gialo Oasis and captured the Italian outpost of El Augila.

Since the initial thrust a tank battle, between German and British armored forces, ensued at El Rezegh where both sides lost heavily in mechanized equipment. To date the fighting is still fluid, and no decision has been reached. However, the British are now in possession of Rezegh, Gambut and Sidi Omar Nuovo (the main supply bases of the German armored forces) have been captured, and the Tobruk garrison has made a juncture with the main Imperial forces at Ed Duda.

East Africa

Gondar, the last stronghold of the Italians in Ethiopia, is expected to capitulate within the next few weeks. The beleaguered Italian forces are entrenched on a mountain top north of Lake Tana where they have been cut off from supplies for the past seven months. British forces are closing in now and are only seven miles from Gondar.

(Note: Since the preparation of this report, the fall of Gondar has been announced.)

-18-

CONFIDENTIAL

21

CONFIDENTIAL

Russian Front

Italian ground lines of communication are being obstructed on the Russian Front and air transport is being used to supply the troops. Italian difficulties are due to mined and mired roads, lack of transportation facilities and the refusal of the Germans to repair the railroads in that sector. As a result, Italian forces in the Stalino area have been directed to exploit whatever local resources are available.

2. Naval

The Italian Navy is demonstrating its inability to protect convoys to Africa. In the attack on an Italian convoy November 8 by the British, the two Italian 8-inch gun cruisers stayed beyond the range of the British 6-inch gun cruisers during the entire action. Seven of the ten ships sunk in this convoy contained German troops. Again on November 21/22 a British submarine attacked another Italian convoy escorted by three cruisers and three destroyers in the Straits of Messina. One cruiser and a destroyer were hit. On the night of November 22 the convoy was again attacked by British aircraft off Cape Spartivento in which hits were claimed on another cruiser and several merchant ships.

German submarines are basing now in the Mediterranean. Reports indicate that the principal German submarine base in the Mediterranean is located at Capri. Permits to visit Capri are almost unobtainable, even for persons of Italian nationality. A German submarine base also is being established on the West Coast of Sardinia which will accommodate seven submarines.

3. Air

On November 15 a serious shake-up occurred in the Italian Air Force when General Rino Corso Fougier succeeded General Francisco Pricolo as Under-Secretary for Air. First reports of the ousting of General Pricolo indicated that he had failed to protect Italian cities from British air attacks because his interest lay in bomber and torpedo planes. It was believed that General Fougier, who is a specialist in pursuit aviation, would relegate bombers to second place in favor of the manufacture and use of pursuit planes. However, subsequent reports state that the Germans have taken over complete control and command of the Italian Air Force because of

-19-

CONFIDENTIAL

22

CONFIDENTIAL

the sinking of the big convoy on November 8 when many German soldiers were drowned. Mussolini was said to have acquiesced to the German demand and, rather than submit, General Pricolo resigned.

General Fougier is only a figure-head, and it is reported that he is not respected by the Air Force. He was a protege and satellite of the late General Balbo and commanded the 3rd Italian Air Fleet.

-20-

CONFIDENTIAL

23

299

NAVY DEPARTMENT

Office of Chief of Naval Operations
Office of Naval Intelligence
Washington

CONFIDENTIAL

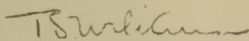
Copy No. 23
Serial No. 71

November 10, 1941

FORTNIGHTLY SUMMARY OF CURRENT NATIONAL SITUATIONS

(Information concerning Anti-Axis Belligerents
is omitted from this publication due to
its wide dissemination by mail.)

Because of the CONFIDENTIAL nature of the sources from which some of the information embodied in the text of this publication comes, and because of the CONFIDENTIAL channels through which it is transmitted to the Division of Naval Intelligence, it is appropriate to invite particular attention to the CONFIDENTIAL character of this publication.



T. S. BROWN
Captain, U. S. Navy
Director of Naval Intelligence

CONFIDENTIAL

246 (204) 1111

31E

CONFIDENTIALSerial No. 24.
November 15, 1941Fortnightly Summary of Current National SituationsA. The Diplomatic Situation1. Japan

The approaching crisis in United States-Japanese relations over-shadowed all other developments in the Far East during the period.

Saburo Kuruu, former Japanese Ambassador to Berlin, is flying to Washington with compromise Japanese proposals. No one apparently expects his mission to succeed, the envoy himself reportedly expressing extreme pessimism. American spokesmen, including Secretary Knox, have indicated that the United States will not budge from her position. Prime Minister Churchill warned that if war breaks out between Japan and America, Britain will declare war on Japan "within the hour." The United States is preparing to withdraw the marine detachments from China. The Japanese press continued to rail at Britain and the United States.

Japan protested to Panama against treatment of Japanese subjects in Panamanian territory. Panama rejected the protest. Japan also protested to Russia against floating mines in the sea of Japan which sank a Japanese passenger vessel in Korean waters.

Russia and Japan reached agreement on demarcation of the Mongolia-Manchukuo border in the Lake Buir Nor area.

2. Germany

In accordance with tradition, Hitler returned with prominent members of his Party to the Buergerbraeukeller in Munich on November 8, 1941, to celebrate the 18th anniversary of the Beer Hall Putsch. In his speech, Hitler declared that he had ordered the German Navy to fire on American ships only after being attacked. Orders have been issued, however, to torpedo any ships carrying war materials to Britain.

In a recent magazine article, Dr. Goebbels tells the German people that it is comparatively unimportant when the war will end and all-important how it will end. The article is calculated to steel the nation to endure further hardships and to be prepared for a continuation

-1-

CONFIDENTIAL

43E

CONFIDENTIAL

of military effort for an indefinite period. The New York Times calls the article "a rare concession of the possibility of defeat."

It has been reported that eighty per cent of the Iranians are pro-Axis and would welcome German intervention as a means of securing liberation from Russian and British control.

Karl Schnurre, Minister in the German Foreign Office, returned to Stockholm early in November. His return was followed by a report that Sweden had acceded to the wishes of the Reich and would not permit ten Norwegian vessels in Swedish ports to be returned to Norwegian owners.

Germany is pressing Bulgaria to assume police duties in Serbia and thus release the two or three German divisions engaged in putting down the Serbian uprisings.

Construction of a new highway and railroad line between Hamburg and Copenhagen, via the Islands of Fehmern and Laaland, has been commenced. This new line will shorten the distance between Copenhagen and Hamburg by more than eighty kilometers and will reduce travel time materially between the two cities.

3. Italy

The Brazilian Foreign Office announced on November 7th that the proposal for the purchase of Italian ships in Brazilian ports had been accepted by Italy. Eight ships are involved in the transaction for which Italy will receive a non-negotiable credit in the Bank of Brazil, which, when the war ends, will be liquidated, no transfer of funds being involved. The CONTE GRANDE, 23,861 tons, and three other Italian vessels, which have not discharged their original cargoes, were not included in the proposal.

On October 31st, the Yugoslav vessel TOMISLAV, which has been at Shanghai since April, was boarded and seized by a company of Italian Marines. The master and crew members were threatened with pistols and forced to abandon the ship and their personal effects. This is the second incident involving the vessel, the first occurring last April when the Italians seized the ship, claiming it had been

CONFIDENTIAL

purchased by Lloyd Triestino. This attempt failed, however, when the Japanese intervened. Since the second seizure, the Italians have been busy removing the last vestiges of Yugoslav ownership and the funnell is being repainted with the colors of Lloyd Triestino. In connection with the reported purchase of the vessel by Italian interests, a Japanese naval spokesman stated that under the Chinese Maritime code, the transfer of the vessel would not be valid unless it was duly registered with the Chinese Government.

