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WAR DIARY

German Naval Staff Operations Division

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PART A VOLUME 4

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WAR DIARY OF THE GERMAN NAVAL STAFF
(Operations Division)

PART A

December 1939

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|--|------------------------------|
| Chief, Naval Staff: | Grand Admiral Raeder Dr.h.c. |
| Chief of Staff, Naval Staff: | Vice Admiral Schniewind |
| Chief, Operations Division, Naval Staff: | Rear Admiral Fricke |

VOLUME IV

begun: 1 December 1939
closed: 31 December 1939.

SECRET



OFFICE OF NAVAL INTELLIGENCE

Washington, D.C.

Foreword

1. The Office of Naval Intelligence has undertaken to translate important parts of the War Diary of the German Naval Staff. The present volume, entitled War Diary of the German Naval Staff, Operations Division, Part A, Volume IV is the twenty-first one of the series to appear. Other volumes will follow shortly.

2. The War Diaries, Part A, are important because they contain a day by day summary of the information available to the German Naval Staff and the decisions reached on the basis thereof. Together with the Fuehrer Conferences on Matters Dealing with the German Navy, 1939-1945, which have been published by this office, the War Diaries should provide valuable material for the study of naval problems arising from total war. The War Diary, Part A, is also a useful index to the German Naval Archives of World War II; references may be found in the microfilm library of Naval Records and Library.

3. Due to the cost of publication, only a limited number of copies could be made; it is therefore desirable that the copies which have been distributed are made available to other offices which may be interested.

Washington, D.C.
1948

Conference on the Situation with the Chief, Naval StaffSpecial Items:

Chief, Operations Branch, Operations Division, Naval Staff reported on Fuehrer Directive No. 9, "Directive for Attacks against the Enemy's Economy".

Extract:

1. The defeat of Great Britain is essential for final victory. The most effective means of accomplishing this is to paralyze British economy by attacking it at its strategic points.
2. It is necessary to concentrate the weapons suitable on the most important targets. All non-military means of warfare should be directed towards this common goal.
3. After annihilation of the French and British armies in the field and occupation of parts of the channel coast opposite England, the task of the Navy and the Air Force in the battle against Britain's economic power, will come to the fore.
4. The targets for the Navy and the Air Force in their combined strategy are:
 - Raids on Britain's main ports.
 - Warfare against British merchant shipping and defense fleet.
 - Destruction of Britain's reserves.
 - Hampering of British troop and supply movements.
 - Destruction of important war industries (especially the aircraft and armament industries).
5. Most important ports:
 - London)
 - Liverpool) for food, timber and oil imports.
 - Manchester)

 - Newcastle Swansea Hull)
 - Blyth Cardiff) for coal exports.
 - Sunderland Barry)

Alternative ports of special importance: Leith, Grimsby, Southampton, Glasgow, Bristol, Belfast, Dundee.
6. Attacks on French ports to be carried out only insofar as they have a bearing on the blockade of Britain (troop embarkation ports).

7. Attempts to block ports by scuttling ships should be made, where minelaying operations prove impossible, and important harbor installations (such as sea locks) should be destroyed.

8. For outline of preparations for these operations see directive. The Fuehrer will decide personally when present naval and aerial warfare restrictions are to be lifted. (For details refer to Directive No. 9.)

Items of Political Importance

Russo-Finnish Conflict:

Occupation of Petsamo on the Kola peninsula by the Russians (Finland's sole gateway to the Arctic. The hinterland is rich in nickel ore). Formation of a new Government in Finland. At the same time revolutionary Government Kuusinen recognized by Russia. Finland has so far refused to yield. Russian action strongly condemned by the United States. This may modify America's attitude to Japan by subduing the present anti-Japanese trend.

Britain's Export Blockade:

Strong objections raised in the Japanese press against intensified British blockade. Britain has offered Japan extraordinarily high prices for confiscated Japanese export goods.

Special Reports on the Enemy 1 Dec.

Atlantic:

Great Britain:

Home waters: Battleships NELSON, RODNEY, HOOD. 2nd Cruiser Squadron. Cruisers NORFOLK and SUFFOLK (in Scottish waters). (This information was passed on to the GRAF SPEE.)

Disposition of Forces:

North Atlantic: Battleship REPULSE and cruiser YORK located on 30 Nov. in the central part of the North Atlantic, presumably accompanied by the FURIOUS which left a Canadian port eastbound

together with the REPULSE on 24 Nov. The EMERALD is located in the eastern part of the North Atlantic. It is assumed that the old battleship RESOLUTION, the cruisers ORION and EFFINGHAM, 8 destroyers, 2 submarines and 2 gunboats are also off the east coast of America.

South Atlantic:

The CUMBERLAND is in the Falklands area.

Mediterranean:

Battleship BARHAM, aircraft carrier ARGUS and cruiser ARETHUSA at Malta.

Convoy traffic:

According to statements made by officers of neutral merchant ships, homeward bound enemy ships frequently proceed alone as far as Freetown, ships of over 15 knots mostly alone or in pairs. Convoys from South America are frequently unescorted, or escorted by a cruiser or a destroyer. At Freetown the ships are formed into convoys and proceed from there under escort. (This information has been passed on to the GRAF SPEE.)

France:

The DUNKERQUE group is northwest of Ireland on passage to Brest. The STRASBOURG group is on escort duty west of Brest. (This information has been passed on to the pocket battleships.)

The French auxiliary cruiser BARFLEUR was sighted on 24 Nov. seven miles west of Cape Finisterre. She is said to be permanently stationed off Vigo on patrol. Intelligence Center, Spain reported that eleven French merchantmen, armed with bow and stern guns were sighted on 28 and 29 Nov. off Vigo outside territorial waters.

North Sea:

The sea area Orkneys - Shetlands - Norway is still patrolled by light naval forces (obviously "I" class destroyers).

Lively air activity over the east coast of England.

The destroyers which escorted the damaged enemy submarine to Stavanger have left there again. The submarine was left behind in dock.

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Results of Minelaying:

North Foreland Radio announced that the Senior Naval Officer at Ramsgate closed the river Thames for six hours, obviously owing to the sinking of the British steamer DALRYAN, (4,600 tons).

The British steamer STANBROOK (1,400 tons) which left Antwerp on 18 Nov. for the east coast of England is missing. The Finnish steamer MERCATOR (4,300 tons) struck a mine and sank off the coast of Scotland.

An agent reported that the British Admiralty is taking measures against German torpedoes with magnetic firing.

Baltic Sea:

Submarine warning on afternoon of 1 Dec. west of Fehmarn.
Submarine hunt carried out without success.

Own Situation 1 Dec.

Atlantic:)
North Sea:) nothing to report.

Baltic Sea:

Minelayers engaged in merchant warfare seized eleven ships, which are being sent to German ports for examination. The patrol vessels in the Sound reported that heavy traffic is still running within the Swedish three-mile-limit, through the Kogrund and Falsterbo channels.

Submarine Situation 1 Dec.

Atlantic:

In the operational area: U "28", U "29", U "43".
Northern Norway: U "38".
On passage: U "47", U "48" southwest of the Orkneys.
On return passage: U "26", U "41".

North Sea:

In the operational area: Kinnaird Head - Newcastle
U "21", U "31", U "35", U "56".

On special operations: U "61" and U "58".

On passage: U "59".

Merchant Shipping 1 Dec.

Own Situation:

One steamer from overseas arrived at Narvik on 30 Nov.

Neutral Shipping:

Merchant marine captains report that convoys of Finnish, Swedish and Estonian steamers have been observed in the Aaland Sea area. Cargo apparently consisted of tomber and woodpulp. Escort given by Swedish auxiliary cruisers. The Japanese Naval Attaché in Berlin was handed safe course directions for the passage of two Japanese steamers from Rotterdam northwards along the German coast.

For losses so far suffered by enemy and neutral shipping on the United Kingdom run refer to War Diary, Part B, Vol. V, page 62. Total losses so far: 735,768 BRT.

Items of Political Importance1. Situation in Finland:

Advance of Russian troops in the Petsamo/Petrosavosk area and on the Karelian isthmus. Operations are difficult because of strong Finnish defense and unfavorable weather conditions. Systematic evacuation of Finnish territory.

Effects of Russo-Finnish conflict on Italy, Spain and other countries in relation to Germany must be carefully watched. Finnish resistance finds special sympathy in Italy and Spain. The Western Powers hope that this will give rise to tension in Italo-German relations. Fears in Italy regarding further developments in the Balkans. Strong action on the part of Italy must be expected if Soviet Russia interferes in this Italian sphere of interest.

2. British Export Blockade:

Italy is counting on further German coal shipments to Italy via Rotterdam despite the British blockade. It must be assumed that Great Britain made certain guarantees in this respect in return for similar advantages.

3. In order to counter British attempts to charter shipping in neutral countries the Foreign Office (Ambassador Ritter) intends to warn Greece and Norway, the two countries most likely to be involved, that we would have to regard such charter as being incompatible with their neutral status. Such a move would force us to regard all Greek and Norwegian merchant ships as enemy. The matter is still under consideration at the Foreign Office.

Naval Staff fully approves such a definite statement and attaches special importance to an early dispatch of such a warning to neutral countries.

Special Reports on the Enemy 2 Dec.Atlantic:Great Britain:

Radio Copenhagen reports that numerous British patrol vessels and auxiliary warships have taken refuge in ports on the east coast of Iceland owing to danger of German warships. This is obviously on

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account of the German battleship operation. British naval forces were observed in the sea area between Iceland and the Faroes.

France:

The DUNKERQUE group which is on passage to Brest is in the vicinity of Ireland with air escort and air reconnaissance.

North Sea:

Enemy submarines were reported north of Norderney and off the west coast of Jutland. Movements of enemy naval forces were again observed in the Orkney-Faroes sea area and in the Shetland narrows. The British submarine which put in to Stavanger is reported to have left after completion of repairs.

On 2 Dec. altogether 16,200 tons of shipping were sunk by mines on the east coast; one steamer ran aground at North Foreland. Amongst the ships sunk was a tanker of 8,000 tons and a Swedish vessel. (Two of the vessels lost are probably attributable to our submarines operating off the east coast of Scotland, east of Berwick, or east of Dundee.)

Own Situation 2 Dec.

Atlantic:

The GRAF SPEE reported (Radiogram 1935) that she sank the DORIC STAR (a turbine steamer of the Blue Star Line, 10,000 BRT, in service on the England - Cape - Australian route) about 400 miles west of Southwest Africa (in large grid square FV). The steamer made the following distress signal:

"19° 15' S, 5.5° E, gunned battleship." (Original in English, Tr.N.)

Numerous urgent radio messages from Simonstown and Durban to all British warships in the African area show the effect of the appearance of the GRAF SPEE and indicate increased activity on the part of naval forces operating there. The GRAF SPEE reported in another radiogram that she planned to continue her attacks on merchant shipping. She further reported that on examination cracks have been found in the foundations of all her auxiliary engines.

As regards her further movements it can be assumed that she will

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rendezvous with the ALTMARK on or about 6 Dec. in the sea area one thousand miles southwest of St. Helena for transfer of prisoners of war and for refuelling. She will then, probably after about 9 Dec., proceed to her new operations area (possibly off the River Plate).

North Sea:

Nothing to report.

Baltic Sea:

The submarine hunt carried out in the western Baltic was without result. Although weather conditions made an effective use of location gear impossible, nevertheless there is a growing belief that this time it was again a mistake and that actually no enemy submarines are operating in the western Baltic. Minesweeping operations in the Great Belt so far without result.

The minelayers engaged in merchant warfare have brought another four steamers to Swinemuende.

Submarine Situation 2 Dec.

Atlantic:

No changes.

The brief reports from submarines U "53" and U "49" are contained in War Diary, Part B, Vol. V, page 63. According to these reports submarine U "53" did not penetrate into the Mediterranean and was unable to score any successes. Submarine U "49" reached diving depths of 150 and 170 meters during a recent enemy attack. It is reported that, constructionally, the boat stood up to it well.

North Sea:

Nothing to report.

Submarine U "61" has started on return passage.

Merchant Shipping 2 Dec.

A steamer from Vigo has reached Norway.

Losses: steamer WATUSSI, 9,500 BRT, which secretly left Mozambique on 23 Nov., was stopped south of Cape Point by bombers of the South African Air Force and was ordered to proceed to Simonstown, whereupon she was scuttled. The crew has been rescued. Her cargo consisted of 352 tons of sisal. 60 tons of bark and general cargo. This loss is regarded as extremely regrettable in as much as the danger of seizure by planes would probably have been slight if the ship had made a wider detour around the Cape.

Neutral Shipping:

The five-meter channel at Falsterbo which was closed to traffic on 28 Nov. because of the danger of drifting mines, has been re-opened.

For review of Dutch and Belgian merchant trade with enemy countries and information on enemy and neutral shipping losses gained from radio monitoring up to 28 Nov., see "Foreign Merchant Shipping Report No. 3/39".

War Economy Measures:

The Ministry of Economics has temporarily suspended German exports to South American countries in order to avoid losses through the British export blockade. (For trade with South American countries see "Political Review No. 89".)

Items of Political Importance 3 Dec.

1. Statement by Molotov that Russia's main interests lie in southeastern Europe and the Black Sea. Russian endeavors to bring the Finnish conflict to an early and lasting settlement in order to release Soviet Russian forces for other tasks.
2. No change in Russo-Finnish conflict. Finland's Government is still unwilling to give way.
3. British Economic Warfare Measures: According to British news reports, Great Britain and France have chartered all tugs and barges in Rumanian waters for one year, in order to hamper transportation of Russian goods to Germany on the Danube.
4. Merchant trade between Great Britain and the neutral countries Russia, Italy, Spain and Japan is at present as follows:

Russia: Trade in general insignificant, except for timber. German interests are taken into consideration wherever possible. Foreign Office will therefore continue to try and avoid any incidents with Russia.

Italy: Situation still very difficult to assess. Italy's reactions to the British export blockade are governed solely by her own interests and advantages to be gained. Inquiries have obviously been made in England to ascertain whether Italy could obtain coal from England on the same terms and conditions as from Germany. It can be safely assumed that England will readily take this matter up, if her export capacity will permit her to do so. (At present Italy imports about 650 - 700,000 tons of coal monthly from Germany, of which approximately 500,000 tons are shipped by sea via Rotterdam.) Coal imports are vital to Italy. Even if Italy should import coal from England, no action would be taken by Germany to stop this since Italian accumulation of coal is in the interests of German warfare as a whole.

Spain: No more trade of any importance with the enemy. This country is, however, in such a strained position economically that assumption of trade must be expected in the near future.

Japan: Extent of trade with England difficult to estimate. Rather difficult to obtain exact information as the Japanese are very sensitive on this point. Continuation of Japanese trade must be expected.

Special Reports on the Enemy 3 Dec.Atlantic:Great Britain:Disposition of Forces:

Battleship RAMILLIES arrived on 2 Dec. at Aden from the East.

The cruiser PERTH passed through the Panama Canal en route for the Atlantic. Intelligence Center, Spain reported: It is suspected that the British steamer GREENLAND, which left Bilbao on the evening of 2 Dec., is carrying mines.

The following information regarding the characteristics and paint of British ships has been despatched to the GRAF SPEE at her request.

- "1. British merchantmen are mostly painted steel gray or dark gray, on the South American run also with yellow superstructure, masts and funnels. Individual observations: black hull, brown funnels and superstructure, bridge striped to hamper range finding. French ships' hulls spotted blue-black.
2. Ship's name and home port painted over. Many of the ships are armed with guns of up to 10.5 centimeter caliber, mostly one or two guns aft; two are, however, rare; forward, machine guns on the bridge. Up to eight 15 centimeter guns on large auxiliary cruisers. Bridge and wheelhouse protected by sandbags.
3. Warships have light painted superstructure, bow and stern. It has been observed that at night position lights are placed in different positions so as to camouflage the ship's type."

France:

Radio monitoring intercepted signals concerning movements of patrol forces in the Channel and in the Casablanca-Canary Islands area. According to an Attaché report a convoy of about 18 ships will be assembled at Martinique on 5 Dec. Besides French and British steamers, Norwegian ships and ships flying the Panama flag will be included in this convoy. The convoy will be escorted by French and British warships.

