WAR CABINET.

ASSISTANCE TO THE DUTCH IN EVENT OF JAPANESE AGGRESSION IN NETHERLANDS EAST INDIES.

REPORT BY THE CHIEFS OF STAFF COMMITTEE.

IN our appreciation* of the situation in the Far East in the event of Japanese intervention against us we made a general examination of the defence problem in that area on the assumption that we should be unable to send to the Far East a fleet of adequate strength to act on the defensive against the Japanese.

2. In accordance with the instructions of the War Cabinet,† we now examine the particular question of what action we could take in present conditions to assist the Dutch, in the event of their resisting Japanese aggression in the Netherlands East Indies, under the following two hypotheses:

(a) The U.S.A. providing financial and economic support only.

(b) Full active co-operation of the U.S.A.

We have not considered the action we could take in the event of the U.S.A. withholding their financial and economic support, since this does not appear to be a likely contingency.

PART I.—U.S.A. PROVIDING FINANCIAL AND ECONOMIC SUPPORT ONLY.

British Naval Assistance.

3. The British naval forces at present in the Far East, limited as they are to some 7 cruisers (mostly old and small), 2 armed merchant cruisers and 5 old destroyers, could not give any appreciable assistance to the Dutch. They would only afford some small measure of protection to our common trade routes.

Possibility of concentrating further naval forces in the Far East.

4. In Annex I we examine in some detail the methods by which we might attempt to improve the situation by the despatch of further naval forces to the Far East. From this it will be seen that any attempt to produce an adequate naval concentration at Singapore in the present world situation would be unsound. The most that we could do in the circumstances visualised would be to send one battle-cruiser and one aircraft carrier to the Indian Ocean to be based at Ceylon for the purpose of protecting our vital communications and those round the Cape to the Middle East. This would not in any way assist the Dutch in the event of a Japanese attack on the Netherlands East Indies.

† W.M. (40) 214th Conclusions, Minute 7.
Assistance on Land.

5. As in present circumstances it is no longer merely sufficient to hold the Island of Singapore but has become a matter of defending the whole of Malaya, the present garrison of approximately three brigades of regular British and Indian troops is quite inadequate. The added commitments which the land forces are now called upon to undertake also demand additional A.A. defences which are already far below the scale at present authorised for the Islands of Singapore and Penang. It is clear, therefore, that we are not at present in a position to provide the Dutch with any assistance on land.

Air Forces.

6. The existing British and Australian air forces in Malaya total 8 squadrons (88 first line aircraft). These are less than is required for the defence of Malaya alone; but, provided Malaya is not attacked simultaneously with the Dutch East Indies, they would be available to operate against any Japanese attack that might be directed against Sumatra or Java by the route West of Borneo. A simultaneous attack on Malaya and the Netherlands East Indies is not a likely contingency.

Economic Pressure by United States and British Empire.

7. We have obtained the advice of the Ministry of Economic Warfare on the effect on Japan of the economic pressure which could be exerted by the British Empire and the United States. The effects are discussed in detail in Annex II and are summarised in the paragraphs that follow.

8. Generally speaking, Japan and the areas at present under Japanese control are self-supporting in foodstuffs except for 20 per cent. of the sugar which she could obtain in the Netherlands East Indies. Oil fuel is one of her weaknesses, her imports being some 5 million tons. This she could obtain from the Netherlands East Indies and she has the tanker capacity to lift it, although it might be hoped that sabotage would prevent her from drawing these supplies for some time after her occupation of Borneo. She has, however, nearly a year's supply of petroleum products in hand.

9. As regards metals, she would be deprived of 75 per cent. of her iron and steel requirements, the bulk of her manganese, cobalt and molybdenum, 50 per cent. of her copper, 75 per cent. of her lead and 70 per cent. of zinc.

10. Apart from silk, which she produces, she would be deprived of 50 per cent. of her raw cotton, practically all her wool, all her jute and 50 per cent. of the wood pulp required for rayon manufacture. In addition she would lose 25 per cent. of her leather and a proportion of her rubber.

11. The loss of markets and of raw materials for manufacture would ruin Japan's export trade. This would have very serious social repercussions inside Japan.