Because of the intolerable conditions existing in Croatia, the Duke of Spoleto (King Aimone of Croatia) has abdicated the throne of that country.

l. France

The reprisal executions of Frenchmen, followed by Marshal Petain's appeal to the people, appear to have had the desired result, the only recent act of terrorism being the suspected sabotage of an Orleans passenger train in a Paris station. Little progress has been made in Franco-German collaboration, however, and it is reported that Adolph Hitler has become dissatisfied with what he characterizes as the "ambiguous" attitude of the Vichy government. It is thought that under renewed German pressure France must agree both to military and naval collaboration in French Africa and to the early retirement of General Weygand from his North African command. This latter demand has the support of Admiral Darlan and Minister of the Interior Pucheu. Petain, attempting to gain time, sent General Huntziger, Minister of War, to Africa to make a survey of local opinion, but it is felt that the Marshal must yield eventually and agree to Weygand's recall. De Leuss, personal representative of Weygand in Vichy, already has been removed from his post.

(Note: General Huntziger was killed in a plane crash on November 12, 1941, while returning to Vichy from this mission to Africa.)

Indications point to an increase of German activity in Tunisia. Two reputedly Rumanian engineers have been in that colony making surveys of the general terrain, highways, bridges, etc., and the French Resident General, Admiral Esteva, has gone to Vichy for consultations.

CONFIDENTIAL

The Vichy Government has announced that French Somaliland officials had agreed to negotiate with the British regarding the use of the port of Djibuti and the railroad linking the port to Addis Ababa. However, Colonial Secretary Admiral Platon, after a hurried trip to Djibuti, stated that the harbor works and railroad would be blown up before the port was surrendered to the British.

Diplomatic relations have been completed by the United States with Great Britain for sending a \$1,000,000 Red Cross cargo of milk, clothing and medicines to unoccupied France. Arrangements still must be completed with Germany and Italy for safe conduct of the vessel.

The Vichy government has protested to London against the capture of a convoy of five French merchant vessels en route from Madagascar to France. The British action was believed based on the possibility that the vessels carried tin and rubber from French Indo-China destined for the Nazis. Vichy, however, denies that there was contraband aboard. The 4,578-ton freighter SENNEVILLE was reported damaged by Royal Air Force planes on November 3, while in Tunisian territorial waters.

It has been reported that the BB RICHELIEU is now looked upon as one of the fixed defenses of Dakar and that there is no intention of having it undergo trial runs.

5. Latin AmericaMexico

The Mexican Government apparently is attempting to take advantage of the desire to eliminate all existing differences between the United States and Mexico quickly, in order to force acceptance of a settlement on the oil companies. Various high officials of the Mexican Government have issued thinly-veiled threats to the oil companies to agree to the negotiated settlement, "or else."

Reports have been received of several Supreme Court decisions which indicate a conservative trend. One decision held that an expropriation of property was in violation of constitutional guarantees in that no payment

-4-

CONFIDENTIAL

43E

CONFIDENTIAL

was made of "prompt and fair compensation." This is considered as another indication of government trend away from the leftist policy of the Cardenas administration, as the Supreme Court usually reflects the views of the administration, its decisions being in effect dictated by the executive.

Conservatism is gradually replacing the former communistic policies in the Department of Education, under the new Minister, Bejar Vasquez.

Acceptance of policies regarded as desirable by the United States is apparently greatly impeded by the presence in high governmental posts of officials under Axis influence or motivated by Anti-American sentiments.

Four hundred additional Spanish refugees from Casablanca, Morocco, among them Alcala Zamora, ex-President of Republican Spain, are expected in Vera Cruz.

Sinarquismo and Accion Nacional, two fascist organizations attaining significant strength and numbers, which are apparently under Nazi influence exerted both directly and through the Falange and Spanish-dominated members of the Catholic clergy, constitute a potential danger to internal order in Mexico and to Mexican-United States relations. If recent information that such figures as ex-President Portes Gil and Abelardo Rodriguez, and many other influential Mexicans, are working behind the scenes in these organizations, proves correct, the danger is even more serious than had previously been thought.

Guatemala

German propaganda has effectively used Guatemalan economic problems arising from blacklisting of German coffee producers to produce friction between President Ubico and the American Legation. A campaign to discredit the American Military Mission, and have it replaced by a Spanish Mission has been started, but little success has been noted.

Costa Rica

Under discussion, according to a recent report, is legislation to permit the registry under Costa Rican flag of American merchant vessels. Little opposition has

CONFIDENTIAL

appeared, and sentiment trends toward permitting the arming of such vessels. Foreign Minister Echandi of Costa Rica, only pro-German cabinet member, went to Panama, apparently to secure permission of that country for ex-President Arnulfo Arias to live in Costa Rica.

Panama

• Arnulfo Arias is now in Mexico City. It is reported that he has been offered refuge in Canada, provided that he stays for a minimum of three months. It is doubted that he will accept this offer, as most of his feminine contacts appear to be in Latin America, a factor which has radically influenced his movements hitherto.

The new government in Panama is still somewhat under the control of the national revolutionary party organized by Arnulfo Arias, and contains a number of high officials friendly to Arias, which inspires some doubts as to continuous satisfactory cooperation from the new regime.

Anibal Rios proposes to return to Panama to assert his claim as third designate to the Panamanian presidency.

Colombia

A committee of the Colombian Legislature published on November 9 a report on the American Black List and specified that the report itself should be brought to the attention of the foreign officers of the other American Republics. The report is said to have asserted that the United States Government criticized the Black List in the World War as being in violation of the law of nations, and implied that bribery and espionage by foreign service officials were involved in the compilation of the Black List and that the lists themselves are based on acquisitive ambitions.

Ecuador

Ecuador has agreed to allow American naval vessels to operate from her waters, but has not publicized the agreement, merely stating that patrols by United States vessels in Ecuadorean waters had been authorized.

-6-

CONFIDENTIAL

298

45E

CONFIDENTIALChile

The President of Chile requested leave of absence due to illness, and designated Jeronimo Mendez, head of the Radical Party, as Acting Vice President to administer the executive powers in his absence. The Radical Party is the largest element in the Popular Front Government which elected Aguirre Cerda to power. Upon first receiving news of the change it was feared that the Popular Front would be broken up by secession of the Communists, or that the new Vice President would swing so far to the right as to side with the Nazi Conservatives, inasmuch as his Radical Party is the middle of the road element and farther to the right than any other part of the Popular Front which supports the present government. However, as the Communist press has registered approval of the change and recommends increased watchfulness against the Rightist conspiracies of the Nazis, while Conservative members of the legislature have attacked the Acting President, it is believed that the Popular Front will remain intact and Acting President Mendez will not favor the Nazi-dominated Conservatives. Therefore, it would appear that the change would result in greater unity of the forces opposed to Nazism.

Peru

Dr. Rafael Larco Herrera, Vice President of Peru, arrived by plane from Rio de Buenos Aires on November 11. It seems significant that he has visited on his current trip the three countries which offered their good offices to re-establish peace between Peru and Ecuador. It is reported that he intends to remain several days in Buenos Aires and confer with Acting President Castillo, the Foreign Minister, and other prominent officials. Vice President Larco provides a democratic window-dressing for Peru to cover up the "behind the scenes" totalitarian methods employed against Ecuador. It appears reasonable to suppose that by his current visit to the three countries offering to mediate in the dispute, that he is trying to discover what fate lies in store for Peru in case mediation is forced upon her. Mexico was probably the first country to suggest that steps be taken against Peru due to her invasion of Ecuadorean territory. It is interesting to recollect that Mexico dispatched her Minister to Panama on a swing around the circle of South American capitals immediately after the expropriation of the oil fields, probably in order to ascertain what would be the result if consultation were invoked against Mexico.

CONFIDENTIAL

Indications are not lacking that now, as then, consultation of the other American nations would result in severe criticism of the "aggressor" nation.

Argentina

Brazilian Foreign Minister Aranha arrived in Buenos Aires by plane from Rio November 11. Recurrent rumors have been heard that Brazil has been successful in efforts to draw closer to herself her immediate neighbors in a net work of alliances that might be used to exert pressure on Argentina. Argentine official circles do not appear disturbed, however, but say they are fully informed as to what Brazil is doing and see no reason for alarm.