Attaché, Rome advised that, according to Italian press reports, planes of the air line "Air France" which were up to now engaged on the Europe - South America route are now being used to support

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the French and British escort service from South America. Some quarters in Argentina have voiced strong objections to the air line's action, saying that this constitutes a breach of Argentine neutrality.

North Sea:

The presence of Commander in Chief, Home Fleet has been established in the North Atlantic west of the Orkneys-Shetlands. Numerous light naval forces including cruisers of the 2nd Cruiser Squadron and the AURORA are at Rosyth.

It is alleged that enemy bombers sank a German submarine west of Terschelling Bank (this report is incorrect).

For report of British bomber attack on Heligoland see Own Situation.

Shipping losses due to mine or submarine action:

2 Dec: British tanker SAN CALISTO (8,000 tons) off the southeast coast of England (by a mine). British steamer ESKEDENE (3,829 tons) north of Scotland off Montrose (by submarine).

3 Dec: Swedish steamer RUDOLF (2,119 tons) 40 miles east of the Firth of Forth (by submarine?), Norwegian steamer ARKTURUS off the coast of Scotland (by a mine?), French steamer FLORIDA (9,300 tons) off the French coast (one of our own mines?).

Own Situation:

Atlantic:

Nothing to report.

The GRAF SPEE was advised of the SOS sent out by the DORIC STAR, which she later sank, and also of the urgent radio signals exchanged between British naval forces in the South African area.

North Sea:

At 1240 21 enemy bombers attacked Heligoland and dropped 25 light bombs on the heights, the dunes and the harbor. Auxiliary minesweeper "1407" (drifter) was hit in the forecandle and is sinking because of the leak sustained. The bomb, however, did not explode. The bombs dropped on shore exploded, but caused only slight damage. The attack was carried out in flights of about 3 planes approaching with the sun behind them, from an altitude of 3,000 meters. Anti-aircraft guns, which were alerted in time (warning was given by radar at a range of 34 kilometers),

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brought no planes down. One of our own fighters which engaged the enemy west of Heligoland was shot down, but the pilot was rescued by a patrol boat.

It is significant that the announcement by the British Air Ministry speaks of a Royal Air Force attack on German warships near Helogoland, and says that direct hits with heavy bombs were scored. The British are obviously afraid for political and propaganda reasons to admit an attack on land targets in densely populated civilian localities and thus to admit having started the total war in the air. The incident can be profitably used in German propaganda.

Suitable action will be taken.

During the night of 3 Dec. submarine noises were heard in the Wangeroog fairway and also noises as if mines were being laid.

Grid squares 9595 and 9596, left sector (western side of the Wangeroog fairway) have been declared "suspected of mines". The Wangeroog fairway has been closed to returning submarines.

Baltic Sea:

The submarine hunt in the Western Baltic has so far been fruitless; there are therefore no indications at present that British submarines are operating in the Baltic.

Barrage patrol, pilot service, minesweeping operations and air reconnaissance badly hampered or broken off owing to weather conditions. No mines found so far in check sweeps carried out in the Great Belt, nothing to indicate the presence of ground mines. Commanding Admiral, Defenses, Baltic will therefore re-open the passage to traffic soon. Boats of the 7th Patrol Boat Flotilla engaged in merchant warfare brought in three more steamers.

Naval Staff had to reject a renewed request from Naval Group, Baltic, asking that the 7th Minesweeper Flotilla be put at its disposal for minesweeping operations in the Great Belt and Danzig Bay, because the tasks in the North Sea are much more urgent strategically.

Submarine Situation 3 Dec.

Atlantic:

In the Atlantic operational area: submarines U "28", U "29", U "43".

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Submarines U "47" and U "48" have been assigned the following operational areas:

U "47" thrust into the Channel against the cross-channel traffic, U "48" south of Ireland up to the St. George's Channel, partition line: Land's End - 75°.

Submarine U "43" has been on patrol off the English Channel and the St. George's Channel since 28 Nov. She reports bad weather, scarcely any traffic and no successes there.

Submarine U "38", now off the northern coast of Norway, has been assigned the sector between West Fiord and 15° 30' E as operational area. Sinking of ships only permitted outside the three mile zone. The boat has orders to remain concealed. Tactics with regard to ships which have definitely been recognized as neutrals as per standing war orders issued by Commanding Admiral, Submarines.

On return passage from the Atlantic: submarines U "41" and U "26".

North Sea:

In the operational area: submarines U "31", U "35", U "58", U "59".
On passage: submarine U "36" on operations against the traffic to and from Norway along the line Shetlands-Kinnaird Head.
On return passage: submarines U "21" and U "56" after sinking 8,000 tons of shipping.

Announcements in London speak of the sinking of a German submarine in the North Sea by a direct hit on the boat's conning tower, and that another submarine was sunk by a patrol vessel. (Submarines U "35" ? and U "28" ?)

Merchant Shipping 3 Dec.

The French Intelligence Service, which is usually very accurate, reported that the sailing of two German steamers from Vera Cruz is imminent.

Reports from Holland indicate that the Dutch Government will inaugurate a convoy system for her merchantmen some time next week, in view of the blockade measures planned by Great Britain.

No reports from official quarters yet to hand.

In a letter to the Naval Staff (refer to War Diary, Part B, Vol. V, page 64) the Foreign Office pointed out the necessity of avoiding political complications with the United States in the case of operations by German naval forces outside the combat zone declared by the United States. Our naval forces should treat American citizens with consideration wherever possible. Measures taken according to prize and international law against ships of all kinds should, however, in no way be prejudiced by such consideration.

Naval Staff fully concurs with the view expressed by the Foreign Office. Danger of political complications with the United States through German belligerent action has already been appreciably minimized by the United States' declaration of certain combat areas.

It is quite unlikely that submarines will meet American ships except in isolated cases (Norwegian coast, North Atlantic, Spanish coast, North African area). The Foreign Office directive therefore mainly concerns our pocket battleships and, later auxiliary cruisers. Naval Staff is also of the opinion that the results which would be obtained in such cases by intensified warfare against a few American merchant ships are at present entirely out of proportion to the great political disadvantages.

The letter received from the Foreign Office has therefore been passed on to Commanding Admiral, Submarines and to Naval Groups, West and Baltic with the specific order from Naval Staff to give clear instructions to the commanders of all warships engaged in merchant warfare in accordance with the opinion expressed by the Foreign Office.

Conference on the Situation with the Chief, Naval StaffSpecial Items:

1. It must be expected that the shipping losses which have so far occurred have opened certain gaps in the minefields laid off the Thames which will now permit a limited resumption of traffic, though at the same time entail great navigational difficulties. It will therefore be necessary to re-mine this area continuously by plane, and such operations should commence as soon as possible.
2. The British air raid on Heligoland has shown certain deficiencies in the island defense, in particular the lack of an immediate fighter defense. Chief, Naval Staff gave orders that investigations be made at once into the possibilities of improving the air defense, also whether a fighter airfield can be constructed or catapults for launching fighters can be erected there. Fighters launched by catapult would have to land on the mainland after their flight. (The land off the dunes, which has so far been reclaimed by hydraulic depositing of sand to provide an airfield, will not be ready for practical use before 1941/42.)
3. Chief, Naval Intelligence Division, Naval Staff reported that our Naval Attaché in Stockholm has submitted an agent's report on the transit traffic that is moving from ports in the Baltic Countries and from places in Southern Sweden via Norway to countries in Western Europe. According to this report increasing heavy goods traffic has been moving over the railway Sundsval-Ange-Oestersund-Storlien-Trondheim for some weeks in a westerly direction. On an average at least four special goods trains are run daily. Most of the transports come from Sundsval and are sent to Trondheim for shipment. The greater part of these goods come from the Finnish port of Vasa. On 22 Nov. for instance, eleven special trains with frozen meat and butter which came from Vasa were dispatched from Sundsval to Trondheim via Oestersund for shipment to England. Norway is planning to increase the transshipment capacity of her smaller ports. Sweden has started to electrify the railway line from Oestersund to Storlien in order to increase its capacity, in accordance with a demand from her industrialists. The capacity of this line will thereby be increased to 24 goods trains per day to the West (one goods train equals about 200 tons). The shipments consist mostly of timber, wood pulp, frozen meat and butter. It is an open secret that wrong destinations are intentionally given for the contraband, such as the neutral ports of Holland, Belgium or the United States.

All political, economic and operational means should be employed to stop this vast supply traffic which is so vital to Great Britain. Chief, Naval Staff considers it most important that such measures

be taken immediately. The possibilities of employing sabotage should also be thoroughly investigated.

Items of Political Importance 4 Dec.

1. There is great anxiety in Denmark, Sweden and Norway with regard to the future developments of the Russo-Finnish conflict, which may eventually spread to Scandinavia.

The Danes are beginning to realize more and more that close and friendly ties with Greater Germany will guarantee their security. In Norway the fear that the ports of Northern Norway may be seized by Russia is linked with attacks on Germany, blaming her for these developments. The German Government has lodged an official protest against these attacks in the Norwegian press.

2. The Finnish Government is refusing to capitulate but has declared its willingness to reopen negotiations. (For details of developments see "Political Review and Foreign Press".)

Group West reported certain changes in its previous plans. In view of the objections raised by Commanding Admiral, Naval Forces, West owing to the state of readiness of the destroyers, the proposed operation against the English fishing fleet is being dropped for the time being. Such an operation will bring the desired result only if several destroyers are employed. The operation has been postponed until later. Instead Group West is planning a minelaying operation by destroyers against the shipping routes off Cromer-Haisborough. Two destroyers will act as minecarriers (to lay 5 RMA's, 26 RMB's and 110 moored mines).

Special Reports on the Enemy 4 Dec.

Atlantic:

Great Britain:

Disposition of Forces:

The battleship WARSPITE arrived in the River Clyde from the north on 3 Dec. The RODNEY is already at anchor there. This confirms the reports received so far stating that the greater part of the home fleet is in the River Clyde. The battleship REVENGE is still in the central or eastern North Atlantic.

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Convoy HXF "11" left Halifax on 2 Dec. with a direct escort of destroyers and submarines, while remote escort was carried out by the REPULSE, the FURIOUS and the cruiser YORK.

A new task force, known as "Force W", has been observed in home waters. It is assumed that this force consists of the cruisers NORFOLK and SUFFOLK.

It must be expected that, owing to the appearance of German surface forces in the Iceland-Faroes area, such a fast force will probably be used by the enemy for operations from home bases in the sea area northwest of Scotland up to Iceland.

Task forces so far observed are:

Force G - SUSSEX group (at present in South Africa).
Force I - the MALAYA, the GLORIOUS (at present in the Indian Ocean).
Force K - the RENOWN, the ARK ROYAL (at present in Freetown).
Force L - the REPULSE, the FURIOUS (at present in the West Atlantic).
Force X - the HERMES (at present in West Africa).
Force W - the NORFOLK and SUFFOLK (at present in Northern Scotland).

According to radio, the RENOWN and the ARK ROYAL put in to Freetown on 2 Dec. The cruiser AJAX left Port Stanley on the same day. (This information has been passed on to the GRAF SPEE.)

France:

Radio monitoring intercepted signals concerning various convoy and troop transport movements between France and North Africa. Escort was provided by destroyers.

Disposition of Forces:

Dakar area:

The PROVENCE, BRETAGNE, DUPLEIX, COLBERT, PRIMAUGUET, one torpedo cruiser, three destroyers and a few submarines.

Casablanca area:

The LORRAINE, MARSEILLAISE, GALISSONIERE, three destroyers and about eight submarines. Submarines are operating as far south as the Azores and the Cape Verde Islands.

(This information has been passed on to the GRAF SPEE.)

North Sea:

The areas in which enemy submarines in the North Sea are known to be operating have again been confirmed, viz. north of Texel, in the inner Heligoland Bight, in the vicinity of Egeroe, Stavanger and off the Skagerrak. The cruiser CAIRO has been given orders to proceed to the Thames. It seems possible that this is for the purpose of showing British and neutral merchant shipping that it is again possible to enter the Thames estuary.

According to a Russian report, the cruiser BELFAST was towed to Rosyth some time ago with heavy damage to her engine and boiler rooms.

Own Situation 4 Dec.

Atlantic:)
) Nothing special to report.
North Sea:)

Baltic Sea:

Submarine chaser "117", commanded by Lt. (s.g. Reserve) Dr. Klau, struck a mine at 1600 and sank 0.3 miles northnortheast of the wreck of the patrol vessel "301" in the Great Belt barrage. Rescue operations carried out by three submarine chasers, the Danish torpedo boat DRAGEN and the fishery defense boat DUGOLF were unsuccessful, only two men were rescued.

From reports received so far it must be assumed that the boat struck one of our own mines. Group Baltic has ordered a check-up on the positions of mines. It is possible that a few mines are lying outside our declared area. Naval Staff considers the presence of enemy mines in or close to our declared area as very unlikely.

Submarine Situation 4 Dec.Atlantic:

Nothing to report.

Submarine U "43" reported northwesterly gales. This boat has so far sunk three steamers totaling about 15,000 BRT and is now on return passage.

North Sea;

Submarine U "31" which has up to now been operating near St. Abbs Head has been given orders to extend its operations as far as Kinnaird Head.

Submarine U "56" has returned from operations.

Submarine U "58" has sunk 8,000 tons of shipping and is now on return passage.

Submarine U "35" (commanded by Lt. (s.g.) Lott) is no longer replying to call signals. Unfortunately the possibility of a total loss must be reckoned with. A British report speaks of the sinking of a German submarine in the North Sea, from which five officers and 38 men are said to have been taken prisoner. A British Reuter report states that another German submarine has been destroyed; however, this is not very likely. (See War Diary, Part B, Vol. V, page 65.)

Merchant Shipping 4 Dec.Own Shipping:

Steamer BAHIA LAURA (8,560 BRT) has returned to home waters from overseas. The steamer ASUNCION (4,600 BRT) has reached a Norwegian port.

Neutral Shipping:Holland:

All defense and barrage measures ordered for the port of Delfzyl have been cancelled.

Denmark:

About 25 days ago five steamers marked with the Maltese Cross were joined off Stavanger Fiord by an escort of British warships and proceeded to Kinnaird Head. For the sake of investigation it seems urgently advisable to bring Danish food ships which are marked with the Maltese Cross into port occasionally for a thorough search.

Norway:

According to information received from a ship broker in Bergen,

ships may now only leave Norwegian ports between 0600 and 1800 hours. Merchantmen are allowed to anchor within the skerries only at the officially recognized anchorages. Furthermore permission to anchor there is usually limited to 24 hours.

Russia:

The entrance to the port of Leningrad has been closed to foreign shipping.

Enemy Shipping:

Reports received from merchant marine captains confirm that British merchantmen are carrying on lively traffic in Norwegian waters. Cargo consists mostly of ore and pit-props.

An agent reported from New York that those tankers of the Standard Oil Company which are registered in Great Britain, France and Norway are now being registered in Panama and are sailing under the flag of Panama. British tankers are bunkering fuel oil in Tampico under the American flag.

It is reported authentically that a large proportion of Norwegian ships have been transferred to England for service between Scotland and North America.

Chief, Naval Staff is leaving for Wilhelmshaven where he will inspect the destroyers and have discussions with Group West.

Items of Political Importance

1. For situation concerning the Russo-Finnish conflict see "Foreign Press Reports". Reports from Finland are optimistic about the success of Finnish defense measures and point out Russian failures.

The Italian press is definitely siding with Finland.

2. The British export blockade came into effect on 4 Dec. It seems that the projected export blockade restrictions will be less stringently applied to exports to Japan and Italy in view of protests lodged by the Italians and Japanese.

Special Reports on the Enemy 5 Dec.Atlantic:Great Britain:

Disposition of forces:

The cruiser DEVONSHIRE (previously in the Mediterranean) is leaving a port in the Scapa Flow area (?)

The cruiser BERWICK, which was in dock in Plymouth is again ready to put out and should reach her station by 1800 on 6 Dec., presumably in the Northern area. Commanding Admiral, 1st Battleship Squadron, Mediterranean arrived in England in the MANCHESTER at the end of November. It is probable that this command has been dissolved.

The battleship RESOLUTION and the cruiser EFFINGHAM were still observed in the Canada-West Indies area.

France:

Radio monitoring intercepted signals giving the positions of two convoys. Otherwise nothing special to report.