12. Japan is estimated to have at least six months’ supplies of all raw materials essential for military purposes. We can conclude, therefore, that while economic pressure would have little effect on Japan's military effort for the first six months of a war, after that period the difficulty of replenishing her stocks and the general disorganisation of her national economy—even with the Netherlands East Indies in her hands—would create increasing difficulties which might cause her commercial ruin at the end of twelve months.

Conclusion on British Assistance to the Dutch.

13. To sum up, the direct military support with which we could provide the Dutch is small. So far as the Navy is concerned, it would be confined to the provision of facilities for their Navy at Singapore. On land we could not provide them with any assistance. Our air force in Malaya could afford some degree of protection against any Japanese approach by the route West of Borneo, which would free Dutch forces for action further East. In this connection it is possible that Australia might be willing to operate air forces from Dutch bases to defend key positions on the Eastern flank, but preliminary preparations would be necessary.
14. The denial to Japan of the products controlled by the United Kingdom and the United States of America, and the denial of markets for her exports, would in time have a disastrous effect on Japan. While her stocks are sufficient to tide her over the first six months of war, even the occupation of the Netherlands East Indies is unlikely to prevent her commercial ruin at the end of some twelve months.

PART II.—FULL ACTIVE CO-OPERATION OF U.S.A.

Assumption.
15. If faced with the prospect of combined opposition by the U.S.A. and the British Empire, we consider it highly improbable that the Japanese would take any action against the Netherlands East Indies. We assume, therefore, that the Japanese would have had no warning of American intervention.

Economic Position.
16. The economic position described in Part I above would be materially unaltered.

American Assistance.
17. The existing U.S. forces normally located in the Far East are:

Naval—
2—8-inch cruisers,
1 Modern 6-inch cruiser,
14 Destroyers,
18 Submarines, and
2 Seaplane tenders, in addition to gunboats and auxiliary craft.

Air (Stationed in the Philippines)—
28 obsolete Medium Bombers.
13 Douglas Observation Aircraft.
25 obsolete Boeing Fighters.
5 Training aircraft.
12 P.B.Y. Flying Boats.

Land (Garrison of the Philippines)—
U.S. Army—
1 U.S.A. Infantry Regiment.
2 Coast Artillery Regiments. Fixed defence and A.A.
1 Mobile Coast Artillery Regiment.

Philippine Force—
1 Cavalry Regiment (Native).
1 Infantry Brigade (2 Regiments under strength) (Native).
1 U.S.A. Field Artillery Regiment (White).
1 Pack Battery (Native).

Some of the light naval forces and submarines might be made available for the defence of the Netherlands East Indies, but their first consideration would no doubt be the defence of the Philippines, including the U.S. naval base at Manila.

18. The U.S.A. would be in a position to despatch to the Far East a fleet superior in strength to the Japanese, whilst retaining a substantial force in their own home waters. We have no information as to the intentions of the U.S.A. in the event of their despatching a fleet to the Far East; but in view of the inadequacy of the base facilities at Manila they would require to use Singapore as their main base. Manila could be used as an advanced base, although it would be subject to a light scale of air attack from Formosa.

19. Our existing garrison and air forces at Singapore are, as we have already pointed out, inadequate to ensure the security of the base against a Japanese threat via Thailand. The necessary reinforcements could be provided by United States forces.

* See Annex III.
20. The bulk of the United States fleet is at present concentrated at Honolulu. In the absence of a knowledge of American intentions it is of course impossible to foresee the dispositions which the American fleet would be instructed to take up, though they would probably wish to use either Manila or Singapore. The actual passage which the fleet would make would be a subject for examination between the two Staffs. Whichever base the U.S. fleet were to use, the Japanese would be faced with the prospect of a superior fleet operating against their lines of communication not long after the entry of the United States into the war. The Japanese position would thus be rendered hopeless unless they could succeed in making both Singapore and Manila untenable before the fleet arrived, which would scarcely be practicable in the time.

Conclusion.

21. The active co-operation of the United States of America would make no difference to the direct military support which we ourselves could provide to the Dutch. On the other hand, we could offer the Americans the use of Singapore and the presence of their fleet in these waters would jeopardise any continuation of Japanese aggression in Southern waters.