Argentine naval circles are disturbed by fears that the elevation of Dr. Mendez to the Acting Presidency in Chile will obstruct joint Argentine-Chilean defense of the Straits of Magellan.

Paraguay

Paraguay has recently had several small naval vessels operating in combined maneuvers with the Argentina fleet, and Argentina has offered to send a naval mission to Paraguay. The offer is still under consideration, with good prospects of being accepted.

Brazil

Foreign Minister Aranha was quoted on November 11 at Porto Alegre as saying that Brazil would not remain neutral if another American nation entered the war. He said, according to the newspaper, "We are, and wish to be, Pan Americanists. We follow the American way. We go along with America's fortunes." Despite these public declarations, he is opposed to the placement of certain Brazilian firms on the Black List and has forbidden temporarily the publication of the latest edition of the Black List in Brazil. He is also at odds with Pan American Airways, probably due to what he considers lack of cooperation in furnishing transportation when desired for his family and for his present trip to Chile. News reports from Chile state that he was received most enthusiastically upon his arrival there.

CONFIDENTIAL

277

47E

CONFIDENTIAL

Current action of the Brazilian Government in facilitating use of Brazilian airports by American planes and by reinforcing garrisons in northern Brazil, indicate that President Vargas has decided definitely to throw his influence to Pan American cooperation. The opposition may become desperate, however, and cause open disorders as a result.

TrendsMilitary and Naval

There is a marked trend towards military and naval cooperation by the southern countries of South America for mutual defense of their territories. This is exemplified by the joint maneuvers of the Paraguayan and Argentine navies and the plans for joint Argentine-Chilean defense of the Straits of Magellan.

Economic

The economic trend is towards increased interchange of commodities between South American countries in an effort to supply the necessities and dispose of surpluses amongst themselves. There appears to be much hope for considerable success in this direction as, surprisingly enough, in normal times the tendency was to export and obtain manufactured articles in return from Europe, but little commerce was conducted among themselves. Now it has been found that many of the articles formerly obtained from Europe can be obtained from neighboring South American countries which produce them. When projected improvements in communications between South American countries are completed, still further economic interchange will become possible.

Totalitarian Penetration

Arnulfo Arias, ex-President of Panama, while in Managua manifested a strong desire to get in communication with a German General in Argentina. This would indicate that Arias also had been involved in contacts with Germans in Argentina, as had the Honduran exiles, to whom Ambassador von Thermann had promised assistance in the contemplated revolt against the present government of Honduras. Fernando Gomez Ayau, Guatemalan police official lent to Panama as Chief of Arias' secret police, has been mentioned in connection with a project to secure arms for the Honduran exiles. It now appears that Arias may have been aware of this and a party to the plot, though the possibility exists that he had requested German aid against the U.S. in Panama.

-9-

CONFIDENTIAL

43E

CONFIDENTIALB. The Japanese Military Situation

Reports of Japanese strength in Indo-China ranged from 1,500 to 120,000. It is believed that actually there are about 60,000 Japanese troops in Indo-China, which number is being increased slowly. China fears an attack on Yunnan, and Thailand fears attack. Both governments are attempting to obtain British-U.S. military (particularly air) support. It does not appear that Japan is yet strong enough in Indo-China to attack Yunnan or even Thailand.

C. The Japanese Naval Situation

The Combined Fleet remains in home waters, nearly in full force in the Inland Sea. The only large combatant vessels believed immobilized are the HARUNA (BB) and TAKAO (CA). The Fleet aircraft units, which were sent to southern Formosa about two weeks ago, have been returned to home waters. Thus no major units are now off their regular stations.

With troop transports and cargo vessels continuously moving down to Indo-China ports small naval craft are providing escort. There is, however, no indication of any large naval concentration at present in any area.

Naval aircraft in Indo-China are being augmented. These aircraft are being drawn not only from Hainan and China coast bases, but probably also from units normally short-based in Japan. Accurate numbers are not available.

A naval guard ship is now stationed in the Tauguru Straits which challenges all maritime traffic passing through the straits.

The ISUZUMI, converted aircraft carrier, originally laid down as a passenger liner of 27,000 gross tons, was launched in Kobe on October 30. New construction in general remains slow due to lack of materials but evidence is becoming stronger that construction will be completed very soon.

An increasing number of merchant vessels are being requisitioned by the Navy since the disruption of Japan's overseas trade. It is believed that oil merchant tankers are being armed with two guns each.

D. The Chinese Military Situation

Japanese troops evacuated Chongchiao, Tsunan, and other recently captured. Skirmishing occurred at southern points in north China and Suiyuan, along the Fengte, Hsiao Shing, and near Canton.

CONFIDENTIAL

The Soviet government has informed Chungking that no more Russian war materials can be shipped to China.

E. The German Military, Naval and Air Situations1. MilitaryStrength

No new information regarding the strength of the German Army has been received since the last Fortnightly Summary.

Distribution

No new information regarding the over-all distribution of the German Army has been received since the last Fortnightly Summary.

Operations

There has been no decisive change in the relative positions of the opposing armies along the Russian front. The Russians apparently have held their line with success practically everywhere, except in the Crimea.

Finnish Sector - To date all Finnish-German attempts to reach the Murmansk-Leningrad railway in the Murmansk and Kandalaksha sectors have been frustrated. West of Murmansk the Germans were again driven back to the Litza River. A renewed Finnish-German thrust is rumored to have gotten underway, aiming to cut this rail line east of below Kandalaksha. There are, as yet, no definite indications as to the progress of this effort.

Due to their failures in northern Finland, the Germans are now reported to have detailed a group of their army officers to take instruction in winter and forest warfare at the (Finnish) Linea Military School.

Except for a limited advance up along the Murmansk Railway to a point approximately 50 miles north of Petrosavodsk, operations in Eastern Karelia were practically at a standstill. Off the western shore of the Karclian Isthmus, the Finns were reported to have recaptured Koivisto Island fortresses and other small islands in the Gulf of Finland. Hangö is still under siege.

CONFIDENTIAL

North-Central Sector - The siege of Leningrad continues. Both Russians and Germans claim to have repelled one another's attacks. A reliable source reports famine conditions inside Leningrad. A move to cut off a Soviet route of supply to the city (via the Volodga Railway to Lake Ladoga, and via this lake to the city) was undertaken by the Germans. Moving eastward from their bridgeheads across the Volkhov River, German forces were reported to have seized the rail junction of Tichvin last week (about 100 miles ESE of Leningrad). The Soviets partially confirmed this move when they claimed to have stopped German attacks 25 miles south of Tichvin.

Central Sector - The basic situation around Moscow appears to have remained unchanged during the past two to three weeks. After considerable fighting, the front appears to have been stabilized in the Kalinin area. At Volokolamsk successive Russian counter-attacks are said (by the Soviets) to have resulted in the encircling of German forces of considerable size. From Moshaisk, through Nara-Pominsk, Maloyaroslavets and Serpukhov, to the region about Tula, heavy fighting apparently has failed to make much of an impression on the Soviet defenses. The Germans denied a report that their forces had captured Tula.

Southern Sector - Little detailed information on operations along the front from Orel to Rostov has been received. While minor territorial gains may have been made by the Germans and their Allies, no further cities or areas of prime importance are known to have been lost by the Russians. It is quite possible, however, that the Germans have been busy preparing another major offensive, designed to carry them to the Don, or perhaps lower Volga Rivers.

Crimsean Sector - Considerable gains were made by the German force invading the Crimea. Simferopol, Theodosia and Yalta have fallen, and the defending Red Land forces split and driven back in the directions of Sevastopol and Kerch. The Red Black Sea Fleet was forced to abandon its Sevastopol operating base. Severe fighting is now in progress on the Kerch Peninsula, and on the outskirts of Sevastopol.

South-East - Full load German Army trucks have been reported moving into Bulgaria. This may indicate ammunition and equipment for a possible German Caucasus thrust to be launched from Bulgarian shores. According to the latest reports, three German divisions are now reported stationed in Bulgaria.