Neutral Countries:

The Consulate at Bera reported that according to observations by the captain of a German coastal steamer, Portuguese planes carry out air reconnaissance up to about 80 kilometers out to sea before British steamers sail. On their return the planes make a loop over the ship to indicate that there is no danger, whereupon the steamers put out.

North Sea:

It can be assumed that the large tanker which was dispatched to Scapa Flow by the Commander in Chief, Home Fleet was sent there to refuel the light naval forces which were operating in the Shetland Narrows last week.

Recent shipping losses: British steamer HORSTED (1,700 tons) torpedoed off the east coast; French steamer LOIRE (4,285 tons) sunk, cause unknown.

Noteworthy is an article in the leading British economic periodical "Economist" in which it is stated that last week's losses have been the heaviest so far and the gravity of the French and British losses in men and material is generally emphasized.

Own Situation 5 Dec.Atlantic:

Nothing to report.

North Sea:

The Wangeroog fairway has been reopened to shipping since mines were discovered there. Otherwise nothing to report.

Baltic Sea:Western Baltic:

Investigations made in the Great Belt because of several recent losses of our own boats there, show that the lightbuoys in the declared area are in the correct positions. There still exists, however, the possibility that our own minefield may extend further to the west than shown on the maps of the declared area. A re-check will be made.

Because of a fresh report received, stating that an auxiliary minesweeper anchored right in the middle of our declared area, Chief, Naval Staff has ordered that immediate steps be taken to improve the obviously inadequate navigational training of reserve officers.

Patrol vessels in the Sound report that there is still heavy traffic going through the Kogrund channel within Swedish territorial waters. The impossibility of laying hands on this traffic, which is most probably carrying contraband, is of constant concern to the Naval Staff.

War against Merchant Shipping:

One steamer has been taken in prize.

Eastern Baltic:

The Swedish Government has informed us that a minefield has been laid in the Kwarken fairway between Sweden and the Aaland islands, right across the main fairway. The minefield stretches to the Finnish island of Maerket in Finnish territorial waters and extends beyond the actual three-mile territorial limits. The Swedish Government has further informed us that the minefield also stretches across the fairway from Maerket - Skallen towards Understen, but that arrangements have been made whereby German steamers carrying ore can by-pass the minefield by a specially marked channel. From the amendment to its notification in which the Swedish Government states that the minefield has been laid within a three-mile radius around the points Understen and Maerket Skallen, it is concluded that Sweden has taken the Finnish rock at Maerket Skallen as the basis for their calculation of the three-mile zone and not the cliff at Maerket Haeller, which was assumed by us to be the basis for calculations.

Despite Swedish assurances to the contrary the laying of this Swedish minefield in the Kwarken Strait must be regarded as solely directed against Germany with the aim of hampering our merchant warfare in that particular sea area.

A protest will therefore be lodged with the Swedish Government through the Foreign Office. It will be made quite clear to the Swedish Naval Attaché, who was ordered to inform the German Navy of this minefield, that the German Navy objects strongly to this Swedish measure.

Submarine Situation 5 Dec.Atlantic:

Submarine U "43" has started on return passage. Otherwise no changes to report.

North Sea:

In the operational area: Submarine U "31" in the Kinnaird Head area.
Submarine U "59", on a minelaying operation off Cross Sand light-vessel.
Submarine U "35" ??

On passage: Submarine U "36" in to the Shetlands -
Kinnaird Head operational area.

On outward passage: Submarine U "23" for reconnaissance of
the bays and fiords in the Orkneys -
Shetlands area.

Returned from Operations: Submarines U "21", U "56" and U "58".

Merchant Shipping 5 Dec.

Overseas Agents are being advised in Information Report No. 106 that seven ships have come in to Norwegian ports from overseas during the last week.

According to a cable received from Batavia, dated 27 Nov., the steamers LINDENFELS and WERDENFELS were seized at Sabang on 24 Nov. owing to an alleged claim of 166,000 guilders filed by the Asiatic Petroleum Company, London. A further report, dated 1 Dec., states that the following steamers have also been seized at the request of the Asiatic Petroleum Company: The FRANKEN at Padang on 28 Nov., the NORDMARK and the VOGTLAND at Batavia on 30 Nov. Seizure of the steamers RHEINLAND, WUPPERTAL and BITTERFELD at Padang is imminent. Therefore 14 out of 19 steamers have been seized. The German Consul General at Batavia reported on 2 Dec. that the removal of certain engine parts from the ships at Padang which has been demanded by the British, has so far been prevented. This obviously deliberate attempt on the part of the British to prevent the departure of the ships gives rise to the fear that the remaining German steamers will also be seized.

Conference on the Situation with the Chief, Naval StaffSpecial Items:

1. It is expected that the pocket battleship SCHEER will be fully operational again by autumn 1940 at the latest.
2. It will probably prove impossible to complete repairs on the pocket battleship LUETZOW before the end of January 1940 (both repairs to her hull and her engines), therefore she will not be able to sail before the middle or end of February.
3. The recommendation made by Group West to remove the anti-aircraft guns temporarily from those ships and vessels which are undergoing a long dockyard period in eastern ports and to use them meanwhile in the West to reinforce the anti-aircraft defense has been approved.

Discussions between Naval Staff and Naval Attaché, Rome (Captain Loewisch):

Items discussed:

1. Evaluation of the situation and future plans of the Naval Staff.
2. Can Italy be counted on to enter the war if an offensive is started in the West, or what is otherwise the earliest date?
3. Deliberations as to the actual help which may be expected from Italy and as to how co-operation can be effected.

With regard to paragraph 2 Naval Attaché, Rome believes that under no circumstances will Italy enter the war on our side before the spring 1940. Even then Italian participation is doubtful unless conditions are exceptionally favorable.

In reference to paragraph 3 the views held by Naval Staff so far on the subject of joint operations with Italy remain in general unchanged. Direct tactical co-operation is out of the question. The operational limits remain unchanged, viz. Italian sphere of interest: The Mediterranean, the Atlantic Ocean from south of Gibraltar to Freetown, the Indian Ocean for operations from Kisimajo and Mogadiscio.

a. First Possibility:

Italy does not actively participate in the war but remains neutral as up to now. In such a case German naval warfare will not profit

directly. It will be possible to send German submarines to the Mediterranean in the spring or summer of 1940 for operations in the Western Mediterranean. The Italian Navy must be convinced of the necessity of assisting us by arranging supply of fuel and provisions in Italian ports and bases. Naval Attaché, Rome believes that such assistance will be possible.

b. Second Possibility:

No participation by Italy in the war, but strong intervention. In such a case there will be extensive possibilities for obtaining supplies, overhauling engines and dockyard repairs. Naval Attache, Rome should give this matter advance consideration. Naval Staff will make far-reaching demands if necessary.

c. Third Possibility:

Italy enters the war on our side in the spring of 1940.

It must be clearly seen on both sides where strategy overlaps and where operations have a reciprocal effect. Closer tactical co-operation is neither necessary nor suitable. It will, however, be necessary to form a command organization for operational co-operation between the two navies. The date of the establishment of such a staff depends entirely on the political situation and Italy's attitude to Germany.

Operational command of German naval forces operating in the Mediterranean from Italy is out of the question.

Naval Attaché, Rome states that the Italian Admiralty and the Navy at present both firmly believe that the Italian Navy will join in the war on our side in the near future. The political leaders are, however, acting with prudent reserve and are solely considering the interests of Italy.

The following special questions require detailed replies and should be clarified by the Naval Attache:

1. What ideas has the Italian Armed Forces High Command, and in particular the Italian Navy, with regard to their own warfare?
2. What possibilities for land and air operations are foreseen by the Italian High Command?
(Operations in the Lybian area, from the Po Valley against Southern France - commitment of the Italian Air Force in operations against Southern France.)
3. Have any changes been made in the operational plans of the

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Italian Navy laid down in the earlier discussions held with the Italian Admiralty, as a result of experiences already gained or in view of the Anglo-French inactivity and developments in the Mediterranean area?

4. To what extent would Italian participation in the war relieve the German naval war?

5. What actually are the possibilities of equipping and supplying our auxiliary cruisers and supplying our submarines in Italian ports and bases?

6. Along what lines should the German Naval Liaison Staff in Italy be organized? What kind of communications organization must be set up? - System - line communications - radio - codes - personnel.

Preliminary studies should be made in good time so that the answers to the various questions are received at the latest by the date held possible for Italy's entry into the war, namely by spring 1940.

The German Naval Staff believes that Italy should be able to gain complete control of the Western as well as the Eastern Mediterranean, if her naval and air forces strike with sufficient force.

d. The fourth and last possibility which must not be lost sight of is that future Russo-German co-operation could unfavorably react on Italo-German relations and that this might suddenly turn popular feeling in Italy against us if Russia should advance in the Balkans. In this case a change in Italy's policy from benevolent to hostile neutrality is quite likely. It is assumed that a partial solution, such as the Soviet Russian demand for Bessarabia, will not in itself have such an unfavorable effect.

Items of Political Importance 6 Dec.

1. The Russo-Finnish conflict and the British export blockade are still the main political topics. The sympathy of most countries lies plainly with Finland, especially that of the United States, Spain and Italy.

Possibilities of relief and assistance are being considered in several countries. Great Britain is very cautious and shows every restraint where Russia is concerned in order to avoid anything which might bring Russia and Germany closer together. Corresponding pressure is being brought to bear on the United States.

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The strong line taken by the French press against Russia is worthy of note.

For details see "Foreign Press Reports".

Russian operations are hampered by weather conditions.

The Finns hope to be able to resist Russian pressure for quite a long time.

2. For the effects of the declaration of the European combat zone for the United States see "Political Review No. 93".

3. Mr. Churchill stated in the House of Commons that:

"Shipping losses are decreasing. There is every hope of overcoming the submarine and mine peril completely. The convoy system is functioning very safely. Neutral shipping losses have increased. Britain's supplies are fully assured."

"I do not intend to announce losses as they occur unless they become widely known or I can assume that the enemy has knowledge of them."

4. In the course of conversation between Mussolini and our Ambassador in Rome, the Duce stated that Italy intends to take a firmer attitude with regard to British methods of economic warfare.

A conference was held at the offices of the Special Staff for Mercantile and Economic Warfare on the afternoon of 5 Dec. Measures designed to break the British export blockade and possible German counter-measures were discussed. Chief, Operations Division explained the Naval Staff's attitude. See War Diary, Part C, Vol. XII "Economic Warfare".

Special Reports on the Enemy 6 Dec.

Atlantic:

Great Britain:

Disposition of Forces:

Task Force-W (heavy cruisers) left port at 0600, probably as remote escort for convoy HXF "11". Task Force X (cruiser HERMES group) to which the cruiser NEPTUNE has been assigned is operating from Dakar southward.

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An Intelligence Center report states that a British battleship arrived at Gibraltar (the BARHAM ?, ROYAL SOVEREIGN ?, RAMILLIES ?).

Further interrogation of prisoners from the RAWALPINDI discloses that the Northern Patrol consisted not only of four but of a considerably larger number of auxiliary cruisers, of which so far seven have been identified by name. Equipment and training is said to have been very careless and hasty.

An agent reported that:

A large number of Q-ships is at present under construction. They are camouflaged as ordinary freighters and have material on board with which the appearance of the ship can be completely changed at night. The ships are built with telescope masts. Telescopes for observation are hidden in the ventilators. Armament consists of four 12 centimeter guns, torpedo tubes and a great quantity of depth charges. The stern gun is usually without cover. The extra antennae are camouflaged as signal halyards. (This information has been passed on to the GRAF SPEE.)

Mr. Churchill stated in the House of Commons that besides the two German pocket-battleships there was probably also a cruiser operating in the Atlantic. One ship is reported near Madagascar.

France:

The battleship PROVENCE with the VAUBAN and two destroyers put in to Gibraltar on 6 Dec.

North Sea:

Air reconnaissance sighted destroyers east of the Humber, a convoy off Flamborough Head, and one auxiliary cruiser and two destroyers on northeast course about 60 miles east of the Wash. Lively enemy air reconnaissance in the southern part of the North Sea. Nothing unusual observed on the Norwegian coast. No warships sighted in Scapa Flow or the Shetlands.

Shipping losses:

Danish steamer OVE TOFT (2,100 tons) and Greek steamer PARALOS (3,400 tons) due to mines.

Own Situation 6 Dec.

Atlantic:

Nothing to report.

North Sea:

Air reconnaissance carried out over the entire North Sea area, during which there were several unsuccessful engagements with British bombers and fighters.

Commander, Naval Air carried out a night operation on 5 Dec. for "reconnaissance of lights". (LMA mines dropped: 5 over the Humber, 8 over the inner Thames, 2 over the south Thames and 2 at Harwich.) Four He 59's were lost in this operation (one at Cromer, three near Borkum and Norderney). Three other planes which made emergency landings were rescued by air-sea rescue boats or patrol vessels. According to investigations made so far, these losses were not caused by enemy action, but were due to weather conditions (icing) and probably to overloading entailed by this mission.

Commander, 4th Destroyer Flotilla commenced the minelaying operation off the Wash near the Cromer light-vessel with two destroyers on the afternoon of 6 Dec. (the destroyer GIESE acting as mine carrier, the destroyer LODY as escort). Engine trouble forced the second mine carrier, the destroyer BERND VON ARNIM, to abandon the operation.

Baltic:

Commanding Admiral, Defenses, Baltic reported that the loss of submarine chaser "117" was due to the fact that contrary to orders, the boat did not proceed along the coast of Langeland but coming from the southern edge of the declared area in the Great Belt turned closely around the southwestern buoy and proceeded from there northward into the mine-infested area near the position where patrol boat "301" sank.

The Net Defense Unit has closed the Cadet channel in the Gjedser Narrows.

In our operations against merchant shipping one steamer has been taken in prize.

The Finnish Government has notified the League of Nations that mines have been laid in the waters around the Aaland Islands.

Submarine Situation 6 Dec.Special Items:

Commanding Admiral, Submarines reported four submarines out of

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operation due to sand having been found in the engine oil. (Submarine U "52" out of operation until further notice, submarines U "51" and U "46" for about one week, submarine U "13" for about three days.) Investigations are under way.

Atlantic:

Submarine U "26" returned from long-range operations.

Bad weather and strong enemy patrol prevented the minelaying operation off Gibraltar. One steamer of 5,000 tons sunk.

In the operational area:

Submarines U "28", U "29", U "47" and U "48".

Off the Norwegian Coast:

Submarine U "38".

Submarine U "47", at present southwest of the Scilly Islands, reported her gyro compass out of order. Two days spent trying to repair it without success. The boat reported only slight neutral shipping and that she had hit a steamer of about 12,000 tons; sinking was not observed owing to a depth-charge attack. The boat has twelve torpedoes left.

On return passage:

Submarines U "41" and U "43".

North Sea:

In the operational area:

Submarines U "31", U "59", U "36" and (doubtful) U "35".

On passage:

Submarine U "23".

Brief reports from submarines U "21" and U "56" are contained in War Diary, Part B, Vol. IV.

Submarine U "21" reported amongst other things as follows: Heavy enemy patrol off Buchan Ness. Single patrol vessels were located at a distance of 30 to 40 miles from the coast, apparently the approach point for numerous steamers making for Peterhead from the Skagerrak. Sailing through the British declared area

has not been observed. Lights are dimmed.

Submarine U "56" reported amongst other things:
Shipping in the British declared area is proceeding on courses 20° and 200° and from the Skagerrak to the Firth of Forth. Patrol vessels are on duty about 40 miles and 5 miles from 5 miles from the coast. Ships approach Scurdy Ness through the declared area on an approximate course of 270°. Otherwise no traffic observed in the declared area.

Merchant Shipping 6 Dec.

One steamer reached Norway from overseas.

Losses:

Steamer USSUKUMU (7,834 tons) seized by British naval forces when leaving Bahia Blanca. An attempt to scuttle the ships miscarried. According to Reuter this is the third large steamer seized in South Atlantic waters within the last ten days. Altogether 27 ships with a total tonnage of 166,935 BRT have been taken over in Dutch East-Indies ports on creditor claims. Six other ships of altogether 9,526 BRT which had also been taken over have been released again after their owners made guarantee deposits.