(Signed) C. L. N. NEWALL
DUDLEY POUND.
J. G. DILL.

Richmond Terrace, S.W. 1,
August 7, 1940.
ANNEX I.

**Possibility of concentrating Further Naval Forces in the Far East.**

1. To oppose the Japanese in the Far East, it would be necessary to send a fleet consisting of 9 capital ships (one less than the Japanese fleet), together with a comparable strength of aircraft carriers, cruisers and destroyers.

2. Our capital ships are about to be redistributed as follows:

<table>
<thead>
<tr>
<th>Area</th>
<th>Capital Ships</th>
</tr>
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<tbody>
<tr>
<td>Home waters</td>
<td>...</td>
</tr>
<tr>
<td>Eastern Mediterranean</td>
<td>...</td>
</tr>
<tr>
<td>Force H</td>
<td>...</td>
</tr>
<tr>
<td>Atlantic convoy</td>
<td>...</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>13</strong></td>
</tr>
</tbody>
</table>

3. To produce a fleet of 9 battleships for the Far East, it will be seen that it would be necessary to abandon both the Eastern Mediterranean and Gibraltar, and, further, to take one battleship from Home Waters and both from Atlantic convoy work. The situation in this respect is worse than was visualised in any previous appreciation owing to the defeat of France and the fact that the loss of *Royal Oak* and the delay in completion of *Queen Elizabeth* have reduced us from 15 to 13 available capital ships.

4. It was always anticipated that the French would hold the Western exit to the Mediterranean, and provision in the past has not been made for a capital ship force in this area. To-day, if no such force was maintained, the Western exit to the Mediterranean would be opened to Italian warships, which might raid our vital North Atlantic commerce, and, further, it might be possible for Italian and German naval forces to join one another.

5. At the present time the withdrawal of the fleet from the Eastern Mediterranean would jeopardise our whole position in that area. We are in the process of preparing a general review of our future strategy, and this points clearly the necessity for retaining our position in this area in order to defeat Germany.

6. The reduction of the Home Fleet to 4 capital ships and the withdrawal of 2 old battleships from Atlantic convoy would leave us dangerously weak in Home Waters, so weak, indeed, as to be quite unacceptable.

7. It will be clear, therefore, that in the situation to-day we cannot produce a fleet capable of dealing with the Japanese in the Far East. Even if we could produce the capital ships, the situation in respect of cruisers, and more especially destroyers, is even worse, and vessels of these classes do not exist to produce an adequate force in the Far East.

8. Short of producing an adequate fleet at Singapore the best we can do is to send a small capital ship force to the Indian Ocean, to be based on Ceylon, for the purpose of guarding our vital communications in the Middle East and in the Indian Ocean generally. Such a force, to achieve its purpose, must consist of fast ships, since it will be in inferior strength to the concentration that the Japanese could produce against it, and might consequently, in certain circumstances, have to rely on its speed. Within these limitations, however, such a force might achieve a considerable amount and provide a fair measure of security for our trade and communications so long as the Japanese were unenterprising.

9. The only way in which such a force could be produced to-day would be to send *Renown* and *Ark Royal* from Gibraltar Force and to add one battleship from Atlantic convoy work to the Gibraltar Force. The Gibraltar Force would then consist of two slow battleships, and it should be capable of the limited role of preventing the passage of enemy ships through the Straits.


10. To sum up, any attempt to produce an adequate naval concentration at Singapore in the present world situation would be unsound, and the most that we could do in the circumstances visualised would be to send the *Renown* and *Ark Royal* to the Indian Ocean to be based on Ceylon, for the purpose of protecting our vital communications in the Indian Ocean and those round the Cape to the Middle East.

ANNEX II.

**Notes prepared by Ministry of Economic Warfare on the effect on Japan's economic position in a war with the British Empire, assuming that the United States of America exercise full economic pressure against Japan.**

(When speaking of Japan or sources of supply under Japanese control, it is intended to include Korea, Formosa, Kwantung, Manchukuo and occupied China.)

1. Japan is not likely to be starved out by any measures of economic warfare which may be undertaken by the British Empire and the United States nor is her military effort likely to suffer in the first half year of war from shortage of raw materials but, in all other respects, she is extremely vulnerable to economic pressure.