CONFIDENTIAL

The total mobilized strength of the Bulgarian Army now is reported to have reached 270,000 men, including 6,000 now in process of mobilization. Two Nazi SS Divisions, hitherto assigned to the forces of occupation in Yugoslavia, are now reported being relieved by Bulgarian Army units. It is not known where the two SS Divisions are to be sent.

South - An unconfirmed report states that the Germans are organizing four light armored and 10 motorized divisions for tropical service. Another report claims that 150,000 young German Army recruits are being trained and acclimated for tropical service in the Bordeaux-Bendaye area.

A reliable source reports the transit of German colonial forces to Italy, estimated at 8 divisions. A recent unconfirmed report from supposedly reliable sources claims that German forces in North Africa have been increased from 40,000 to 70,000 men. Light tank units are also said to have been moved into Greece by way of Yugoslavia, for eventual transportation by plane to Libya.

2. NavalDistribution

<u>Ship</u>				
<u>Name</u>	<u>Type</u>	<u>Date</u>	<u>Location</u>	
TIRPITZ	BB	November 9	Kiel	
SCHARNHORST	BB	October 27	Brest	
GNEISENAU	BB	October 27	Brest	
SCHLESWIG-HOLSTEIN	OBG	November 9	Hamburg	
SCHLESIEN	OBG	October 7	Central Baltic	
GRAF ZEPPELIN	CV	October 12	Stettin	
ADMIRAL SCHEER	CA	November 7	Swinemunde	
LUETZOW	CA	November 9	Kiel	
SEYDLITZ	CA	October 12	Bremen	
FRINZ EUGEN	CA	October 27	Brest	

-13-

CONFIDENTIAL

298

52E

CONFIDENTIAL

ADMIRAL HIPPER	CA	November 5	Off Sussnitz
NUERNBERG	CL	November 5)	One of these two off Sussnitz; location of other unknown.
LEIPZIG	CL	November 5)	
KOELN	CL	September 29	Gdynia
EMDEN	CL	November 9	Kiel
4 Units	DD	September 21	Northern Norway
1 Unit	DD	September 21	Bergen
5-7 Units	DD	September 21	In the Baltic
3 Units	DD	September 21	North Sea ports
2 Units	DD	October 21	Cherbourg
Remaining Units	DD	-	Unknown
150 Units (estimated)	SS		Operating out of German, Norwegian and French atlantic ports.

Operations

Two German submarines are now reported to be operating in the Aegean. German naval off-shore patrols in Greek waters are said to have been increased.

On November 14, some 1,100 German naval seamen were reported stationed at Naples. Hotel Boccadileone on Piazza Boccadileone, Rome, is now German submarine headquarters, which will control German submarines now entering the Mediterranean.

3. AirStrength and Disposition

No further information regarding German over-all plane strength and production has been received since distribution of the last Fortnightly Summary.

A reliable report just received puts Nazi air strength in the Mediterranean, on October 21, at:

-14-

CONFIDENTIAL

CONFIDENTIAL

	<u>Bombers</u>	<u>Dive Bombers</u>	<u>Fighters</u>	<u>Reconnaissance</u>	<u>Coastal Aircraft</u>
Cyrenaica	30	70	80	10	-
S. Greece	80	-	-	25	-
Crete	-	20	10	-	25
Sicily	-	-	10	-	-

The total number of German planes available in the Mediterranean area is estimated at 380.

Operations

West - No substantial change in German air operations has been noted since distribution of the last fortnightly Summary.

Eastern Front - There is reason to infer that the Nazis may be getting ready to curtail operations along the Moscow section of the front during the winter.

A shortage of gasoline at forward stations of German fighter commands is holding up fighter operations around Rostov. These forward stations are supplied by air transport.

The strength of German close support forces has been kept up well. Replacements have been made available to these units, several of which have gone into action above their normal strength.

Though Nazi losses in the war with Russia de rigards most equipment and material have not been overly severe, this does not apply to the loss of German aircraft which has been serious.

From German sources come the following claims of air action:

- (1) Finns sunk Russian troops ship and hit PC in the Gulf of Finland.
- (2) Raids on the Caucasus area.
- (3) During week ending November 9:
 - 1 warship sunk
 - 17 transports sunk
 - 2 warships damaged
 - 29 merchantmen damaged

-15-

CONFIDENTIAL

546

CONFIDENTIAL

Mediterranean - No information of a change in the basic air situation has been received since the last Fortnightly Summary.

Personalities - Germany's No. 1 flyer, Lieutenant Colonel Moelders, until recently in Russia, has been sent to Greece and Crete to assume charge of large scale operations against the Suez Canal, Alexandria and the British Mediterranean Fleet, according to a recent report.

The Flying Corps of Lieutenant General Pflugbeil is reported taking part in the offensive in the Crimea.

-16-

CONFIDENTIAL

298

536

CONFIDENTIALF. Italian Military, Naval and Air Situations1. MilitaryLibya

No unusual military operations have taken place in the Western Desert area. Patrol activities continue and there are indications that the Axis have increased substantially their forces in recent weeks.

East Africa

British forces in Abyssinia have encountered some opposition from native forces who have been harrassing their line of communications along the Sardo-Dessie road. Lately the natives shifted to the northwest toward Alomato and communications have been reestablished.

Recently three Italian battalions were moved out of the Gorgora-Ceiga sector west of Gondar, eastward to the line of Meldiba-Deva.

Russian Front

Four Black Shirt battalions entrained at Rome on November 3 for the Russian front. These were specially selected men who have recently undergone a period of special training in Italy so that their technical-military efficiency is at present considered high. The force wears the insignia "M" and are known as the "Mussolini Battalions". The greater part of them are veterans of the Italian campaigns in East Africa, Spain and Greece.

The many reports of 1,000,000 men, 350,000 men, 25 divisions, etc., being sent to Russia, can be boiled down to the 4 divisions already at the Front, the above token Black Shirt force and the 4 divisions earmarked, which may or may not actually leave.

2. Naval

On the night of November 8/9, an Italian convoy, consisting of ten merchant ships and an escort of 2 10,000-ton, 8-inch gun, TRENTO class cruisers and 4 destroyers, was attacked by a British naval force of

CONFIDENTIAL

two light cruisers and two destroyers. In the ensuing action, nine Italian merchant ships were sunk, a tanker left burning and abandoned, and two Italian destroyers were sunk. On the following night, a British submarine sank one destroyer and damaged another, east of Messina.

The badly damaged Italian battleship *CAVOUR* is now in the water off the Eastern Drydock Arsenal of Lloyd Triestino at Trieste. The 10,000-ton cruiser *BOLZANO*, which was damaged seriously in August, is now undergoing repairs at Genoa. The battleships *ITTORIO* and *VITTORIO VENETO* are still at Naples and the *ORLGA* and *EUILIO* are at Taranto. The light cruiser *EUGENIO DI SAVOIA* is at La Spezia undergoing overhaul. Of the twenty-three submarines which were casing recently at Bordeaux, only six are left, the balance having returned to Italy.

3. Air

The latest disposition of the Italian Air Force is as follows:

Type	Libya	Aegean	Balkans	Sardinia	Total
Fighters	230	40	110	60	440
Bombers	60	16	25	50	151
Torpedo Bombers	10				10
Bomber Reconnaissance	50	40		20	110
Dive Bombers	20				20
Reconnaissance	30		80	10	120
Transport	25				25
TOTAL	425	96	215	140	876*

* Serviceability 60%

10th. in. to Op-16-F

NAVY DEPARTMENT

Office of Chief of Naval Operations
Office of Naval Intelligence
Washington

CONFIDENTIAL

Copy No. 83
Serial No. 23.

November 1, 1941

FORTNIGHTLY SUMMARY OF CURRENT NATIONAL SITUATIONS

(Information concerning Anti-Axis Belligerents
is omitted from this publication due to
its wide dissemination by mail.)