The following radiograms have been sent to the GRAF SPEE:

1. Portuguese planes are carrying out air reconnaissance for about 80 kilometers out to sea before British steamers leave Portuguese ports in Africa.
2. Armed enemy merchantmen often carry naval personnel to man the guns and depth-charge throwers.
3. Transmission of the European combat area declared by the United States. (See War Diary, Part B, Vol. V, Page 66.)

Evening 6 Dec. 1939. Fuehrer decision: Code number changed to: 5103. Passed on to Group West.

Chief, War Economy Staff, reported to the Commander in Chief, Navy on the raw material situation as follows:

1. The situation is rather serious in all fields connected with iron and other metal raw materials due to the ever increasing demands (by the armed forces, for exports, for the Russian program, home consumption, in particular for the railways). Shipments from Russia will not alleviate the steel shortage. Former steel allocations to the Air Force will have to be cut slightly, those to the Army will remain unchanged, whereas the Navy's allotment will be raised from 120,000 tons to 140,000 tons (as compared with the quarterly demand for 170,000 tons). Naval Ordnance Division, War Economy Branch stated that this increase will probably avert, at least for the time being, any adverse effects on the shipbuilding program. However, the next quarterly allocation must meet naval demands.

2. In non-ferrous metals too there will only be small cuts in the naval allocation. Individual increases, for instance in copper and aluminium, are possible, yet allocations will still be considerably below naval requirements. Should no improvement be possible, then it is certain that shipbuilding and armament production will be affected. Commander in Chief, Navy said that he may bring this matter to the attention of the Fuehrer.

Chief, War Economy Staff believes that the situation as regards non-ferrous metals is not yet definite and he expresses the hope that the checks which are at present being made at the various factories will unearth stocks hitherto unknown.

Chief, Naval Ordnance Division, reported to the Commander in Chief, Navy on the Soviet Russian armament demands. These demands are extremely high and some of the orders call for delivery dates which could not be met even in peace time.

In order to fulfill these demands at all it would first of all be necessary to obtain the required raw material, and consideration must also be given to war time conditions, weapons, guns of all calibers, cables, fire control equipment, tool machines etc.

Amongst the naval vessels asked for are the cruisers LUETZOW, SEYDLITZ and PRINZ EUGEN.

According to the Fuehrer's instructions our own armament production must in no way be hampered by deliveries to Russia.

Through the Navy we might, however, be able to obtain from the Russians most valuable deliveries, as for instance oil, in

exchange for the items which are nevertheless possible, such as LUETZOW, specimens of weapons for reproduction, construction plans for warships, such as the BISMARCK, destroyers and submarines.

Future negotiations will show how far trade with Russia can be increased. For some of the naval items the Fuehrer's approval will have to be obtained first.

The Foreign Office (Ambassador Ritter) is drawing up instructions to delegations abroad along the following lines:

Neutral Governments are to be warned not to charter their ships to the enemy, since such an act must be regarded by us as a violation of neutrality. Should, however, in spite of the above warning, shipping be chartered to any great extent then all the vessels sailing under that particular country's flag will be treated by us as enemy ships as soon as they are encountered in a certain area (the American combat zone as far as about 3° E has been suggested).

Chief, Naval Staff fully concurs with this step by the Foreign Office and believes it advisable to take it at once.

Special Reports on the Enemy 7 Dec.

Atlantic:

Great Britain:

Disposition of Forces:

One battleship reported at 0700 on 7 Dec. 30 miles south of Huelva. An agent reports that Loch Goil in the River Clyde is being used by British warships as a naval base.

France:

Except for submarine movements off Casablanca, nothing to report.

North Sea:

British destroyers were observed off the east coast and in the Hoofden area. An "I" class destroyer was sunk by torpedo. (See under "Own Situation".)

Shipping losses due to mines:

British trawler WASHINGTON (209 tons) on the east coast.
Norwegian steamer PRIMOLA in the North Sea.

Radio Monitoring Report No. 14/39 gives a review of the activities of the enemy's main forces.

Special Items:

1. British naval activity which followed out battleship operation in the Iceland Faroes area ended with the return of the forces concerned to their bases on 3 Dec. As already assumed, however, a much stronger naval force has been left on patrol duty in the area north and east of the Shetlands - Orkneys. This force includes the 1st Cruiser Squadron with the heavy cruisers DEVONSHIRE, NORFOLK and SUFFOLK. According to radio monitoring it is very unlikely that submarine U "47" sank a heavy cruiser, as she claims.

Disposition of battleships is at present as follows:

The HOOD is probably in the Eastern Atlantic on convoy escort duty. The RENOWN is in the Freetown area.

The REPULSE is in the West Atlantic.

2. Radio monitoring shows that the River Clyde is definitely used by heavy forces as a rest port. The light forces of the home fleet are mainly based on Rosyth, whereas the light forces of the Northern Patrol have their base in the Shetlands - Orkneys (Sullomn Voe and Scapa Flow).

The auxiliary cruisers use Glasgow as a rest port and for supplies - confirmed by prisoners of war taken from the RAWALPINDI.

3. It seems that a mine-free route has now been found in the River Thames, which was temporarily closed to traffic. With observance of the proper navigational precautions shipping is again permitted in the Thames. The British are trying to safeguard the ports on the east coast by laying protective minefields.

4. Attacks on submarines and defense measures are still being pursued with great vigor. In one case radio monitoring observed

that ten minutes after the first report on the sighting of a German submarine, eight and later on eleven submarine chasers had been sent out. (Compare this with the despatch of a few German submarine chasers after the sighting of an enemy submarine in German waters.)

5. It has again been confirmed that there are about ten British submarines constantly on operations in the North Sea.

6. There is constant and lively enemy air activity over the North Sea, even when weather conditions are adverse. The British direction finder system operates well, especially in supporting night air operations.

Own Situation 7 Dec.

Atlantic:

Nothing to report.

North Sea:

Commander, 4th Destroyer Flotilla carried out a minelaying operation off Cromer - Haisborough on the night of 6 Dec., with the destroyer GIESE as mine carrier and the destroyer LODY as escort; the destroyer BERND VON ARNIM could not take part owing to engine trouble. Two enemy destroyers were sighted on the return passage near Cromer Knoll lightship. One of the enemy destroyers was sunk by a torpedo fan fired from the GIESE. It seems that our destroyers were not observed. The minelaying operation was carried out smoothly. Steamers caused a slight hindrance.

For the time being no information on this operation will be announced, since it is in the interest of future destroyer operations that the enemy remain unaware of the appearance of German destroyers off his coast.

Reconnaissance planes of the 10th Air Corps and one squadron of the 26th Bomber Wing took off for the Firth of Forth. The reconnaissance planes contacted a convoy of eight steamers 30 kilometers east of Berwick. At 1215 the bomber squadron was given orders to attack. Just before the attack on the convoy which had broken up in the meantime our planes were suddenly attacked by eight or nine British fighters (Spitfires) flying in

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formations of twos and threes. The attack on the convoy had to be given up. We lost two He 111 planes, of which one of the crews was rescued.

(See also Air Force, General Staff situation report of 8 Dec.)

Baltic Sea:

The Minelayer TANNENFELS has left for the Aaland Sea, in order to investigate the Swedish minelaying operations, pilot service and shipping traffic and also to make a show of the flag. Later on the minelayer will operate against merchant shipping in the area north of Gotland.

Gulf of Finland:

Russian naval and air forces have started operations against the Finnish islands and coast. The Russians have occupied the islands of Hogland, Lavansaari and Tyters.

Submarine Situation 7 Dec.

Atlantic:

Submarine U "41" has returned from a long-range operation.

Commanding Admiral, Submarines has ordered submarine U "47" to extend operations into the Channel only as far as O^o. Bad weather, enemy defense and fuel situation prevented submarine U "29" from completing her task in the Bristol Channel. The boat has weathered an eleven-day storm. An unsuccessful attack was made on a Q-ship with chaser group. Still in the operational area: Submarines U "28", U "47" and U "48". Off the Norwegian coast: Submarine U "38". On return passage: Submarine U "43".

North Sea:

Submarine U "31" in the operational area off Kinnaird Head.
Submarine U "36" in the area between Kinnaird Head and the Shetlands.
Submarine U "59" carried out a minelaying operation off Cross Sand lightship and is now on return passage.
Submarine U "35" ???
Submarine U "23" on passage into the area Shetlands - Orkneys.
Submarine U "20" left for the operational area Rattray Head (torpedo).
Submarine U "57" left for the operational area north of the North Hinder lightship - southeast coast of England (torpedo).

Submarine Warfare against Merchant Shipping:Shipping losses:

Dutch tanker TAGANDOEN (8,159 tons) reported burning 60 miles south of Lizard Head.
British steamer CHANCELLER (4,670 tons) lost in the Atlantic (allegedly after collision while sailing in convoy).
British steamer TONGARI (8,700 tons) adrift in the western part of the English Channel.
Belgian steamer LOUIS SCHEID (6,057 tons) aground near Start Point.

Naval Staff has given the following reply to an inquiry from Commanding Admiral, Submarines:

1. Though an extension of the limits in which ships without lights may be attacked would be very welcome, such a move is at present impossible, since there are always returning German ships off Spain and Norway camouflaged and proceeding without lights. Moreover there is a regular German traffic proceeding in both directions within, and occasionally also outside, Norwegian territorial waters.
2. There is always a possibility that conditional contraband carried by neutral ships passing the English Channel is destined for the enemy, as they are forced to put into British control ports in accordance with Article 23, Para. 3 of the Prize Regulations.

Merchant Shipping 7 Dec.

One steamer has returned from overseas.

Two steamers from overseas reached Norwegian ports (one from Vigo, the other one from Cadiz via Reykjavik).

Losses:

It seems that the steamer USSUKUMA which was reported seized was actually scuttled in time.

Owing to British attempts to deceive our homebound steamers by fictitious radiograms concerning alleged seizures of German ships and so deter them from passing through the Denmark Strait, influencing them instead to attempt a breakthrough south of Iceland, the following Information Report (No. 107) has been sent to those of our representatives abroad concerned:

"It has been clearly established that British cruisers are

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sending out fictitious SOS-signals purporting to come from German merchant vessels and giving positions, in order to deter our ships from passing through certain sea areas, for instance the Denmark Straits."

The following radiogram has been sent to the pocket battleship GRAF SPEE in connection with the instructions issued by the Foreign Office as regards our policy towards America:

"According to the latest Neutrality Law American merchantmen are not allowed to proceed through the combat zone laid down by the President. American ships outside the combat zone should therefore be treated with due consideration. Should an American vessel carrying contraband be sunk in accordance with Article 73 of the Prize Regulations, special attention should be given to the safety of her crew and passengers as provided by Article 74."

The GRAF SPEE has also been informed that the British armed steamers HIGHLAND MONARCH, MARCONI, ASHBURY and SOUTHGATE left the River Plate on or about 5 Dec.

Items of Political Importance:

1. For report on the Russo-Finnish conflict and Soviet Russian declaration of a blockade of the Finnish coast, see under "Foreign Press Reports".

The following information has been sent to all our naval forces in the Atlantic:

1. Present political developments are influenced by the Russo-Finnish conflict. Great Britain is acting very cautiously in order to avoid open conflict with Russia. Popular feeling in Italy, Spain and North and South America sides with Finland. Italy also worried about possible Russian activities in the Balkans and Rumania. Germany does not intend to intervene in this conflict. Russo-German trade negotiations are progressing satisfactorily.

2. Japanese aims are to end the China conflict and eliminate Anglo-American interests there. Japan is therefore now more willing to come to an agreement with Russia, to which the latter is also quite amenable. The stiff American policy towards Japan is assisting matters to develop in the same direction.

2. The Irish Government has lodged a protest in Washington against the inclusion of neutral Ireland in the European closed zone and has asked that American ships be permitted to enter a few Irish ports. This request has not been granted on the ground that no amendment can be made because other neutral countries are in a similar position. (Our Atlantic forces have been informed of the above by radiogram.)

3. The main decisions reached by the Fascist Grand Council are as follows:

"Re-affirmation of the alliance with Germany.

Confirmation of the cabinet decision that Italy should remain a non-belligerent in order to limit the conflict.

A clear statement regarding Italy's special interests in the Balkans."

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Special Reports on the Enemy 8 Dec.

Atlantic:

Great Britain:

Disposition of Forces: (Passed on to the GRAF SPEE for information.)

Battleship RAMILLIES left Aden on 4 Dec. for Australia via Colombo.

Battleship BARHAM on passage from Gibraltar to the English Channel (at 1200 on 9 Dec. northwest of Cape Villano).

Cruiser ACHILLES is at Montevideo.

The heavily armed steamer ANNA LUCIA sailed from Buenos Aires on 8 Dec. The convoys HXF "11" and HX "11" left Halifax on 2 and 4 Dec. respectively.

France:

There are several vessels at sea in the eastern part of the English Channel. Naval Station, Dunkirk issued a warning to shipping against entering the sea area around the southern buoy on Colbert Bank. Planes from the carrier BEARN took part in patrol of the Channel area on 8 Dec. It can therefore be assumed that the BEARN is also in the Channel area. Cruiser ALGERIE is at Casablanca. Radio monitoring also detected several convoy movements. The convoys were escorted by destroyers and gunboats.

The following report has been received on measures taken to camouflage French merchantmen:

Guns are placed behind false deck houses. The after mast is moved sideways from center line position in order to render range-finding more difficult. The bow is painted white so that the bow wave becomes invisible and estimation of speed is rendered more difficult. It is planned to equip all French merchantmen with smoke screen apparatus. (This information has been passed on to the GRAF SPEE.)

North Sea:

Disposition of forces:

The battleship RODNEY has been located in the southern outlet of the Clyde. A few days ago Task Force W (heavy cruisers) was at Rosyth for a brief stay.

Radio Daventry reported the sinking of a submarine by bombs. (??)

According to a Reuter report the British destroyer which was torpedoed by the ERICH GIESE seems to have been the new 1,700 ton destroyer JERSEY. It is reported that the ship was towed in to an English port. (Casualties: Two officers, eight ratings). This report conflicts to a certain extent with the observations made by our own destroyers who consider that it is very likely that the torpedoed British destroyer was destroyed. At least there is the impression that the entire stern of the vessel was blown off and sank.

Shipping losses:

British steamer MEREL (1,100 tons) off the southeast coast (mine). Belgian steamer KABINDA (5,100 tons) aground near Goodwin Light-house' (mine). The Belgian steamer LOUIS SCHEID (6,057 tons) which ran aground near Start Point has become a total loss (see also under "Warfare against Merchant Shipping").

Own Situation:

Atlantic:)
) Nothing to report.
North Sea:)

Baltic Sea:

Naval Situation in the Russo-Finnish Conflict:

The Soviet Russian Government declared on 8 Dec. the blockade, "requested by the Finnish People's Government", of the Finnish coast in a strip twenty miles wide from the mouth of the river Torneo southwards along the eastern border of the Aaland Islands area and eastward as far as the western entrance to the Gulf of Finland. Helsinki and the area east of it are not included in this blockade area. The blockade excludes the Aaland Islands as long as they are not used for military operations. Foreign vessels can leave the blockaded area up to noon on 9 Dec. For context of the Russian verbal note see War Diary, Part B, Vol. V, page 67.

Russian reports show that the occupation of the island of Great Tyters was carried out by a destroyer group. Stenskaer is also said to have been occupied.

The Finnish lightships have been withdrawn and all coastal lights have been put out by the Finns.

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Submarine Situation 8 Dec.

Atlantic:

In the operational area: Submarines U "28", U "47" and U "48".

Norwegian Coast: Submarine U "38" reported that she sank the British steamer THOMAS WALTON and has commenced return passage. The boat has had no other successes, but apparently many torpedo misses or failures.

On return passage: Submarines U "47" and U "29".

North Sea:

In the operational area: Submarines U "31", U "36" and U "35" (??)

On passage: Submarines U "23", U "20", U "57" and U "61".

Submarine Warfare against Merchant Shipping:

The following vessels were sunk by submarines:

The British steamer THOMAS WALTON (4,500 tons) off West Fiord.
British Royal Mail steamer NAVASOTA (8,795 tons) in the Atlantic.
British steamer BRANDON (6,655 tons). A submarine hunt was started by enemy planes after sinking of the latter steamer.
The British steamer MANCHESTER REGIMENT (5,989 tons) and another unnamed steamer (4,600 tons) sank (or was torpedoed?) after a collision (presumably in convoy).