**Stocks.**

2. The size of Japanese stocks of strategic raw materials is a well-kept secret, but it would be unsafe to assume that Japan has less than six months' normal requirements of all such materials, with the probable exception of iron where stocks are somewhat low. In the case of petroleum products, stocks amounting to nearly a year's supply may be available.

**Food Supplies.**

3. Japan should be self-supporting in food-stuffs for an indefinite period, provided that communications with Formosa and Manchukuo are not seriously interrupted. She is most vulnerable in respect of sugar supply, 20 per cent, of which is imported but this requirement could be completely covered by supplies from the Netherlands East Indies. In a long war, her agriculture would be unfavourably affected by the shortage of nitrogen fertilizers. Her importation of phosphates could be very largely cut off, provided that the Ocean, Nauru and Makatea Islands could be defended against Chinese attack.

**Fuel.**

4. (a) *Petroleum.*—Japanese civilian consumption is estimated at 3 million tons; service requirements at 1½ million tons. The production from sources under Japanese control (including the output of synthetic petrol) is thought to be a little over 500,000 tons. Japan, therefore, must import 4½ million tons. This could be supplied entirely by the Netherlands East Indies source should producers there be compelled to break their contracts with British Empire countries. Another possible source of supply is Mexico and, should Japan be completely excluded from Netherlands East Indies supplies, she could draw about 2½ million tons from Mexico. The shortage of tankers would prevent her from importing a larger quantity from this source.

As for aviation spirit, Japan, if cut off from the United States supplies, would have to rely entirely on the Netherlands East Indies. Even here, however, she could be frustrated if either the Dutch maintained their contracts to supply the British Empire, or if steps were taken to destroy the one plant capable of producing aviation spirit.

(b) *Coal.*—Japan can obtain as much coal as she is likely to require from sources under her own control.

**Iron and Steel.**

5. Iron is one of Japan's most important deficiencies. Only about two-thirds of her iron-ore requirements can be obtained from domestic ore deposits.
Nearly one-half of her imports of iron ore comes from Malaya, and the bulk of the remainder from South Australia and the Philippines.

In addition to her imports of iron ore, Japan has to import about 15 per cent. of her pig-iron, largely from India. Other sources are U.S.A., the Philippines and the U.S.S.R.

In addition to this, more than half of her scrap iron and steel has to be imported, and the principal supplier is the United States of America.

In all, Japan can meet no more than a quarter of her iron and steel requirements from sources under her control.

The bulk of her manganese ore supplies are drawn from British India, Malaya and the Philippines.

**Ferro-Alloys.**

6 (a) Nickel.—Japan can supply all her requirements if she is allowed to import from North Caledonia. She probably has smelting capacity for 25 per cent of her imports.

(b) Cobalt.—Japan will be entirely cut off from cobalt, except so far as Moroccan cobaltiferrous ore can be shipped to Europe, refined in France or Belgium, and transported to Japan by the Siberian route.

(c) Molybdenum.—Japan will be practically cut off from supplies.

(d) Tungsten.—Only about half her requirements can be covered from sources under her control.

**Non-Ferrous Metals.**

7. Here again, Japan is largely dependent on foreign sources of supply.

(a) Copper.—Japan must import more than half of her requirements of copper, practically all from the United States and British Empire sources.

(b) Aluminium.—Eighteen months ago it was estimated that four-fifths of Japanese requirements would have to be imported, either in the form of aluminium or bauxite. The aluminium industry, however, has been expanding very quickly and it now appears that a very great part of Japanese import requirements could be taken in the form of bauxite only and all from the Netherlands East Indies.

(c) Lead.—More than three-quarters of Japanese requirements must be imported, mostly from the British Empire and the United States of America. The main danger here is that supplies may be drawn from Mexico.

(d) Tin.—More than half Japanese requirements have to be imported. In the past imports have come chiefly from Malaya, but the Netherlands East Indies and Bolivia could supply all that Japan requires.

(e) Zinc.—Japan imports 70 per cent. of her requirements, almost all from sources which we are in a position to control.