Because of the CONFIDENTIAL nature of the sources from which some of the information embodied in the text of this publication issues, and because of the CONFIDENTIAL channels through which it is transmitted to the Division of Naval Intelligence, it is appropriate to invite particular attention to the CONFIDENTIAL character of this publication.

T. S. Wilkinson

T. S. Wilkinson
Captain, U. S. Navy
Director of Naval Intelligence

CONFIDENTIAL

297 (24 pages 184 1.)

586

CONFIDENTIALSerial No. 23
November 1, 1941Fortnightly Summary of Current National SituationsA. The Diplomatic Situation1. Japan

Prince Konoye's Cabinet resigned on October 16. Lieutenant-General Tojo, Konoye's Minister of War, formed a new cabinet in which he holds the posts of Premier, Minister of War, and Minister of Home Affairs. He also reshuffled the membership of the powerful Cabinet Advisory Council to ensure that this body would cooperate with the government. Tojo has thus concentrated enormous powers in his own hands, far more than any Premier of modern times. He is jingoistic and anti-foreign, particularly anti-Russian. He has strong pro-Axis leanings.

Tojo stated that Japan would seek settlement of the China incident, strengthen her ties with the Axis, and continue her policy of building the Greater East Asia Co-prosperity sphere. An early Japanese attack upon Siberia is predicted by many observers, a drive against Thailand by others. Still others think an advance into Yunnan to cut the Burma Road is imminent. However, General Tojo announced that Japan-United States conversations will continue. This, together with the fact that a special five-day session of the Diet has been called for November 15, makes it appear probable that Japan will not launch any new attacks at least until after mid-November.

2. Germany

Since the beginning of the Russian Campaign, there have been indications of growing unrest among the civilian population in Germany - particularly along the Baltic littoral. At Danzig, military forces had to be called upon to assist the police in restoring order. Workmen are reported to have thrown pieces of iron at the soldiers, who thereupon fired into the crowd. It must not be assumed, however, that unrest has reached serious proportions. Blind faith in Hitler is still widespread, and signs of internal dissensions are, as yet, only slight. Incidents like the Danzig affair are isolated and should not be considered indicative of a general trend.

-1-

CONFIDENTIAL

297

59E

CONFIDENTIAL

Coincident with the fall of the Japanese Cabinet of Premier Prince Konoye, Germany announced three important assignments to the Far East. Heinrich von Stahmer, specialist in Far Eastern and Asiatic affairs, was appointed Minister to the "Government in China" in Nanking, on October 15, 1941. Fritz Wiedemann, former German Consul at San Francisco, was appointed Consul General to Tsingtao on October 16, 1941. Tsingtao is the former German colony of Kiaochow. Dr. Ernst Wendler, former German minister to Bolivia, whose removal from this office was requested by the Bolivian authorities in July, 1941, was appointed Minister to Thailand on October 16, 1941.

The Russian Campaign has created an oil situation in Germany more serious than any which has existed since September, 1939. Industrial plants have had their quotas cut sixty per cent in many instances. Many individual consumers have been cut off entirely.

Since the beginning of the Russian Campaign, Germany has had to investigate the possibility of another route if she is to continue to receive rubber from the Far East. It is reported that arrangements with the French authorities have been made for rubber shipments from Saigon to Valparaiso, thence by land to Buenos Aires, and from there to Portugal or Casablanca.

Because of the inadequacy of leather supplies from other sources, Germany has been attempting to run the blockade from Brazilian ports with German and Italian ships loaded with heavy hides.

Germany and Spain have signed a labor agreement whereby Spain will send 100,000 workers to Germany, but will accept no German workers in return. Germany had asked for an "exchange" of some 200,000 men.

The majority of Russian prisoners are employed by the Todt Organization on reconstruction in German-occupied Russia. About 20,000 Russian prisoners are employed in agriculture.

Dr. Karl Clodius, after concluding the German-Turkish trade agreement, went almost immediately to Rome, where he conferred with the German Minister of Economic Affairs, Dr. Walther Funk, and the Italian Minister of Exchange.

CONFIDENTIAL3. Italy

A series of important conversations began in Rome on October 19 between Dr. Walther Funk, Germany's Minister of Economics and Raffaello Riccardi, the Italian Minister of Exchange. The outcome of these conversations was that Germany not only made important concessions to Italy on the price and delivery of coal, but Dr. Funk took the occasion to paint a glowing picture of Italy's place in the post-war order. Italy is to have undisputed control of the Mediterranean - provided, of course, she furnishes in advance the men and labor Germany is demanding. Another one of the aims of the discussion was to provide a rearrangement of clearings to embrace not only Italy's trade with Germany, but that between Italy and the Balkans, as well as southern European countries.

Shortly after the discussions with the German delegation, Riccardi left for Bucharest to negotiate a new Italo-Rumanian commercial accord. A large Italian delegation is soon to follow, in order to complete the details.

Also, discussions are being carried on at the Nazi headquarters in Russia between Count Galeazzo Ciano, Italy's Foreign Minister, and Hitler and the German Foreign Minister, Joachim von Ribbentrop. The purpose of this meeting is somewhat obscure, but it is believed that plans are being made for a new diplomatic move aimed at Turkey.

A treaty fixing the borders between Croatia and Montenegro was signed in Zagreb October 27 by Italian and Croat officials. The new border starts from the zone of Dobricevo, northern limit of the border, and follows roughly the ancient borders of 1914 between the Austro-Hungarian Empire and Montenegro and Serbia, reaching Mount Klinack-Clava, which is the point where the borders between Montenegro, Croatia and Serbia meet.

The exiled Grand Mufti of Jerusalem, Haj Amin el Husseini, has arrived in Rome, after escaping the British in Iran. As a result, Italy is provided with a great propaganda weapon, which may be used to turn the Moslem world against the British and Jews. The Grand Mufti fled from Palestine to Syria in 1937, when the British attempted to arrest him for Arab terrorist activities.

-3-

CONFIDENTIAL

297

GIE

CONFIDENTIAL

From Syria, the Mufti went to Iraq when the French were about to seize him, and in Baghdad he directed the Iraqi revolt, which the British had to put down last May. After the British occupation of Iraq, the Grand Mufti sought shelter in Iran, from where he mysteriously disappeared when the British and Russians entered Teheran.

4. France

The termination of one year since the Montoire meeting of Adolph Hitler and Marshal Petain, at which the foundation for Franco-German collaboration was laid, finds France moving slowly into the Axis orbit. Economic collaboration is well under way, and political collaboration is expected to follow under renewed Nazi pressure. With a slowing up of German military operations in Russia during the winter, new developments are expected in the negotiations between France and Germany which may determine whether this policy is to survive. A strong effort is being made to return Pierre Laval to a position in the French government, in order to remove existing obstacles to collaboration.

While a state of war exists between France and Germany, normal diplomatic relations cannot be restored. However, an agreement has been reached for establishing, on a reciprocal basis, Nazi consulates in the French unoccupied zone and French consulates in the Reich. Krug von Mida has been named German representative to Vichy and Georges Scapini, present Vichy negotiator concerning war prisoners, is expected to be the French envoy to Berlin.

In reprisal for the assassination of two German military authorities in France, 100 French hostages have been executed, bringing to 128 the total to date. The execution of an additional 100 hostages, sentenced to be shot unless the assassins of the German officers were found, has been postponed indefinitely.

Contrary to rumor, Gaston Henri-Haye will remain as French Ambassador to Washington, his appointment having been extended in July for another six months. The renewals for six months of the missions of Ambassadors Francis Pietri to Madrid and Leon Berard to the Vatican have been announced also.

General Gamelin, ex-Premiers Daladier, Blum and Reynaud, and former Minister Mandel have been ordered

-4-

CONFIDENTIAL

297

62E

CONFIDENTIAL

confined in the Pyrenees fortress of Pourtalet by Marshal Petain under the charge of having failed in official duties and engaged France in the war unprepared. This sentence is independent of the proceedings of the Supreme Court at Riom, which is attempting to fix responsibility for the French defeat.