Merchant Shipping 8 Dec.

Own Shipping:

Two steamers with valuable cargo aboard have reached home waters from Vigo. Thus seven out of eight ships which left Vigo on 12 Nov. have reached home waters safely. This is very satisfactory indeed. In view of our naval operations against merchant shipping all German ships on the Norway run have been given orders to set the prescribed lights at night even when proceeding outside territorial waters.

Neutral Shipping:

The Dutch Government is said to be absolutely opposed to the sale of Dutch steamers to Great Britain. Shipowners are not in favor of selling their ships and the Dutch Government would not give permission in view of its neutrality.

Effects of the British export blockade: According to information received from the German Consul General in Genoa, Italian steamship lines will continue to accept German goods for shipment, if they are not outwardly discernible as such.

On the other hand the Genoa Agent of the Spanish steamship company Ybarra y Cia S. en C., Seville, reported that this company refuses to accept goods of German origin or to carry German passengers on Spanish Government orders.

Chief, Naval Staff had a conference with the Fuehrer on the following:

1. Situation in the Baltic Sea, with special emphasis on Swedish measures to hinder our warfare against merchant shipping.
2. Situation in the North Sea: minelaying operations by destroyers and submarines. Future plans. Battleship operations.
3. Situation in the Atlantic. Future plans for the GRAF SPEE.
4. Return of German merchantmen. Plans for the return passage of the BREMEN.
5. Economic warfare, countermeasures against "the order in council". Stopping Danish shipments to England.
6. Operation "Gelb". Measures by the Navy.
7. Effects of the Russo-Finnish conflict on the policies of Italy and Spain.
8. Questions with regard to the steel quota for the Navy. Submarine construction program. Deferment of production of heavy naval ammunition.
9. Question of sales to Russia.
10. Matters regarding personnel.

(For details see notes made by the Commander in Chief, Navy in War Diary, Part C, Vol. VII).

Items of Political Importance 9 Dec.

1. Russia has denied reports concerning alleged Soviet Russian designs on the eastern provinces of Sweden and Norway. Foreign reports speak of German and Italian shipments of war material to Finland. These reports are without foundation, but are given much space in the Russian press.

Naval Staff is of the general opinion that in the interests of German warfare everything must be avoided that might look to the Russians as if Germany was trying to impede Russian operations. Naval Staff believes that for political reasons any assistance to Finland out of sympathy for the Finnish nation, would be wrong. This standpoint should also be made quite clear to the Italians, should they consider sending arms via Germany or by sea through the Baltic, and pressure should be brought to bear in this respect. Naval Staff considers it essential to maintain a definite policy with regard to Soviet Russia.

2. Reports concerning the conclusion of agreements for the delivery of English coal to Italy have been confirmed.

3. Official Italian statements and the Italian press strongly emphasize Italy's vital interests in the Danube and Balkan area in view of possible Russian aspirations there. Public Italian demonstrations for Finland and against Bolshevism.

4. On grounds of neutrality Portugal has declined to make the quays in Lisbon available for the transshipment of American goods to England, as demanded by Great Britain and the United States.

5. Admiral Tamm, Sweden's Commander in Chief, Navy told our Naval Attaché in Stockholm that the Swedish minefields in the Aaland Sea are not directed against Germany and that the Swedish Navy was not responsible for the present strained relations and various disagreements between Germany and Sweden. He referred to the attitude of the Swedish Government. He said that the Swedish Navy wished to maintain good and friendly relations with the German Navy.

Conference on the Situation with the Chief, Naval StaffSpecial Items:

Chief, Naval Staff gave a review of his conference with the

Fuehrer on 8 Dec:

- a. The Fuehrer agreed in general with the Navy's opinion that the "Order in Council" demanded German counter-measures. A special law for the seizure of enemy exports should be submitted to the Fuehrer for approval after further examination by the Special Staff for Mercantile and Economic Warfare. The Fuehrer is, however, of the opinion that intense economic warfare will not come into question until an offensive starts and warfare in general becomes more intense.
- b. The Fuehrer has given permission for the destroyer operations in the course of operation "Gelb" to be carried out during the first night. A directive from the Armed Forces High Command will follow.
- c. The Fuehrer approved intensified air force operations against convoys.
- d. The Fuehrer has decided that the heavy cruisers SEYDLITZ and PRINZ EUGEN, and the turrets of "H" and "J" (new battleships under construction, Tr. N.) are not to be sold to Russia.

Discussion between Naval Staff and Commander, Naval Air, West (Major-General Coeler):

1. Commander, Naval Air, West gave a review of the types of planes which have so far been used for minelaying operations:
 - a. Type H 59 has proved to be an exceptionally suitable plane for minelaying operations. It is able to carry two LMA or one LMB mine. Range: Downs, river Thames, Dunkirk, Calais, Humber.

Type H 115 has also given a good performance. This type of plane can carry one LMA or one LMB mine. Range: As far as Southampton.

- b. Minelaying operations are a very heavy strain on both personnel and material. The necessity of laying the mines accurately, the long approach flights, exact navigation, bad weather conditions, seven to eight hours blind flying at night, the heavy overload which the planes have to carry, all demands of the crew the highest efficiency.

The regrettable losses which have occurred lately are mostly due to heavy overloading of the planes, the difficulties encountered in night take-offs and to weather conditions (icing). British anti-aircraft defense at night has so far only been slight. Commander, Naval Air, West believes that use of fighters over the Thames area, would be of little use. Balloon barrages on the other

hand, which the British are apparently planning to put up, would be quite a hindrance.

Since accurate navigation is essential for successful minelaying operations, Commander, Naval Air, West will train mine specialists for the various areas where mines are to be laid.

c. Naval Staff told Commander, Naval Air, West that it was necessary to use all available means to lay numerous mines off the English coast in the shortest time possible, since it is to be expected that British anti-aircraft and anti-mine defense will soon grow stronger. An output of 120 aerial mines can be expected for December. Part of this quantity must be kept in reserve for air force operations in the Firth of Forth and the Clyde, which it is hoped will take place for the first time at the end of December or the beginning of January with converted planes.

Commander in Chief, Air Force fully recognizes the importance of aerial minelaying operations and the operations by naval air forces so far. In a discussion with Commander, Naval Air, West he promised that the particular group of the operational air force which has been chosen for minelaying operations will be put under Commander, Naval Air, West, as regards training.

2. The co-operation with the 10th Air Corps is very good and has proved satisfactory. Heavy fighter escort for naval reconnaissance planes, considered by the Navy to be very important, has not yet materialized. No difficulties are expected in view of the present close co-operation with the 10th Air Corps.

3. Naval Staff also mentioned the necessity of aerial torpedo operations in order to gain some definite experience regarding the possibilities for and tactical use of torpedo-carrying planes. It is believed that such operations will be quite successful on bright nights. Commander, Naval Air, West asked for relevant instructions to be issued.

4. Naval Staff considers that the question of submarine chase and submarine combat by planes in off-shore waters has not yet been taken up by the operational commands on the required scale. The observations made by our submarines with regard to danger from the air in the enemy's off-shore waters have shown Naval Staff that a constant air patrol and submarine chase by planes would make enemy submarine activity in the Heligoland Bight considerably more difficult. Commander, Naval Air, West will in future give special consideration to anti-submarine operations whenever planes are available.

On account of these discussions with Commander, Naval Air, West

Naval Staff has given instructions that naval air forces be permitted full use of weapons against ships without lights (west of 30° E). (Night patrol by torpedo-carrying planes on bright nights is proposed.)

Special Reports on the Enemy 9 Dec.

Atlantic:

Great Britain:

Disposition of Forces:

In connection with the appearance of the GRAF SPEE and the sinking of the steamer DORIC STAR on 2 Dec. off the west coast of South Africa, Task Force H (cruisers SUSSEX and SHROPSHIRE) and Task Force K (battleship RENOWN and aircraft carrier ARK ROYAL) received orders on 2 Dec. to operate from the Cape of Good Hope as far as a certain latitude (unknown to us). (This information has been passed on to the GRAF SPEE.)

Task Force X has now been identified as a mixed group, consisting of the aircraft carrier HERMES, the cruiser NEPTUNE and various other British and French warships. This group is under the joint command of a British and a French Admiral.

The cruiser ENTERPRISE expects to put in to Halifax on 15 Dec. (This information has been passed on to the GRAF SPEE.)

The following radiogram has also been passed on to the GRAF SPEE:

"Attaché reports: ANDALUCIA STAR, heavily armed, hull dark gray, superstructure yellow, left Buenos Aires on the morning of 8 Dec. - "ACHILLES" Montevideo."

Convoy traffic:

A convoy of about 50 ships sailed from Gibraltar at 1400 on 8 Dec., escorted by two British destroyers, two French destroyers and four patrol vessels.

France:

Intelligence Center, Spain reports that a French battleship (the PROVENCE ?) was sighted on the morning of 9 Dec. 30 miles west of Rabat, course south.

Commander, 1st Submarine Flotilla, the destroyer AIGLE and a cruiser of the 1st Cruiser Division put out from Bizerta on 8 Dec.

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and are probably going to Casablanca, where the Commanding Admiral of the 3rd Squadron, aboard the ALGERIE, is already presumed to be.

Two submarines (the MINERVE and the JUNO) were detected between Dakar and Casablanca on the afternoon of 9 Dec.

North Sea:

Commanding Admiral, Battle Cruiser Squadron with a destroyer and other unidentified vessels is at sea in the area of Scapa Flow or north of Scotland.

Reports still unconfirmed, speak of a British declared area at North Foreland and off St. Abbs Head.

Shipping losses in the North Sea:

Danish steamer SCOTIA (2,400 tons), British steamer COREA (751 tons), British towler TYNEMOUTH CASTLE (209 tons), British steamer MIDDLESBRO (1,000 tons) Norwegian steamer GIMLE (1,300 tons).

Own Situation 9 Dec.

Atlantic:

Nothing to report.

North Sea:

Nothing to report.

Baltic Sea:

Western Baltic Sea:

The minelaying operation "Undine 6" has been completed. Group Baltic reports that the mines discovered in the Great Belt outside the declared area have been found to be of German origin and that the fear of ground mines is therefore unfounded. The demarcation buoys are in correct position, but the barrages are half a mile too far west. Commander, Minesweepers will sweep all mines lying

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outside the declared area, though this will take time owing to the anti-sweeping devices laid there. The fairway in the Great Belt will probably be open again to traffic on 10 or 11 Dec. provided the ships pass the minefield at a safe distance.

Eastern Baltic Sea:

Warfare against merchant shipping was continued by minelayers.

Group Baltic has requested that the area in which operations against merchant shipping are permitted be extended to the east, south of Svenska Hoegerne Dargerort as far as 21° 30' E, and that operations be permitted in the sea area north of Moon Sound, outside territorial waters.

This question will have to be discussed with the Foreign Office because of its importance with regard to the demarcation of interests with Soviet Russia.

The Chief of the Swedish Naval Staff has announced a new minefield within Swedish territorial waters in the Oeregrund near Skaergaard between 60° 30' N. Pilots will be provided in this area.

Russo-Finnish Conflict:

Russian destroyers shelled the Finnish coast. Russian planes from Baltic Port and from Killkond carried out attacks.

Submarine Situation 9 Dec.

According to British estimates at least 40 German submarines are said to have been destroyed up to now.

On 9 Dec. the Admiralty announced the sinking of two more German submarines by planes.

Atlantic:

No changes reported from the operational areas.

Submarine U "47", which was 100 miles west of Ouessant on the evening of 9 Dec. reports: Gyro compass out of order due to bad weather, parent compass again in order, but repeater gyro not working. One bunker is leaking towards the battery room. Have sunk two neutral tankers totaling 18,000 tons.

Submarine U "41" has sunk about 13,500 BRT (for brief report see War Diary, Part B, Vol. IV).

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Of eleven torpedoes fired nine were failures or misses.

Submarine U "30" has left for the operational area on a special mission.

Radio monitoring intercepted enemy signals ordering submarine chaser units out against German submarines which had been sighted 100 miles southwest of the Scilly Islands (submarine U "47" or U "48") and near Le Havre (no German submarines there).

North Sea:

In the operational area: Submarines U "57", U "36", U "23" and U "35".

On passage: Submarines U "61", U "23", U "20" and U "13".

On return passage: Submarine U "31" after sinking approximately 20,000 tons.

Merchant Shipping 9 Dec.

Chief, Naval Staff ordered the BREMEN (code name: HELENE) to return to home waters, since the present moment is considered favorable for a breakthrough. The BREMEN has been given orders to leave Murmansk at midnight on 10 Dec. Instructions for escort, air reconnaissance and rendezvous in home waters are being sent to Group West and Group Baltic.

Losses:

Radio Daventry reports seizure of the German steamer HENNING OLDENDORFF by British naval forces.

A review of German ships which have left Spanish ports (Vigo, Cadiz and Huelva) and the Canary Islands for home waters since the beginning of the war shows that:

altogether 16 ships sailed from Spanish ports
of which 7 ships reached home waters
5 ships reached Norway
1 ship was sunk
3 ships were seized.

Altogether 4 ships sailed from the Canary Islands
of which 1 ship reached home waters
1 ship reached Norway
2 ships were seized.

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Special Reports on the Enemy 10 Dec.

Atlantic:

Great Britain:

Disposition of Forces:

Commanding Admiral, 1st Cruiser Squadron who was at sea with other vessels west of Scotland on the afternoon of 10 Dec., reported that the DEVONSHIRE would be 250 miles west of the Hebrides at 0400 on 11 Dec.

The cruiser EDINBURGH has been located northwest of the Shetlands. Further vessels were located west of Scotland and Ireland, in the river Clyde and in the western entrance to the English Channel.

Convoy traffic:

According to a report from our Attache in Washington, five British steamers carrying war material, consisting mostly of planes and trucks, sailed from New York on 7 and 8 Dec. According to an agent's report from New York 18 ships are due to assemble 100 miles northeast of Boston on 16 Dec. and will proceed from there in convoy, steering at first close to Newfoundland.

France:

The cruiser ALGERIE, the submarine depot ship JULES VERNE and a submarine of the 4th Submarine Flotilla (6th Squadron) are at present on passage from Casablanca to Gibraltar.

In the Mediterranean the cruiser COLBERT, the destroyer AIGLE and submarines of the 1st Submarine Flotilla put out from Bizerta on 8 Dec. for Beirut via Malta.

North Sea:

East of North Foreland a declared area has been announced which is closed to shipping after dark.

In the sea area between the Shetlands and Norway no observations made. An unknown vessel was located north of the Dogger Bank and it is therefore assumed that a submarine is operating in that area. Destroyers were located in the Rosyth area.

Shipping losses in the North Sea:

Losses due to mines: The French trawler DINARD (525 tons), Dutch

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steamer IMINGHAM (400 tons), Swedish steamer VINGA (2,000 tons), British steamer HABERTON (4,600 tons) and the British steamer WILLOWPOOL (4,800 tons). The steamer HABERTON ran aground near Halsbro lightship.

The British steamer BOWLING (800 tons) which left Leith on 7 Nov. is overdue and has been given up. The British freighter FIRE KING (758 tons) was rammed. Her crew was taken aboard by other steamers.

Own Situation 10 Dec.

Atlantic:

Nothing to report.

North Sea:

Owing to certain suspicious reports concerning the Danish steamers which are carrying food to England under the Maltese Cross, three of these ships were taken to a German port for investigation. All three ships had, however, to be released since nothing suspicious was found.

The minelaying operation by destroyers off Newcastle had to be postponed until 11 Dec. owing to adverse weather conditions and the state of readiness of the destroyers.

Baltic Sea:

Warfare against Merchant Shipping:

Four steamers were brought in as prizes. The Great Belt has been reopened to traffic.

Aaland Sea:

The minelayer TANNENBERG reported on the Swedish minefields in the Aaland Sea as follows:

The channel marked by buoys runs along the western edge of the declared area. It winds its way to the northwest through the cliffs there. The free channel without any shallows between

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Understen and Maerket is therefore entirely closed to traffic. Pilot service is only available by day. Fishing smacks flying the Swedish Naval Ensign were observed on patrol duty in the south. A small Swedish auxiliary cruiser was sighted in the north. Finnish patrol vessels and PT boats were observed south-east of the minefield near the cliffs at Gislán.

