

S-E-C-R-E-T

ONI, DIA and State Declassification/Release
Instructions on File

Attachment
EDIC/ID-5

SOVIET BLOC MERCHANT SHIPS BUNKERING AND LOADING CARGO AT BALIKPAPAN

1. Early this year the Naval Attache at Djakarta, Indonesia, became concerned with the possibility that Soviet bloc vessels enroute to Communist China might be transiting the Sunda and Macassar Straits, and proceeding east of the Phillippines to North China. In May 1954 it was confirmed that this more southerly route had been used by an unidentified number of Polish ships in September and November 1953 and again in February and March 1954. However, since no bloc vessels had called at Surabaja, the normal bunkering port for the southern route, it was apparent that bunkering at Balikpapan (east coast of Borneo) was a definite possibility. The sole source of bunkers at Balikpapan is N. V. de Bataafsche Petroleum Maatschappij (BPM), Djakarta, apparently a subsidiary of the Royal Dutch-Shell group, in which the British are interested financially.

DIA 25X1

2. In May 1954 [redacted] upon returning from a trip to Balikpapan confirmed the fact that Russian and Polish ships had bunkered at that port during the past year. The United States Naval Attache inquired of [redacted] could furnish confirmation of this report. The official stated that it was possible that some Soviet bloc ships were putting in at Balikpapan, but that he knew of none. However, he volunteered further investigation provided he was furnished with names of vessels and dates of port calls.

DIA 25X1

3. In September 1954 the United States Air Attache also visited Balikpapan, and while touring the refinery and docks was permitted briefly to peruse the ship arrival and departure book. Upon his return to Djakarta he reported to the Naval Attache that during the past year at least five Soviet and seven Polish vessels had bunkered at Balikpapan. The Office of Naval Intelligence through its representative at CINCNELM queried Lloyd's Shipping Editor on this question who replied that Lloyd's representative in residence at Balikpapan had not reported the arrival or departure of any Soviet bloc vessels from that port.

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DIA 25X1

4. On 25 September, the United States Air Attache contacted [redacted] at Djakarta who, although reluctant to impart any information on Soviet bloc shipping with respect to Balikpapan, furnished the following information concerning the sailings of bloc ships from that port. It will be noted that ships' names were not included, and that only three vessels bunkered; the remaining six loaded cargo, including paraffin wax.

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NAME	FLAG	DATE	DESTINATION (GIVEN)	CARGO REC'D	TYPE
N O N E G I V E N	Polish	9 Feb/9 Feb	Gydgñia	Bunkers	Cargo
	Polish	14-15 Feb	Gydgñia	Bunkers	Cargo
	Russian	2-6 Mar	Odessa	Bunkers & 1100 Cases paraffin wax*	Tanker
	Rumanian	11-18 Mar	Odessa	2000 Cases paraffin wax*	Cargo
	Russian	3-9 Apr	Odessa	2000 Cases paraffin wax*	Cargo
	Polish	5 Apr/5 Apr	Constanta(for orders)	General	Cargo
	Polish	29 Apr/29 Apr	Constanta(for orders)	General	Cargo
	Polish	1-20 Aug	Constanta(for orders)	General	Cargo
Russian	14 Sep	Constanta(for orders)	General	Cargo	

* Cases of 2 X 20 lbs.

5. [redacted] who was most insistent that he not be identified as the source of this information, also revealed that [redacted] had issued instructions to [redacted] forbidding divulgence of any information to anyone on the movements of Soviet bloc ships into and out of Balikpapan. This action was attributed to strained relations [redacted] the government of Indonesia. However, source reported that the Indonesian government does not object to the bunkering of Soviet bloc vessels at Balikpapan whether east or west bound.

6. The Office of Naval Intelligence is continuing its investigation of this situation. Meanwhile, however, the reported activities of Soviet bloc merchant ships at port of Balikpapan are believed to constitute the potential for a serious circumvention of export and bunker controls.

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