French Fleet

No recent movements have been reported among units of the Vichy fleet. The disposition of the vessels is as follows:-

<u>Toulon</u>	BB STRASBOURG, OBE PROVENCE, CVS COMMANDANT TESTE, 4 CA's, 3 CL's, 12 DL's, 17 DD's, 23 SS's, and 14 PG's.
<u>North Africa</u>	BB DUNKERQUE (damaged), 1 DL, 4 DD's and 10 SS's.
<u>Casablanca</u>	BB JEAN BART (77% completed), 2 CL's, 2 DL's, 6 DD's, 12 SS's, and 6 PG's.
<u>Dakar</u>	BB RICHELIEU (Damaged), 2 CL's, 4 DL's, 1 DD, 10 SS's, and 4 PG's.
<u>Madagascar</u> -	3 SS's and 1 PG.
<u>West Indies</u> -	CV BEARN, 2 CL's, 1 PG. and 1 XCL.
<u>Indo-China</u> -	1 CL, 12 PG's and PR's.
<u>Unreported</u> -	1 SS and 1 PG.

French ColoniesNorth Africa

Germany is bringing strong pressure upon the Vichy Government for the ouster of General Weygand as French pro-Consul for Africa and his replacement by General Henri Dentz, who directed the French defense of Syria. Weygand, upon his recent return from Vichy, declared that the government of France has made no decision on changing the present status of France's African possessions and that no conces-

-5-

CONFIDENTIAL

U3E

CONFIDENTIAL

sions have been granted the Axis for the use of air and naval bases in Africa. In accordance with the agreement between Vichy and Berlin, German consulates will be established in Algiers and Morocco, and an agreement between Darlan and Germany authorizes two Nazi "cultural missions," each consisting of about ten members, to Morocco and Algeria.

French Somaliland

According to a Vichy announcement of October 24, two "Anglo-de Gaullist" light columns of 300 men, invaded French Somaliland, crossing the border from Eritrea. Two days later it was announced that the troops had been withdrawn. No British or Free French comment has been made.

Syria

It was announced in London on October 28 that Great Britain formally recognized the independence of the Syrian Republic.

CONFIDENTIAL

64E

77

CONFIDENTIAL5. Latin AmericaMexico

Relations have been renewed between Mexico and Great Britain. The British Minister to Mexico will be Charles Harold Batesman, Chancellor of the British Embassy at Cairo since 1937. The Mexican Minister to London will be Alfonso de Rosenzweig Diaz, now Minister to Venezuela.

Mexico and Colombia raised their respective legations to embassies "through the desire to tighten and make more cordial the relations between the two countries."

Guatemala

On Monday, October 20, a report emanating from Berlin, but first heard in Guatemala over station XGEEI of San Francisco, stated the United States had delivered an ultimatum to Guatemala as follows: Withdrawal of German Minister Reinebeck; rupture of diplomatic relations with Germany; insistence that the United States would not purchase a single grain of produced coffee; and a demand that the firms on the United States proclaimed blacklist be forced out of business. The news was widely re-broadcast throughout Central America with many variations as to the terms of the alleged ultimatum.

A variation heard from a Costa Rican station was that German coffee was banned from the United States markets, and that the United States demanded that German banking firms in Guatemala be closed. On Tuesday, October 21, the Guatemalan Government officially denied that it had received any ultimatum from the United States Government. Reliable informants in Guatemala reported that the ultimatum news originated in Guatemala and that Foreign Minister Carlos Salazar and the President's German valet, Iburguen, had collaborated with the German Legation on the subject. The German Legation has ordered certain prominent firms to discharge their employees by the end of November, indicating pressure being exerted by the United States Government as a reason for this action.

CONFIDENTIALHonduras

Messages intercepted in Honduras indicate that Liberal revolutionary plots still are being hatched, but the plans discovered appear so impracticable that little serious effect is expected if attempts are made in the near future to put them into effect.

Panama

The new Government of Panama has revoked the decree of the former Arnulfo Arias administration, which forbade the landing of Panamanian merchant vessels. Although the tension has not subsided entirely, the new Government is clarifying and improving its position. Ex-President Arias still is at Managua in Nicaragua, from whence his departure is made difficult by the Nicaraguan Government's requirement that he have a valid passport, issued by Panama and by the country of destination, before he is allowed to leave. Thus far he has no passport cover.

Colombia

The Congressional debates concerning former War Minister Castro Martini's sale of Colombian transport, believed worth \$200,000, for a mere \$50,000, subsided, although the opposition press continued to campaign against the Foreign Minister. The House is now presided over by an anti-Lopez Liberal, but election of Senate leaders has been delayed as a protest against competition between anti-Lopez Liberals and Conservatives.

Peru

Rumors are current in Peru that that country will seek Japanese help if the United States, Argentina or Brazil attempts to restrain Peru in her struggle with Ecuador. Peru purchased Japanese munitions during the Leticia dispute with Colombia, and no other country will sell them to her, and Japanese munitions are sent to her in small quantities in the spring of this year.

Chile

Chilean Foreign Minister Alessandri, who is generally somewhat lukewarm towards Pan American cooperation, on October 22, made a strong speech in favor of national defense and opposition to the U.S.S.R. On October 23, he stated that the war situation makes cooperation difficult.

CONFIDENTIAL

absolutely necessary, and that Chile could be met by a military alliance between Chile and the United States and by participation in the general continental defense plan. He also stated that such a pact will be made to work out an agreement between Chile and Argentina regarding the fortification and defense of the Magellan area.

Argentina

Responsible government leaders state that Argentina is seeking to work out details with Brazil for defense in the Atlantic, and with Chile for the defense of the Magellan area.

Paraguay

Two Paraguayan minesweepers recently joined the Argentine fleet in maneuvers, the first time in the history of South America in which the war ships of two countries have engaged in joint maneuvers.

Brazil

The Brazilian Army has taken over the inactive AIR FRANCE facilities in northern Brazil, notably at Recife, which will prevent any possibility that the Italian LINT or German CONDOR lines might use them.

President Vargas and the Brazilian Minister of War, General Dutra, apparently have decided to throw in their lot with the democracies. They have issued instructions that various groups of younger Army officers be impressed with the urgent need for the closer Brazilian-American cooperation. Apparently a marked turn for the better is in progress among Brazilian Army leaders in their feeling toward the United States, although many continue to express their disappointment at the delay encountered in securing much needed military material ordered from the U. S.

Venezuela

Two important treaties have been completed between Colombia and Venezuela. One settles an old boundary dispute, and the other provides for a non-aggression, conciliation and arbitration pact between the two countries.

CONFIDENTIALCuba

The Cuban House of Representatives has enacted a resolution to send a protest to Hitler against the killing of hostages in France and is considering requesting all the Latin American countries to take similar action.

TrendsMilitary and Naval

Argentina is reported to be contemplating sending a Military and Naval Mission to the United States to discuss her part in the hemisphere defense and acquisition of needed material.

Economic

Efforts are being exerted by Germans in Guatemala and Costa Rica with some success through their sympathizers in those governments, to avoid the full effect of the application of the United States Blacklist to German economic interests in the countries concerned.

Federal Loan Administrator Jesse Jones has announced that the Export-Import Bank has agreed to lend Mexico \$30,000,000 for national highway developments, at the rate of \$10,000,000 per year.

A free commerce treaty has been signed between Guatemala and El Salvador which should be of mutual advantage to those countries, as each imports certain products which the other exports.