The position of this declared area in the Aaland Sea clearly shows Swedish attempts to interfere as much as possible with our warfare against merchant shipping. Previous surprise attacks by German raiders against ships laden with contraband and taking the short cut through the Gulf of Bothnia outside territorial waters have now been rendered quite impossible. In a teletype message Group Baltic has once more drawn special attention to the strategic necessity of taking diplomatic steps to oppose these minelaying operations.

Naval Staff has sent a written request to the Foreign Office asking that a strong note of protest be lodged with the Swedish Government against the closing of the Kwarken Strait, and that Sweden be asked to make a thorough re-check on the ownership of those Aaland Sea islands which have been taken to define the territorial boundaries.

Submarine Situation:

Atlantic:

No changes.

North Sea:

Submarines in the operational area:

Submarine U "23" on a reconnaissance mission in the Orkneys-Shetlands area.
Submarine U "20" off Rattray Head.
Submarine U "36" between Kinnaird Head and the Shetlands.
Submarine U "13" off the Firth of Tay.
Submarine U "61" off the Firth of Forth.
Submarine U "57" in waiting position near North Hinder lightship.
Submarine U "35" ?

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Submarine Successes:

British steamer SAN ALBERTO (7,397 tons) torpedoed 150 miles west of the Scilly Islands.

Merchant Shipping 10 Dec.

Two German steamers returned to home waters from overseas (one from Pernambuco, the other one from Vigo). The BREMEN will leave Murmansk for home waters at midnight on 10 Dec.

In connection with the building up of our agencies abroad a new professional consul has at last been appointed and sent to Stavanger. It is significant that the acting consul who has been in charge of our consulate at Stavanger until now emphasized, both during the war and upon arrival of the new consul, his strict neutrality as a businessman. He feared difficulties in his dealings with England, especially regarding delivery of British coal, the withdrawal of which would paralyze his extensive steamship business.

The appointment of junior officers as assistants to our Naval Attachés abroad is an urgent necessity. It is planned to send such officers first of all to Oslo, the Hague, Copenhagen and Istanbul.

The Soviet Russian Naval Committee has informed us through our Naval Attaché in Moscow that Russia is planning a submarine blockade against Finland in the Gulf of Bothnia. We are asked whether German steamers bound for ports in northern Sweden would be allowed to take fuel and provisions along which they could then hand over unobserved to Russian submarines at sea. Such supplies advanced by us would be returned by the Russians wherever we wish, i.e. at any Soviet port where our naval forces may have similar requirements. Naval Attaché, Moscow recommended that the Russian requests be met in view of the chances this offers us to ask for reciprocal assistance in our naval operations.

Naval Staff approves this request in general, because of the reasons given by our Naval Attaché and it is suggested that a reply be sent to the Russians immediately, in order to convince them of the German Navy's goodwill.

German ships on the Lulea run are most probably unsuitable in as much as they have no facilities for taking on oil and transferring it. It is therefore planned to employ a special motor vessel.

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However, a few days will be needed to get this ship ready. Investigations are being made as to whether there are other motor vessels available.

The Fuehrer was informed of the above on the afternoon of 10 Dec. and he has given his approval.

Our Naval Attaché in Moscow has been advised accordingly and the Russians have been asked to let us know their specific requirements as regards fuel, provisions etc.

Items of Political and Strategic Importance 11 Dec.

1. The 20th Session of the League of Nations has been opened. The main item on its agenda is the Russo-Finnish conflict. The League has appealed to Russia to cease hostilities against Finland within twenty-four hours and to declare her readiness to enter into peace negotiations.
2. Japanese reports state that she regards the British export blockade against Germany as contrary to international law. It is said that Japan will not be content with words but will take action to defend her standpoint. For every ton of German export goods that the British take off Japanese vessels, Japan will confiscate the same amount of British goods from British vessels in Far Eastern waters.
3. For the statement made by the French Navy Minister, Campinchi, on the submarine war, see War Diary, Part B, Vol. V, page 69.
4. The British Admiralty has announced that, effective from 9 Dec. shipping within British territorial waters and river estuaries will be under the jurisdiction of the Royal Navy.

This statement can be exploited in our propaganda for intensified naval warfare against England. Enemy and neutral merchant shipping is by this action on the part of the British Admiralty accorded armed protection. There are therefore no further "peaceful" shipping lanes to England. Thus such passages must be regarded as in the combat area and German Naval Staff cannot be held responsible if neutral shipping is lost through operations of any kind in this area.

Looked at from a strategic point of view this British Admiralty order admits a certain "state of siege", a term which fits in admirably with the aims of German naval warfare as regards propaganda.

With regard to the measures taken by England it can be assumed that this rigid control of all merchant shipping along the English coast by the Admiralty is connected with minelaying by the enemy to protect his flank which is endangered by German offensive minelaying.

The following information has therefore been sent to Group West and Commanding Admiral, Submarines:

Naval Staff sees in the latest British order for naval control of all shipping on the east coast the possibility of British

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flanking barrages off the English coast without previous warning being given. Radio intelligence seems to confirm this assumption.

The former Norwegian War Minister, Mr. Quisling, who is the exponent of the nationalistic elements in Norway, called on Commander in Chief, Navy. They discussed the situation in Norway, her policy towards Great Britain and Germany and the probable course of future developments (for notes on this discussion see War Diary, Part C, Vol. VII).

Special Reports on the Enemy 11 Dec.

Atlantic:

Great Britain:

Disposition of Forces:

A few destroyers have been detected at sea west of the Hebrides. Further vessels were observed off the North Channel and in the English Channel.

The ships of a convoy which is due to arrive from the west have been given orders to put in to Liverpool, Milford Haven and the Downs.

An agent's report from New York states that the Cunard White Star Liner LAEONIA (19,695 tons) has been converted into an auxiliary cruiser and that she is armed with 15 large guns. The steamers ASHLEY (4,226 tons), NEWTON BEACH (4,651 tons) and TREVANION (5,299 tons) are reported overdue and presumed lost. These steamers were seized by the GRAF SPEE at the beginning or middle of October on the Cape - Freetown route.

France:

The destroyer VERDUN and ships of the 4th and 11th Destroyer Divisions are at sea in the eastern part of the English Channel on anti-submarine patrol and control of neutral shipping. Some of these boats put in to Boulogne in the evening. The submarine depot ship JULES VERNE and three destroyers put in to Gibraltar.

North Sea:

Various signs indicate that the enemy is obviously planning to lay

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or has already laid flanking minefields off the southeast coast in order to prevent, or at least hamper, further German minelaying operations.

It is said that a balloon barrage has been put up over the Firth of Forth after the last German air raid.

No new information to hand on shipping movements. Radio monitoring reported normal enemy radio traffic.

Radio bearings indicate certain activity in the Orkneys and off the east coast of Scotland amongst other areas.

The auxiliary minesweeper RAY OF HOPE (200 tons) struck a mine and sank.

Shipping losses in the North Sea:

British steamer EUMAEUS (7,500 tons) ran aground.

Own Situation 11 Dec.

Atlantic:

Nothing to report.

North Sea:

The operation off Newcastle has been postponed until 12 Dec. because of bad weather conditions.

Baltic Sea:

Warfare against merchant shipping in the Kattegat, in the Central and Eastern Baltic Sea. One steamer was seized in the Kattegat. Neutral shipping is now almost exclusively confined to territorial waters, partly under Swedish escort.

Eastern Baltic Sea:

Our Legation at Riga reported attempted sabotage on the steamer SIERRA CORDOBA which was to sail from Riga on 9 Dec. with 2,000 Baltic Germans aboard (bomb plot by the Anglo-French Secret Service). The attempt was discovered in time. An investigation is under way.

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For situation as regards the Russo-Finnish conflict see Foreign Press Reports. The Russians continue to bombard the Finnish coast and also their occupation of the Finnish Islands in the Gulf of Finland.

Lively convoy traffic between Kronstadt and Baltic Port, escorted by destroyers, torpedo boats and minesweepers. Submarines are being used to enforce blockade measures against Finland.

Submarine Situation 11 Dec.

Atlantic:

Submarine U "47" has started on her homeward passage. At present she is 100 miles west of Brest. She has fired twelve torpedoes, of which eight were misses, including six electric torpedo failures.

Submarine U "28" reported: Minelaying operation off Swansea completed. Sank two steamers; at present west of the Hebrides on return passage.

Submarine U "48" is in the operational area.

Submarine U "30", on passage (present position south of the Shetlands), reported one exhaust valve out of order. The boat will attempt to repair it off the coast of Norway. On return passage: Submarine U "29" near the Shetlands.

Submarine U "43" route "Blau".

North Sea:

No changes.

Submarine U "20" at present on return passage reported sinking approximately 7,000 tons of shipping off Kinnaird Head.

Merchant Shipping 11 Dec.

One German steamer has returned from overseas. The report of the captain of the steamer LUDOLF OLDENDORFF states that the British cruiser SHEFFIELD circled around his ship on 24 Nov.

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when he was just west of the Faroes in order to ascertain name and nationality. A very strong northeasterly gale was blowing at the time. The ship was so well camouflaged that the cruiser was deceived and withdrew after having circled around the ship several times.

Items of Political Importance:

1. For the situation in the Russo-Finnish conflict and the strong sympathy for Finland shown by most neutral countries see Foreign Press Reports and Political Review. The Finnish Representative at the League of Nations strongly pressed his country's demand for effective military assistance. Sweden and Norway very much fear further Soviet aggression.
2. The American note to England in which exception is taken to the British export blockade, is in no way a strongly worded protest but only a mild warning intended to safeguard all neutral rights of the U.S.A.
3. The British Minister responsible for blockade measures declared that only German goods for overseas will be seized, as such a measure will answer the purpose for the present. Great Britain wishes to show by this action that she intends to spare the neutrals in Europe and treat them with the greatest consideration possible. An extension of the blockade may be considered later.
4. For conclusion of the Anglo-French trade agreement see Foreign Press Reports.

Conference on the Situation with the Chief, Naval StaffSpecial Items:

The Norwegian question; outcome of discussions with Quisling on 11 Dec; evaluation of the situation; changes in the strategic, military and political situation should Norway be occupied by

1. Great Britain,
2. Germany.

(See preliminary considerations of Naval Staff in War Diary, Part C, Vol. II.)

For report of Chief, Naval Staff to the Fuehrer in the presence of Chief, Armed Forces High Command, Major-General Jodl and Commander von Puttkammer on the subject of Norway, see notes on discussions in War Diary, Part C, Vol. VII.

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Special Reports on the Enemy 12 Dec.

Atlantic:

Great Britain:

Disposition of Forces:

The cruiser SUFFOLK, southwest of Iceland, communicated with Commander, Northern Patrol during the evening.

From observations made during the last few days it can be assumed that the three heavy cruisers of the 1st Cruiser Squadron are at present operating in the sea area between the Shetlands, the Orkneys and Ireland to reinforce the auxiliary cruisers and cruisers on patrol duty there. The enemy has now also brought up the battleship BARHAM from the Mediterranean in order to protect shipping lanes in home waters. She will be attached to the Home Fleet. This battleship and her submarine escort were in the Irish Sea on 12 Dec. The Home Fleet therefore now comprises the NELSON, HOOD, BARHAM, RODNEY and WARSPITE, of which one group is probably always at sea ready for immediate operations.

According to radio monitoring the battleship MALAYA was in the Red Sea on northerly course on 11 Dec. She is most probably moving to the Mediterranean as substitute for the BARHAM which has been withdrawn. Battleship RAMILLIES and aircraft carrier GLORIOUS have arrived in Colombo as scheduled.

France:

Radio monitoring intercepted shipping movements and air reconnaissance on patrol over the Channel area.

Submarines were detected off Vigo and west off Brest. The submarine at Ouessant is scheduled to leave for Port of Spain on 12 Dec. In order to strengthen French naval forces in the Mediterranean the battleship PROVENCE has been withdrawn from the West African area and left Gibraltar for the Eastern Mediterranean on 12 Dec.

(This information has been passed on to the GRAF SPEE.)

North Sea:

Apart from radio monitoring observations which detected enemy planes approaching the island of Borkum, vessels were located off the east coast of England, south of the Humber. Otherwise no activity in the coastal area.

The destroyer ECHO received orders from Commander in Chief, Home Fleet to report the number of survivors on board. According to

later information, the destroyer DUCHESS sank after a collision in waters off the west coast.

Shipping losses in the North Sea:

British steamer KING EGBERT (4,500 tons) sank: British steamer CORBROK (1,700 tons) aground near Haisboro.

For review of the British air situation by the British Minister for Air, Sir Kingsley Wood, see War Diary, Part B, Vol. V, page 70.

Own Situation 12 Dec.

Atlantic:

Nothing to report.

The pocket battleship GRAF SPEE was informed of the latest dispositions of British and French naval forces and of the course taken by the German steamer PATAGONIA which broke out of Montevideo in an attempt to reach home waters. Furthermore the following radiograms have been sent to the GRAF SPEE:

1. Experiences gained by the DEUTSCHLAND:

Merchant raiding operations on the Canada route are badly hampered by winter weather. At least two days must be allowed for contacting the supply ship owing to mistakes in calculating position and poor visibility. Taking-over of supplies is badly hampered by weather conditions. After a four weeks' operation two or three days must be provided for supplying provisions, four days for bunkering oil, and three to four days as reserve. Refuelling and taking-over of provisions possible between two depressions. The DEUTSCHLAND passed through the Denmark Strait during day time, near the ice limit at a distance of 50 miles from Greenland, in a similar manner to the WESTERWALD. North of Iceland easterly gales. Heavy icing which left only the after turret and leeward secondary armament in action. Ice disappeared on re-entry into the Gulf Stream. Visibility at night depends very much on the northern lights.

2. Since the British have repeatedly interned German merchant marine crews, enemy nationals of the crews of captured ships should be brought to a home port for internment, whenever the situation and accommodation aboard the supply ship permits this.

North Sea:

Commander, Destroyers will leave with five destroyers in the forenoon for the operation in the sea area off Newcastle, at the northern border of the enemy's flanking minefield. Commanding Admiral, Scouting Force will be at sea in the forenoon of 13 Dec. with the cruisers NUERNBERG, LEIPZIG and KOELN to escort the returning destroyers.

Planes on reconnaissance for the BREMEN sighted her at 0900 40 miles southwest of Lister. Two or three planes provided close escort until the ship was southwest of Hornsriff. These escort planes forced an unidentified submarine to submerge.

The BREMEN, after an uneventful voyage, passed up the estuary of the Jade at 2045.

The B.B.C. reported that a British submarine sighted the BREMEN within torpedo range while on homeward passage, but that no torpedoes were fired in accordance with orders. It can be assumed that this British statement is untrue and that it was only made for propaganda reasons in order to minimize our success which is so bitter to the enemy. It is quite possible that only our air escort prevented the submarine from firing on the fast-traveling BREMEN.

The safe return of the BREMEN can be regarded as a major success for Germany's prestige. The ship's safe return is due to the well-prepared plans, the assistance given and facilities afforded by the Russians, the magnificent spirit displayed by her crew, the skill of her commander, Commodore Ahrens, and the security measures taken by the Navy in the form of extensive air reconnaissance and escort. (For report of her return passage from overseas and measures taken by the Navy see War Diary, Part C, Vol. IX.)

Enemy Air Raids:

Single enemy planes six times approached the airfield on the island of Borkum between 1700 and 2300. Some of the planes used flares. Five times the attacks were driven off by our anti-aircraft gunfire, preventing the enemy planes from dropping their bombs or machine-gunning our positions. In the sixth attack three bombs fell into the silt banks 100 meters west of the airfield. One enemy plane seems to have made a forced landing near the Dutch island of Rottum. It is likely that another plane was shot down as it was observed to have been hit.

Baltic Sea:Western Baltic, Kattegat:

The 17th Submarine Chaser Flotilla was out on merchant raiding operations in the Kattegat. The 1st Minesweeper Flotilla carried out an exploratory sweep as far as the line Skagen - Vinga lightship.

On the morning of 12 Dec. the Swedish steamer TOROE struck a mine in the five meter fairway south of Falsterbo and sank.

Eastern Baltic Sea:

Minelayers continued their operations against merchant shipping. Two ships were brought in for examination.