**Textiles.**

8. Japan is very vulnerable with respect of materials for her important textiles industry, with the exception of silk.

(a) Cotton.—Japan imports more than half of her raw cotton from outside sources; nine-tenths of her imports come from the British Empire and United States and Egypt.

(b) Wool.—Practically all her wool has to be imported, the great bulk coming from the British Empire. Japan might possibly draw supplies from the Argentine and Uruguay, but we may be in a position to bring economic pressure to bear on the Argentine to prevent this.

(c) Rayon.—Production has greatly increased in recent years and might go far to rectify one of Japan's major deficiencies. More than half the wood pulp used for this purpose, however, has to be imported mainly from Scandinavia and the United States.

(d) Jute.—Japan is entirely dependent on the British Empire for jute and jute bags.

**Other Materials.**

9. (a) Hides and Skins.—More than half the requirements have to be imported; about one-quarter of the imports are drawn from the British Empire and the United States, and the rest mainly from China and the Argentine. Much would depend on our ability to prevent the Argentine from expanding exports, but three-quarters of Japanese requirements are likely to be met from home and Chinese sources.
(b) Rubber.—Japan has to import all her requirements of rubber. The bulk of her supplies come from Malaya and the Netherlands East Indies. Should the Malayan supplies be cut off, the Netherlands East Indies and Indo-China could, no doubt, be tapped for compensating supplies.

Machinery.

10. In recent years Japan has brought about a great expansion of her engineering industry. Nevertheless, in the course of the Sino-Japanese war, a shortage developed in high-class machine tools and precision instruments. Japan still has to import heavy electrical machinery, high-class machine tools, &c.

Exports and Foreign Exchange.

11. Japan is more dependent than most countries on her export trade as a source of foreign exchange. Her gold and foreign exchange reserve amounts to no more than 50 per cent. of the value of her annual imports from countries outside the yen block. Her foreign investments are negligible. Her tourist trade will, in the contemplated emergency, be equally negligible. Her shipping income is bound up with her foreign trade, which would, as we have seen, shrink fairly considerably.

Japan's export trade is, if anything, even more vulnerable than her import trade. She is an exporter of manufactured goods to pay for imported raw materials. Denial of raw materials from the United States and from sources under British control would, in itself, inflict great damage on Japan's export trade. This is particularly true with regard to her textile manufactures—with the exception of silk—which make up more than half of the value of her export trade. In addition, the effective closing of the markets of the United States and of the British Empire would be disastrous to Japan. Almost one-third go to the British Empire, another third to the United States, 7 per cent. to the Netherlands East Indies, and the bulk of the remaining 30 per cent. to countries to which Japan's access can be cut off.

Shipping.

12. Though normally Japan charters foreign vessels, and though only 60 per cent. of her foreign trade is carried in Japanese ships, her shipping should be ample to carry the reduced amount of foreign trade which she could, in the contemplated circumstances, hope to retain.

Conclusion.

13. It will be seen that, after Japan shall have exhausted her stocks of strategic raw materials, she is in no position to replenish them by current imports, particularly if she is unable to exploit the resources of the Netherlands East Indies, the Philippines and Malaya.

ANNEX III.

U.S. Fleet and Estimated Strength of Forces at Hawai.

<table>
<thead>
<tr>
<th>Fleet. At Hawai</th>
<th></th>
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</thead>
<tbody>
<tr>
<td>Battleships</td>
<td>15 9</td>
</tr>
<tr>
<td>Aircraft carriers (all modern)</td>
<td>6 3</td>
</tr>
<tr>
<td>Cruisers, 8-inch</td>
<td>18 8</td>
</tr>
<tr>
<td>Cruisers, 6-inch—Modern</td>
<td>8 5</td>
</tr>
<tr>
<td>Old</td>
<td>10 5</td>
</tr>
<tr>
<td>Destroyers (in all 227)—New</td>
<td>70 30</td>
</tr>
<tr>
<td>Flush Deckers</td>
<td>157 12</td>
</tr>
<tr>
<td>Submarines</td>
<td>77 12</td>
</tr>
<tr>
<td>Aircraft tenders</td>
<td>10 6</td>
</tr>
<tr>
<td>Seaplane tenders</td>
<td>3 1</td>
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</tbody>
</table>