Totalitarian Penetration

The situation, as far as can be estimated by surface indications, continues to improve through Latin America. This is particularly gratifying in view of the continued successes of the Nazis in Europe. Hitherto such outstanding German success has been visible throughout Latin America in the shape of immediate softening of the local Governments' attitudes toward Nazi activities. It is felt that the differing attitudes of Latin American governments consider themselves committed to such extent against Nazi activities that any further rapprochement would be extremely awkward. When and if such a position is reached,

68E

CONFIDENTIAL

it is believed that the Latin American nations will proceed in a much more efficacious and expeditious manner to rid themselves of Axis activities than anything that they have manifested hitherto. Apparently Brazil already definitely considers herself in that position. It is believed that the majority of the other countries do, with the possible exceptions of Mexico, Guatemala, Costa Rica and Peru. Mexico still continues a delicate balancing act on the fence, while she distributes favors equally both to the Democratic and Nazi-Fascist sides, despite her lip service to democracy. Guatemala and Costa Rica, in view of their acknowledged weaknesses, may feel constrained not to offend the axis too deeply thus far. Peru, while continuing to conduct her relations with Ecuador in the best totalitarian manner, has her Vice President in the United States stirring up a smoke-screen of democracy.

B. The Japanese Military Situation

The Japanese forces in Manchukuo, Korea and Inner Mongolia, disposed for attack upon Russia, are reliably reported to have been increased to 684,000. At the same time reinforcements are arriving in Indo-China and it is believed that the garrison in that colony is to be increased from 50,000 to approximately 100,000 men. A large new air base is being established in northern Indo-China. The Japanese force at Canton is also being strengthened. The small Japanese garrison at Sharp's Peak near Foochow has been withdrawn. A minor clash near the Siberian-Manchukuo border, in which both sides suffered casualties, was reported by the Russians but denied by the Japanese.

C. The Japanese Naval Situation

The Japanese Navy now, according to the Navy Department's spokesman, is ready for any immediate eventuality. Mobilization plans have been carried out including not only changes in commands but the increase of ships' crews to full war complements.

The Combined Fleet has remained in home waters on normal stations except that a few units possibly including one capital ship have moved over to stations on the Japan Sea. Fleet aircraft units, however, in considerable strength have moved down to Southern Formosa. The Third Fleet, normally stationed on the China Coast, continues to remain in home waters. Other fleets are on normal stations. Although troop transports and cargo ships have been taking troops and supplies to ports in Indo-China, these vessels have not been accompanied by naval escorts.

CONFIDENTIAL

D. The Chinese Military Situation

On October 13, after three days of indecisive street fighting, the Chinese attackers withdrew from Ichang. Since that time nothing but sporadic skirmishing has been reported in this area. Skirmishing also occurred in southern Shansi, in north Honan and near Canton.

Russia has notified Chungking that she is unable to continue shipments of war supplies to China.

CONFIDENTIALE. The German Military, Naval and Air Situations1. MilitaryStrength

No new information regarding the strength of the German Army has been received since the last Fortnightly Summary.

Distribution

According to a reliable source, the distribution of the German Army on October 8, 1941, was estimated to be as follows:

<u>Location</u>	<u>Total Number of Divisions</u>	<u>Including</u>	
		<u>(Mechanized)</u>	<u>(Motorized)</u>
Russia	167	(19)	(21)
Northern Group - 31			
Central " 77			
Southern " 59			
Finland	8		(1)
Poland/East Prussia	10		
Balkans	14		
Italy - Libya	3	(2)	
Holland-France-Belgium	30		
Norway	7		
Denmark	2		
Germany and Austria (exclusive of E. Prussia)	19		(2)

The Tank Army, commanded by Colonel-General Hoepfner, has been transferred from the Northern to the Central Group of German Armies on the Russian Front.

Operations

Eastern Front - The second half of October saw the large German offensive slowed down by strong local

CONFIDENTIAL

Russian opposition and inclement weather.

Finnish Sector - Following the capture of Petrozavodsk, on Lake Onega, Finnish forces have been advancing northward along the Leningrad-Muravsk Railway. A Finnish column operating eastward out of Central Finland has joined forces with the column pushing north from Petrozavodsk at a point near the northwest tip of Lake Onega. The Finns are waiting for full winter weather, prior to resuming a vigorous offensive.

The Finns are reported contemplating cessation of offensive operations upon reaching and securing the following line:

White Sea to Lake Onega
 Lake Onega - Svir River - Lake Ladoga
 Lake Ladoga - Karelian Isthmus - Gulf of Finland

A partial demobilization of the Finnish Army is to be carried out, as dwindling Russian resistance releases more and more Finnish military manpower.

The Finns have apparently assumed a defensive attitude on the Karelian Isthmus facing Leningrad, at the Soviet-held island fortress of Kolivisto and at Hangoe.

North-Central Sector - Dageo, last Russian stronghold in the Baltic Islands, was taken by the Germans a week ago. Siege operations continued at Leningrad, with no apparent change in the local situation. The beleaguered Russians still obtain some supplies and reinforcements by water via Lake Ladoga. The Germans are reported to have established and enlarged a bridgehead across the Volkhov River, while a German division, farther east, crossed the Svir River and advanced some 20 miles to the southward. These German operations may be designed to eliminate the remaining Russian-held shore line on Lake Ladoga. Strong Russian positions still exist in the Valdai Hills sector. It now appears that the Germans have made no progress eastward from the line: Lake Ilmen - Seliger Lake.

Central Sector - The Germans officially claimed to have eliminated the bulk of Marshal Timoshenko's Group of Field Armies in the double-encirclement battles of Vyazma and Bryansk. The Soviets denied

CONFIDENTIAL

these claims and maintain that the main strength of these armies fell back to new positions closer to Moscow. The northern flank of the German force advancing along the Moscow-Smolensk highway branched north from Vyazma, took Rzhev, and drove on to Kalinin, where it was apparently stopped by Russian counter-attacks. Near Mozhaisk, west of Moscow, the principal German advance was halted, fighting spreading northward to Volokolamsk and southward to Loyalovsklavetz. German forces, coming by way of Bryansk, captured Orel and Kaluga, and pushed up towards Moscow as far as Maro-Fominsk. Severe Russian resistance and inclement weather, which bogged down mechanized equipment and supply trains, slowed down and stopped the Germans. With freezing weather hardening the ground, however, the Germans may regain a great deal of their mobility.

Southern Sector - The German advance into the Donetz industrial area has been relatively slow. Severe local Russian opposition and inclement weather are believed largely responsible. During the past two weeks, the Germans took Kursk, Belgorod, Kharkov, Kramatorsk, Stalino and Taganrog. Rostov is threatened; severe fighting is reported 20 miles west of that town.

In a battle beginning October 18, the Germans officially declare to have broken through two Soviet defense lines just south of the Perckop Isthmus, taking 15,000 prisoners. Farther west, Odessa fell to a siege by German and Rumanian forces. The Russians claimed to have successfully evacuated the garrison and most industrial equipment.

Troop Units

German SS Panzer troops in tropical uniforms were recently seen for the first time in the streets of Berlin. Inasmuch as these militarized Nazi Party troops are selected carefully and trained as special assault units, these new SS formations may be an indication of contemplated offensive operations somewhere in the lower latitudes - either North Africa, the Near East, or perhaps West Africa.

Army Personalities

General of Aviators Dinkelmann, successor to General von Schroeder as Military Commander in Serbia,

1830 CONGRESSIONAL INVESTIGATION PEARL HARBOR ATTACK

CONFIDENTIAL

is reported to be in command of three German Divisions in Yugoslavia. These forces are being employed to put down the rebellion.