A Russian submarine shelled the German steamer BOLHEIM with 15 rounds and sank her on the night of 10 Dec. while she was putting out from the Finnish port of Bjoerneborg, which is in the Russian blockade zone. The steamer had all lights on and the German flag was illuminated by a searchlight. The captain was killed. Twenty-seven of her crew took to the life boats and reached the Finnish coast safely. The Russian submarine made no attempt to rescue the crew. (For note of protest lodged with the Russian Government see War Diary, Part C, Vol. VIII.)

Submarine Situation 12 Dec.Atlantic:

Submarine U "48" has been ordered to extend her operations into the sea area west of the Channel.

Submarine U "30" which is on outward passage has been unable to repair the valve trouble and will have to return home. Otherwise no changes.

North Sea:

Submarine U "13" reported minelaying operation off Dundee completed. Submarine U "31" has returned from operations. Submarine U "60" left for a minelaying operation at Cross Sand off Great Yarmouth. The loss of submarine U "35", (Lt. (s.g.) Lott), which was already presumed, is now confirmed by a photo of the commander in a Danish newspaper. Thus the eighth submarine has

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been lost. Submarine U "50" is being commissioned in Kiel (Commander Lt. (s.g.) Bauer).

Merchant Shipping 12 Dec.

The North German Lloyd steamer BREMEN (51,731 BRT) arrived at her home port from overseas. This is the hundredth ship to reach home waters safely. Thus two-thirds of the German merchant fleet - 566 ships - are in home waters, of which 23 ships are now on the Norwegian run.

At 1740 Naval Attaché, Moscow, telephoned and informed us that all the preparations which have been made for the supply of Russian submarines by German merchantmen in the Gulf of Bothnia will have to be cancelled since the Russians have meanwhile given up this plan.

Amongst the steps taken in this connection was the order for an immediate preparation of the tanker MEDEA (at present at Bremerhaven). This tanker was to be transferred to Pillau at the earliest possible moment and it was planned to bring the Russian supplies by the steamer UTLANDSHOERN from Leningrad to Pillau where they were to be transferred to the MEDEA. Group Baltic, Commanding Admiral, Defenses, Baltic and Fortress Commander, Pillau were informed. Orders already given have now been rescinded, since the Russians have changed their plans.

It is not known why the Russians gave up this plan. It can be assumed that ice conditions in the Gulf of Bothnia already make submarine operations of any kind impossible at this time of year. Perhaps the Russians made this request only in order to see how far our willingness to co-operate would go. On the other hand it is quite possible that the Russians have now certain doubts as to the wisdom of accepting such assistance since this would oblige them to grant us similar facilities. Naval Staff regrets that this assistance did not materialize, as this would have given us an opportunity to ask for immediate reciprocation.

Items of Political Importance 13 Dec.

1. Changes in the Swedish Cabinet. The present Prime Minister, Mr. Hanssen, retains his post. The Foreign Minister, Mr. Sandler, has resigned and will be succeeded by Mr. Christian Guenther, who was up to now Ambassador at Oslo. Reshuffling of the cabinet shows that a coalition Government of all parties with a stronger conservative leaning has been formed. It is to be hoped and, in view of the leadership of the new Foreign Minister who is impartial and unprejudiced, also to be expected that Swedish foreign policy will change and that Sweden will be more favorably disposed towards Germany.
2. Reports from Italy emphasize the need for Italy to oppose all Russian attempts to intervene in the Balkans, if need be against the will of the Balkan countries. This is said to be Italy's mission in Europe.

Conference on the Situation with the Chief, Naval StaffSpecial Items:

1. The Fuehrer has postponed any definite decision on operation "Gelb". Release of keyword: 0303.
2. Amendment to Fuehrer Directive No. 8.

Permission has now been given for naval forces as well as submarines to take part in the attack on "H" (Holland Tr. N.). It is absolutely essential however that no indication be given beforehand that this operation is imminent. Should weather conditions be unfavorable (for instance, bright moonlight) then naval surface forces will not participate in the attack. The proviso that the operation may still be cancelled up to the night before remains unchanged.

3. Chief, Special Staff for Mercantile and Economic Warfare, Vice Admiral Schuster, reported on the effects of the "Order in Council" and the possibilities of German counter-measures (see memorandum of Special Staff, Mercantile and Economic Warfare on the "Order in Council").

Special Reports on the Enemy 13 Dec.Atlantic:

Great Britain:

The cruisers EXETER, ACHILLES and AJAX are off the River Plate on convoy escort duty. (For report from the GRAF SPEE see "Own Situation".)

Our Naval Attaché in Buenos Aires reported that seven large steamers sailed from the River Plate between 10 and 12 Dec. In his report however, he makes no mention of the cruiser escort.

Radio monitoring located a convoy on 12 Dec. in OA 49, 200 miles west of the Scilly Islands. Another convoy will be 400 miles west of Brest on 14 Dec.

An agent reported that indicator nets for protection of bases and ports against submarines are now being used by the enemy.

France:

The cruiser EMILE BERTIN is 200 miles west of Cape Villano. Three submarines have received orders to proceed to Curacao.

North Sea:

Latest observations seem to indicate that two task forces made up of heavy ships have been formed in the home area. These are stationed in the area north of the Shetlands ready for immediate action and relieve each other.

According to observations made so far these groups are composed of the NELSON and the HOOD, the RODNEY and the WARSPITE.

For reports on British submarine successes see "Own Situation". Shipping losses as a result of mines: The British trawler WARWICK HEAD (496 tons) and the Danish steamer MAGNUS (1,350 tons) struck mines and sank.

Radio London reported that means have now been found to counter German magnetic mines. This British "invention" consists of British fighter patrol flights into the Heligoland Bight in an attempt to hamper and destroy German minelaying planes.

Own Situation -13 Dec.Atlantic:

In the evening and during the night of 13 Dec. the following radiograms from the GRAF SPEE reached Naval Staff:

Radiogram 0815: Was in action with the EXETER, AJAX and ACHILLES. The EXETER and one of the light cruisers damaged.

Radiogram 1305: Have signaled the ALTMARK: Independent.

Radiogram 1538: Have sunk the steamers TAIROA and STREONSHAL.

Radiogram 1937: Have sustained 15 hits. Provision stores and galley destroyed. I am putting into Montevideo.

At the same time the most varying and contradictory reports have been received from foreign news agencies concerning the engagement between the German pocket battleship (ADMIRAL SCHEER) and British naval forces off the Uruguayan coast.

One report from the International News Service speaks of an engagement between the GRAF SPEE and the ACHILLES, in the course of which the British cruiser sank, (according to an Italian report the AJAX is said to have sunk). Reuter and Havas report that the GRAF SPEE sustained heavy damage and dropped anchor in Montevideo roads, where she landed her wounded. Havas speaks of 30 killed and 80 wounded. The damage to the ship is said to be so extensive that she will have to be interned for the duration of the war.

It is impossible to estimate the further operational readiness of the GRAF SPEE on the basis of the present scant and, to some extent, distorted information. Further and more detailed reports from the ship will have to be awaited. From the last radiogram received from the commander it must, however, be taken that his ship sustained such heavy damage during the engagement that repairs at sea were impossible so that the commander believed the best solution at the time was to put in to Montevideo. Naval Staff is ignorant of the actual situation and is not in a position to order the commander to alter his decision. The character of the commander, Captain Langsdorff, guarantees that everything possible will be done by the ship's personnel to preserve this battleship for future war at sea. Should this not be possible, it is certain that the commander will see to it that the battleship comes to an honorable end, that at the same time inflicting as much damage as possible on the enemy.

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The following radiogram has therefore been sent to the GRAF SPEE in connection with the commander's decision to put in to Montevideo:

Radiogram 2312/13/55:

I approve. Commander in Chief, Naval Staff.

Naval Staff assumes that when the GRAF SPEE very commendably attempted to raid the convoy traffic in the River Plate which was so far reported as generally only lightly protected, she found herself suddenly confronted by a numerically superior enemy and forced into an engagement. It looks as if the ship was unable to disengage herself from the enemy in time. Naval Staff had to reckon with such an engagement far away from our own bases in the course of these pocket battleship operations, an engagement that by far exceeds the merchant raider's tasks. The time of the action - on the morning of a long day - was most unfavorable; the enemy, though individually inferior but numerically and in speed superior, presented a very difficult problem for the single battleship. An unfortunate hit on the pocket battleship with her light armor might jeopardize all future raiding operations. However, nothing venture, nothing gain. The GRAF SPEE undoubtedly had a chance of winning the engagement at the start. The actual strategic success achieved by inflicting damage (very heavy, according to later reports) on the heavy cruiser EXETER and on one of the light cruisers is very pleasing news and speaks for itself.

From the order "Independent" sent by the commander to the ALTMARK, releasing his auxiliary, Naval Staff is forced to reckon with the extremely unfortunate possibility that the GRAF SPEE will not be available for further operations.

It is assumed that a commission of the Uruguayan Government will board the ship as soon as possible and fix the time required for repairs. It must be stated at once in this connection that the choice of a Uruguayan port for repair purposes was very unfortunate. It seems probable that the commander picked Montevideo because he believed this to be the easiest port from which to attempt a breakthrough to the open sea after the repair of his ship. However, Uruguay, being a weak neutral country, is entirely in the hands of the enemy and has, moreover, a pro-British Government. She would not be able to stay strictly neutral even if this should be her wish. Naval Staff believes therefore that the Uruguayan Government will not grant the battleship the time required for repairs and it is feared that Uruguay will sooner or later be forced by the Western Powers to join the front of our open enemies.

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In order not to lose this pocket battleship which is so valuable for future naval warfare, Naval Staff together with the Foreign Office will first of all make every endeavor to obtain permission for the ship to stay at Montevideo for such time as is required to put her back into full operational readiness. A detailed report from her commander is awaited.

North Sea:

On the night of 12 Dec. numerous British planes flew in chiefly over the areas of Borkum, the East Frisian coast and the island of Sylt. The enemy used flares. It is assumed that these attacks were mainly directed against the bases of our minelaying planes.

No report has yet been received from the destroyers and it seems therefore that the minelaying operation off Newcastle went according to plan.

About 1100 enemy reconnaissance planes detected our destroyers, which were returning from their operation off the English coast, and the cruisers of Commanding Admiral, Scouting Force, which were north of the declared area ready to meet them. The plan of the Commanding Admiral, Scouting Force was to assemble the destroyers with the NUERNBERG and then proceed homeward. But at 1124 before the rendezvous with the destroyers, first the LEIPZIG and shortly afterwards the NUERNBERG were each hit by one torpedo. At that time the cruisers were from 12 to 13 miles north of the northwest corner of the declared area. At 1218 Commanding Admiral, Scouting Force reported that enemy planes were attacking and requested battle units. This Group West arranged. The cruisers were able to proceed homeward under their own steam at medium speed (the NUERNBERG at 16 knots, the LEIPZIG at 12 knots). They were escorted by planes and by the destroyers which had been brought up. As a further measure Group West also ordered out the mine-sweepers and submarine chaser flotillas still available to provide escort. Besides this, air escort was provided by Commander, Naval Air and the 10th Air Corps.

On the basis of information received so far Naval Staff believes it possible that in both cases the cruisers were not torpedoed but that they struck mines, especially since the reported position of the LEIPZIG was only 8 to 12 miles north of our own declared area.

A detailed report from Commanding Admiral, Scouting Force and from the commanders of the cruisers after their return must be awaited before comment can be made on the very regrettable damage.

Baltic Sea:

Merchant raiding operations in the Baltic Sea were continued by minelayers and the old battleship SCHLESWIG HOLSTEIN. One steamer was brought in as a prize.

Mine Situation in the Sound:

In the forenoon the Swedish tanker ALGOL (978 tons) struck a mine and sank about half a mile north of Hilda Grund in the Falsterbo channel. The wreckage stands high out of the water. Sweden stopped all traffic and three Swedish minesweepers were sent out.

Minefield laid by Neutrals in the Eastern Baltic Sea:

The German ore steamer GELLHAUSEN (600 tons) ran aground on the afternoon of 12 Dec. between Understen and Svartklubben (south of Understen) within the Swedish closed area in the Aaland Sea. Salvage vessels are on the way. This incident shows the navigational difficulties presented by the one and only fairway left open by Sweden.

Naval Attaché, Helsingfors reported that the Finns have only laid minefields inside their own territorial waters. These minefields are four miles wide.

Submarine Situation 13 Dec.Atlantic:

In the operational area: Submarine U "48".

On return passage: Submarine U "29" in the Central North Sea.
Submarine U "38" on the west coast of Norway.
Submarine U "43" route "Blau".
Submarine U "30" route "Blau" (returning for repairs).

Successes:

British steamer DEPTFORD (4,000 tons) torpedoed off the Norwegian coast (by submarine U "38").

North Sea:

In the operational area: Submarines U "36", U "57" and U "61".

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On passage: Submarine U "60", for minelaying operation.

On return passage: Submarines U "23" and U "13".

Submarine U "20" returned to port after a successful operation in the sea area off Rattray Head, where she sank about 7,000 tons of shipping.

For brief report of submarine U "31" which has just returned see War Diary, Part B, Vol. IV. This boat encountered rather lively traffic between Newcastle and Scandinavian ports while operating against merchant shipping off the northeast coast of England. Formation of convoys was not observed.
Successes: Six steamers sunk.

Merchant shipping 13 Dec.

The captain of a German steamer which recently returned reported that at 1600 on 4 Dec. at 58° 32.5' N, 9° 5.5' E, 2.5 miles true east of Mokharlasset lightship, i.e. within Norwegian territorial waters, two torpedo tracks were clearly seen about 45° on the bow.

The German steamer HELGA BOEGE reported by radiogram that she was heavily shelled, apparently by a submarine, on the night of 12 Dec. four miles north of Revalstein lightship while on passage from Leningrad. The ship sustained four hits above the waterline. No inquiry has been held so far. The ship continued on to Hamburg.

A strongly worded note of protest will be handed to the Russians in connection with this incident and also the sinking of the steamer BOLHEIM.

Special Reports on the Enemy 14 Dec.Atlantic:

The cruiser EXETER is in the mouth of the River Plate, apparently heavily damaged. It is reported that she will proceed to the Falkland Islands.

Cruisers ACHILLES and AJAX are also damaged and off Montevideo.

The cruiser CUMBERLAND is on the way to the River Plate. Two British warships, presumably destroyers, arrived off Montevideo.

Task Force K (the RENOWN and the ARK ROYAL) and Task Force X (HERMES, NEPTUNE) are on passage from the South African coast to the River Plate, in order to bottle up the GRAF SPEE in Montevideo.

(See "Own Situation").

The battleship MALAYA has been in the Eastern Mediterranean since 11 Dec. It is still not known whether it is planned to withdraw this ship to home waters.

North Sea:

The cruisers EDINBURGH and SOUTHAMPTON put out from Rosyth at 1600 on 13 Dec. On 13 Dec. the heavy cruiser BERWICK was between Scotland and Iceland, and Commander in Chief, Home Fleet was at sea west of Scotland.

The Admiralty announced the loss of the trawler WILLIAM HALET as the result of striking a mine.

The Admiralty also confirmed the loss of the destroyer DUCHESS (1,375 tons) after colliding with another British ship.

According to a report from Bergen a convoy assembled there did not put to sea as the escort cruiser was said to have been torpedoed.

No confirmation of the sinking of a cruiser has been received.

Shipping losses:

A steamer was sighted on fire east of the Tyne. The British steamer WELSH TRADER had a collision off the Humber.

Own Situation 14 Dec:Atlantic:

Our Chargé d'Affaires at Montevideo (Herr Langmann) reported via the Foreign Office that the ADMIRAL GRAF SPEE entered port shortly before midnight. The commander has sent the following preliminary report through the Chargé d'Affaires:

"Engagement took place with EXETER, AJAX and ACHILLES. The EXETER sustained heavy damage. The GRAF SPEE was seriously hit several times. Very little ammunition left. Unable to carry on merchant raiding operations. I doubt whether the ship can be made seaworthy again here. Today, 14 Dec., our Naval Attaché will investigate with German surveyors whether the ship can best be repaired in Montevideo or in Buenos Aires, provided a shift to Buenos Aires is possible. Casualties: One officer and 35 men killed, 60 wounded including many as a result of mustard gas. Diplomatic negotiations as regards prolongation of repair period have been arranged for noon on 14 Dec. Great Britain intends to force internment. The German Naval Attaché will arrive here at noon. The two British cruisers are also intending to enter port tonight."