2. NavalDistribution

<u>Ship</u>				
<u>Name</u>	<u>Type</u>	<u>Date</u>	<u>Location</u>	
TIRPITZ	BB	September 29	Danzig Bay	
SCHARNHORST	BB	October 13	Brest	
GNEISENAU	BB	October 13	Brest	
SCHLESWIG-HOLSTEIN	OBB	Prior Oct. 17	Departed Kiel	
SCHLESSEN	OBB	October 7	Central Baltic	
GRAF ZEPPELIN	CV	October 12	Stettin	
ADMIRAL SCHEER	CA	Prior Oct. 24	Departed Hamburg	
LUTZOW	CA	October 17	Kiel	
SEYDLITZ	CA	October 12	Bremen	
PRINZ EUGEN	CA	October 13	Brest	
ADMIRAL HIPPER	CA	October 17	Kiel	
MUERNBERG	CL	September 29	Gdynia	
LEIPZIG	CL	October 20	Off coast N. of Kiel	
KOELN	CL	September 29	Gdynia	
ELBEN	CL	October 20	Kiel	
4 Units	LD	September 24	Northern Norway	
1 Unit	DE	September 24	Bergen	
5-7 Units	ED	September 24	In the Baltic	
3 Units	EE	September 24	North Sea ports	
2 Units	ED	October 24	Cherbourg	
Remaining Units	ED	-	Unknown	
150 Units (estimated)	SS		Operating out of German, Norwegian and French Atl. ports	

297

-16-

748

CONFIDENTIALOperations

A German official communique on October 21, 1941, announced the conclusion of operations in the Baltic and along the Estonian littoral. Sea forces under the command of General Admiral Carls are credited with contributing decisively to the conquest of the Baltic Islands. Units of the fleet transported troops and broke up mine fields, and naval personnel participated in operations on land.

Grand Admiral Raeder has not given whole-hearted approval to the all-out submarine campaign advocated by Vice Admiral Doenitz, Commander of German U-boats. Admiral Raeder is believed to have recommended that Germany concentrate her naval efforts in the Baltic, the Black Sea, and the Mediterranean and reduce her scale of operations in the Atlantic.

Approximately 20 submarines have been operating recently west of longitude 30 and between latitudes 50 and 56. Some submarines have been operating as far west as longitude 53. Five or six submarines continue to patrol the water in the vicinity of the Azores and of the Canary Islands. One submarine is known to have been operating recently in the approaches to the White Sea.

Personnel

The presence of Lieutenant-Commanders "under instruction" on German U-boats indicates that the German Navy is reaching out into the older brackets for U-boat officer material. At the same time it appears that younger officers, even from classes as recent as those of 1935 and 1936, are also filling command positions in the U-boat service. At the beginning of the war, the most successful U-boat commanders came from the 1930 and the 1931 classes. Many of these have been lost to the service through death, capture or physical disability. There is evidence that there is also a lack of trained U-boat ratings.

Personalities

General Admiral Carls is the third ranking officer in the German Navy. While the BISMARCK was on her last

-17-

CONFIDENTIAL

297

75E

CONFIDENTIAL.

cruise, Admiral Gurl's, as Commander-in-Chief "Gruppe West", directed the course of the BISMARCK from shore.

3. AirStrength and Disposition

German air forces were reliably reported disposed as follows on October 1:

<u>Western Fr.</u>	<u>Russian Fr.</u>	<u>Mediterranean</u>	<u>Central Ger.</u>	<u>Total</u>
1032	2545	360	583	4520

More than half of all Nazi planes in Russia are said to be concentrated in the drive on Moscow.

Estimated total air strength and monthly plane production remains as shown in the last Fortnightly Summary - 2900 planes of all types and 2200 monthly production.

Operations

West - There has been no substantial change as regards German air operations over the British Isles and in the Western approaches since the last Fortnightly Summary.

Eastern Front - German reports make the following claims regarding air activity during the last fortnight:

- (1) hits on Marmansk railway;
- (2) troops short of supplies in Kalinin area provisioned by air;
- (3) much of Colonel General Keller's air fleet, formerly employed in the Latvia-Estonia-Lake Peipus section, liberated for action elsewhere;
- (4) sank 30,000 tons of Russian shipping in the evacuation of Odessa.

-18-

CONFIDENTIAL

CONFIDENTIAL

Mediterranean - Until recently General Weisler maintained air headquarters in Sicily for operations in the vicinity of Malta. The bulk of his planes have now been transferred to Greece, where he will direct Nazi air activity throughout the Mediterranean.

German air forces have been relieved of the air defense of Bardia by the Italians.

Personalities

The former German Air Attache in London, General of Aviator Henninger, is now on the staff of Field Marshal von Sperrle, Commander of Air Fleet No. 3, which is operating against the British Isles and shipping in the Atlantic.

CONFIDENTIALF. Italian Military, Naval and Air Situations1. MilitaryLibya

Recently the Germans augmented their forces in the western Desert by one armored and one infantry division, which brings their total strength to:

2 Armored Divisions (15th and 21st)
1 Motorized (5th)
1 Infantry

The Italian forces in Libya total 11 full divisions, plus 4 divisions which are being reconstituted from four divisions destroyed by the British last winter.

East Africa

The Italians still are continuing the fight in the Gonder area of Ethiopia, where their strength is now estimated to be: 15,000 men; 12,000 rifles; 57 guns.

Eastern Front

The German High Command gave Italian troops a share of the credit for the capture of Staling in the Donetz Basin. The Italian forces are now operating about forty miles west of Rostov on Don.

Occupied Territory

There is every indication that a real war is underway in Serbia. Nearly all railroad operations have ceased because of the activities of saboteurs and a number of trains have been derailed or blown up. Between forty to fifty thousand armed soldiers are conducting guerrilla activities from the hills of Montenegro and Herzegovina against Italian and German occupational forces. These guerrilla bands are receiving the cooperation of the rural population to the extent that almost the entire occupied territory is in a state of insurgency. To control this situation, the Italians have been forced to send a total of at least 25 divisions and possibly as many as 30 divisions to this theater. However, there are reports to the effect that Italian soldiers are selling their weapons and military supplies, deserting and entering into conspiracies with the inhabitants of this area.

CONFIDENTIAL

In the occupied territory, the Italian forces are distributed as follows:

Croatia and Ljubiana	3 divisions
Albania and Montenegro	8 divisions
Dalmatia	1 division
Greece and Aegean Islands	10 divisions

2. Naval

Several losses have been sustained by the Italian Navy during the past fortnight. On October 5 an Italian submarine was sunk by a British destroyer when two or three Italian submarines attempted an attack on an English convoy in the Atlantic. Two small destroyers were sunk by mines in the Central Mediterranean about the middle of October and an auxiliary merchant cruiser, the CITTA' de GENOVA, was sunk off Naples by a British submarine.

The present estimated strength of the Italian Navy is as follows:

<u>Battleships:</u>	2 LITTORIOS
	3 CAPOVRE
<u>Cruisers:</u>	1 8" gun cruiser (1 badly damaged)
	11 6" gun cruisers
	2 light cruisers (alt. efficiency very low)
<u>Destroyers:</u>	91
<u>Submarines:</u>	72

At the start of the war Italy had 121 submarines and her war plans were based on the fact that the striking effort of this large submarine force would assist her surface forces in rapidly gaining control of the entire Mediterranean. This was the biggest submarine force in Europe and was made up mostly of new types. Immediately after Italy joined the war her submarine losses grew to considerable and disastrous proportions. To date Italy has lost approximately forty-nine submarines. However, Italy is constructing under-surface craft (believed to be a small type) at the rate of two per month and it is possible that about twenty of these have been built since the war began. Some reports state that building equals losses but that the personnel problem hinders effective additions to the submarine force.

-21-

CONFIDENTIAL

CONFIDENTIAL3. Air

Contrary to the general belief, there is no evidence that the morale and fighting spirit of Italian pilots is poor. On the other hand, there is ample proof that in actual combat the Italians are outclassed frequently by the superiority of British pilots and aircraft. The Italian Air Force has been hampered by inadequate training and outmoded planes.

The estimated strength and disposition of the Italian Air Force is as follows:

<u>Libya</u>	
Central & East Sector	302
Western Sector	159
Scheran Sector	50
<u>Balkans</u>	
	188
<u>Adriatic</u>	
	104
<u>Sardinia</u>	
	130

Italy suffered its worst air raid of the war on October 21 when the British attacked Naples for 5 1/2 hours. Extensive damage was inflicted on the electric power center which has paralyzed train service. Entire streets of buildings were destroyed by fire, the industrial section around the suburb of San Giovanni a Teduccio was razed and fuel oil tanks near Granali were hit. In spite of the tremendous damage, there were very few civilian casualties as the raid was confined entirely to military objectives.

-2-

CONFIDENTIAL

297

80E