According to a Havas report the British Admiralty has released the following communiqué:

"According to information received so far it seems that a British cruiser squadron consisting of the cruiser EXETER carrying six 24 cm. guns and the light cruisers AJAX and ACHILLES were able to contact the German pocket battleship ADMIRAL SCHEER at 0600 on 13 Dec. The ADMIRAL SCHEER is armed with 33 cm. guns. A running battle took place from 0600 to 1000, when the EXETER lost speed owing to damage sustained and was forced to withdraw from the action. The cruisers AJAX and ACHILLES kept up pursuit of the ADMIRAL SCHEER which was hit several times and seems to have taken refuge in the River Plate. The pursuit continues."

The reports from the Commander and the communique put out by the British Admiralty are supplemented by various press and radio reports from abroad, which give rise to the following survey of the situation by Naval Staff:

The ADMIRAL GRAF SPEE, engaged on merchant raiding operations (against a convoy?), suddenly encountered the cruiser EXETER in the early morning hours of 13 Dec. about 200 miles off Punta del Este (Uruguay). The AJAX and the ACHILLES which were close by came at once to the assistance of the EXETER. The British cruiser force was commanded by Commodore Harwood. It was probably impossible for the GRAF SPEE to avoid this engagement. The first encounter lasted from 0600 until 1000. It looks as if the cruiser EXETER sustained heavy damage

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right at the beginning of the action, and had to retire at reduced speed.

(It is said that her bridge was shot away amongst other damage sustained.)

The GRAF SPEE received 15 hits, many of which were heavy and it seems that the further battle with the light cruisers developed into a withdrawal in the direction of Montevideo; according to various reports this lasted all day with certain lulls in action. The two light cruisers were also damaged. One of them was able to keep contact with the GRAF SPEE till the evening. The GRAF SPEE dropped anchor off Montevideo at midnight. According to a report from Montevideo, the material damage to the GRAF SPEE seems to be light. She is reported to have been badly hit on the bow and the conning tower, and the ship's plane heavily damaged. It is further stated that the GRAF SPEE refuelled in Montevideo from the steamer TACOMA. Sixty prisoners of war including six merchant marine captains were brought ashore. The killed will be buried on 15 Dec. in the North Cemetery in Montevideo.

British reports emphatically deny the use of mustard gas shells. The EXETER is said to have been beached on a sand bank, heavily damaged. Other reports, however, speak of the ship being on her way to the Falkland Islands.

Various speculations are being made abroad in connection with the stay of the GRAF SPEE at Montevideo. It is known that England and France are pressing Uruguay hard to intern the ship after 24 hours or at most after 48 hours. The British Admiralty seems to expect that the GRAF SPEE will put to sea again soon, after provisional repairs have been effected.

On this assumption the Admiralty has according to special reports, ordered further task forces to proceed to the River Plate area. Two further warships (destroyers?) are said to have arrived off Montevideo, besides the two light cruisers already on the roads there. The naval battle on 13 Dec. caused very lively and urgent radio traffic between all British radio stations in the entire South Atlantic. According to radio monitoring the HERMES group (Force X) and the RENOWN group (Force K) are probably en route to the River Plate from the west coast of South Africa. It is to be expected that they will arrive off the River Plate at the latest within five days (calculated at a cruising speed of 20 knots). The cruiser NEPTUNE gave her position at 2030 on 13 Dec. as 500 miles northeast of the northeastern tip of Brazil. The present position of the cruiser CUMBERLAND is not known exactly. Probably she will be the first to arrive off Montevideo, since she belongs to the South American Station.

(For German official press report of 14 Dec. see War Diary, Part B Vol. V, page 72.)

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A preliminary estimate of the situation confronting the pocket battleship GRAF SPEE on 14 Dec. as far as such an estimate can be made on the basis of information at present available to Naval Staff, shows the following:

1. It will be impossible for the GRAF SPEE to continue her merchant raiding operations. The commander must have been quite certain about that at 1305 on 13 Dec. since he signaled to the ALTMARK: "Independent" at that time. It is possible that he then still saw some prospect of an attempt to break through to home waters after his ship had been made seaworthy again.
2. There do seem to be prospects of a successful break through the superior British naval forces off Montevideo to home waters, though they are slight in view of the small amount of ammunition left, even after re-establishment of the apparently very limited seaworthiness. The prospects of a break-through are, however, decreasing from day to day in view of British efforts to assemble heavy forces off the River Plate.
3. Internment in Uruguay should under all circumstances be avoided because of the strong pro-British leanings of the Uruguayan Government.

In view of the above, everything should be done to make the ship seaworthy again as quickly as possible so that she can put to sea again with the least possible delay, if possible even before the arrival of further heavy enemy forces, and attempt a return to home waters by the quickest route.

Naval Staff will not actually order the commander to put to sea at once, since it is convinced that the commander is in a better position to estimate the situation on the spot. He will certainly attempt a break-through, should such a chance still offer itself. It seems, however, advisable to keep the auxiliary ALTMARK, which was already released by the commander of the GRAF SPEE, still at the disposal of the pocket battleship until the situation has become clearer and further developments are known. Naval Staff therefore despatched the following radiogram to the ALTMARK and for information also to the GRAF SPEE: Radiogram 1712/14.

The GRAF SPEE put in to Montevideo on 14 Dec. after a successful engagement with three British cruisers. The question as to whether and when she can put out again is still doubtful. The ADMIRAL GRAF SPEE signaled you at noon on 13 Dec: "ALTMARK independent". This is herewith amended by Naval Staff as follows: "Await further developments and orders".

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Legal advice as to how to avoid internment and obtain an extension of the permission to remain in Montevideo for repair of the sea-damage sustained is being transmitted to the GRAF SPEE via the Foreign Office.

Naval Staff is now deliberating measures to assist the ship in her attempt to break through the blockading enemy forces, should our request for a prolonged stay at Montevideo to enable complete repairs to the ship be granted. In this connection the despatch of a large submarine to the River Plate area is under consideration, since such aid seems promising and could be carried out very soon. It would be the submarine's task to attack the heavy enemy forces, thus weakening, harassing and threatening the enemy and bringing considerable relief to the GRAF SPEE. Commanding Admiral, Submarines, with whom this matter is being discussed by telephone and teletype, believes such an operation possible. Details are being investigated.

North Sea:

The destroyer operation off Newcastle was carried out on the night of 12 Dec. according to plan. The British Admiralty has given out a mine warning for both entrances to Newcastle. Two British steamers struck mines. According to radio monitoring the destroyers KELLY and MOHAWK went to their assistance.

Cruisers LEIPZIG and NUERNBERG which were damaged by torpedoes are continuing passage as planned. The NUERNBERG is due in the River Elbe at 0800 and will go to Kiel. At 1245 the LEIPZIG accompanied by destroyers, minesweepers, escort boats and planes, was again attacked by an enemy submarine. A torpedo hit escort boat F "9", which sank with heavy casualties. The LEIPZIG is putting in to Brunsbuettel and has been ordered by Naval Staff to go on to Hamburg so as to avoid the danger of air raids at Brunsbuettel. Submarine chase in the Heligoland Bight was without result.

Group West's brief report, based on a report received from Commanding Admiral, Scouting Force on the torpedoing of the cruisers and the damage sustained reveals the situation as contained in War Diary, Part B, Vol. V, page 71.

The torpedo hits on the LEIPZIG, the NUERNBERG and escort boat F "9" show for the first time the effects of the stationing of enemy submarines at the exits from and within the Heligoland Bight, about which we have known for some time through radio monitoring and sighting reports. It can be assumed that the British Admiralty's efforts to deliver a counter-blow to the heavy German activity has brought its first reward in the torpedo hits scored on the cruisers on 13 Dec.

In view of the possibilities of naval warfare in the North Sea, the British Admiralty has adapted its offensive counter-action to operations by numerous submarines in the North Sea and the Heligoland Bight as well as to lively air activity over the German coast.

Naval Staff has drawn the following lessons from the events of 13 Dec:

1. Shipping in the southern and central North Sea, though this area is limited, is wide open to the submarine peril, especially since our own anti-submarine escort is either inadequate or non-existent. The air attacks on the cruisers at noon on 13 Dec., which were obviously carried out by armed reconnaissance planes, show with impressive clearness how great are the dangers to which shipping is exposed off the North Sea coasts, apart from the submarine peril. A further conclusion arrived at is that the operation of battleships in the central North Sea is out of the question for the enemy as well as for us. The operational area for battleships only begins in the northern part of the North Sea.
2. It was a mistake to dispose the cruisers directly north of the declared area in waiting position for the destroyers' return, as it was already known that enemy submarines were suspected there.
3. Enemy submarines are actually still stationed undisturbed directly off the German estuaries.

Such a situation is intolerable. Anti-submarine activity has so far shown itself absolutely inadequate and ineffective not only in the Baltic but also in the North Sea. Up to now not a single submarine has been destroyed for certain in an organized submarine hunt. The submarine offensive which the enemy is now obviously pursuing demands the building up of a far-reaching anti-submarine defense. Our anti-submarine measures must succeed in keeping the Heligoland Bight entirely free of enemy submarines.

Naval Staff is of the opinion that anti-submarine activity can be made much more effective by

1. more efficient planning of operations by submarine chasers and the joint use of hydrophone and echo-ranging sets,
2. by using a much larger number of depth charges in combatting submarines,
3. by increasing attention and persistency in pursuit,
4. by an increased use of planes in chasing and attacking submarines. The use of planes has been very much neglected

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by us. They represent, however, a considerable danger to submarines, as our experiences with enemy submarine-chase by planes show.

At 1200 on 14 Dec. British bombers, flying in via Holland, carried out a surprise low-level attack on the island of Borkum. The attack was warded off by the airfield's anti-aircraft defense - six (? Tr. N.) machine-guns - four 2 cm. and three 3.7 cm. The raid lasted only one minute. There had been no alert.

Towards 1500 British bombers penetrated the Heligoland Bight for the second time. The alert was given in time and fighters took off from Jever and Wangeroog (2nd Group, 77th Fighter Wing and 2nd Group, 110th Fighter-Bomber Wing). They engaged 20 Vickers-Wellington bombers in the area Spiekeroog - Wangeroog - Heligoland. Six enemy planes were shot down. One of our flights of fighter-bombers intercepted the enemy planes once more near Baltrum on their return flight and shot down another two British bombers (four fighter-bombers against ten Wellingtons). We lost one BF 109 and one BF 110.

Between 1720 and 2130 another thirteen British planes flew in and attacked the island of Sylt. The enemy bombs dropped in the silt banks and the Rantum basin.

Baltic Sea:

Western Baltic Sea:

Sweden reopened the Falsterbo Channel to traffic at 1100 on 14 Dec. after repeated sweeping by Swedish minesweepers. The net barrage in the Gjedser Narrows has now been laid across the whole fairway in a single row.

The SEEADLER and the JAGUAR put out on the evening of 14 Dec. to operate against merchant shipping.

Eastern Baltic Sea:

The GRILLE and the BRUMMER are operating against merchant shipping. One steamer was brought in as prize.

The 1st Minesweeper Flotilla has been assigned to Group West. Furthermore Naval Staff has ordered that motor drifters of the 10th and 12th Patrol Boat Flotillas, at present attached to Commanding Admiral, Defenses, North, be exchanged for a Patrol Boat Flotilla of tested and seaworthy trawlers attached to Commanding Admiral, Defenses, Baltic.

Submarine Situation 14 Dec.Atlantic:

In the operational area: Submarine U "48".

On return passage: Submarine U "28", west of the Shetlands.
 Submarine U "47", northwest of Ireland.
 Submarine U "29", in the northern North Sea.
 Submarine U "38", route "Blau".

Returned to port: Submarine U "43" after sinking 18,000 tons of shipping.

North Sea:

In the operational area: Submarines U "36", U "61" and U "60".

On passage: Submarine U "59" making for operational area off Rattray Head.

On return passage: Submarine U "57", west of the declared area.
 Submarine U "23", in the Kiel Canal.

Returned to port: Submarine U "13".

The British Admiralty announced that the British submarine which recently sighted the BREMEN torpedoed a German submarine and a cruiser in the North Sea. - There are so far no reasons for assuming the loss of a German submarine.

Merchant Shipping 14 Dec.

(Disposition of German merchantmen.)

| | | |
|--|-----------|-------|
| In home waters: (of these, 25 ships totaling 132,500 BRT are on the Norwegian run). | 566 ships | 66.5% |
| In neutral ports: | 246 ships | 29 % |
| On homeward passage: | 4 ships | 0.4% |
| On passage to Brazil: | 1 ship | 0.1% |
| So far returned from overseas: | 100 ships | 11.7% |

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Lost: (1 ship without radio.)

| | |
|------------------|---------------|
| <u>34 ships</u> | <u>4 %</u> |
| <u>851 ships</u> | <u>100.0%</u> |

Thirty-one trawlers are at present either in, or on passage to, Northern Waters.

Items of Political Importance 15 Dec.

1. Evaluation of the political situation in Uruguay insofar as it affects the GRAF SPEE:

The President and other influential circles are decidedly pro-British, the Foreign Minister clearly pro-French. Montevideo seems to be the center of the Secret Service.

The British Legation is sparing no money and is bringing great economic pressure to bear on Uruguay in an effort to force her out of the Pan-American front and win her over to her own side. The pro-British press is even advocating the expansion of Montevideo into a naval base, where British warships should have permission to re-enter at short intervals instead of the present three monthly interval.

A firm stand on the neutrality question cannot be expected of the Government in Montevideo. Where the naval war is concerned, Uruguay's policy is now bound by the decisions of the Panama Conference.

2. According to Havas, the State Department in Washington is occupying itself with the naval engagement off Montevideo and the arrival of the GRAF SPEE in South American waters. Secretary of State, Cordell Hull, is said to have declared that the American States will lodge a protest in London and Berlin against the assumption of hostilities in the Pan-American zone.

Special Reports on the Enemy 15 Dec.
Atlantic:Great Britain:Disposition of Forces:South America:

According to a British report the EXETER has left the River Plate under her own steam, though she has a list, and is proceeding eastward at slow speed, escorted by the cruiser AJAX. The ship is said to have asked for permission to land her seriously wounded in the Argentine.

According to foreign press reports, the cruiser CUMBERLAND has arrived off the River Plate. Radio Daventry reports the ARK ROYAL, the RENOWN and the French battleship DUNKERQUE on passage to the River Plate.

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According to an Italian report the British cruisers on patrol duty off the east coast of South America are refuelling from a tanker off Banco Ingles in the River Plate.

At the beginning of December the submarine CLYDE is said to have been sent out on a fourteen or twenty-eight day patrol along the Chilean coast. She is based on the Falkland Islands.

Central America:

The REPULSE and the FURIOUS are in the central Atlantic, the RESOLUTION about 400 miles west of Ireland. The NEWCASTLE and the 6th Destroyer Flotilla are in the same area.

Convoy traffic:

Our Naval Attaché in Washington reported that a large convoy put out from Halifax on 12 Dec., including the Royal Mail Steamers EMPRESS OF BRITAIN (42,348 tons) and the EMPRESS OF AUSTRALIA (21,833 tons). They are said to have 700 planes and 10,000 men aboard (?). The escort is said to consist of one or two cruisers and five destroyers. Naval Attaché doubts whether these boats are actually carrying the first Canadian contingents to Europe, since it is believed that the equipping of the Canadian forces is not yet completed. The 700 planes which this convoy is said to be transporting to Europe also seems an extremely high figure.

France:

Radio monitoring and Intelligence Center, Spain reported a few convoy movements between Gibraltar and France.

North Sea:

All ships in home waters have been warned by coastal radio stations that mines are suspected in the sea area east of Newcastle. A convoy at the mouth of the River Tees has been halted and told to await further orders.

It is reported from Oslo that apprehension is felt lest British and French volunteers will be dispatched to Finland via Norway, thus making an unobtrusive occupation of northern ports possible. On the other hand it is reported that so far no suspicious changes are noticeable in Norwegian ports.

Shipping losses due to mines off the east coast:

Belgian steamer ROSA (1,150 tons) off the north coast (submarine?); armed trawler JAMES LUDFORD (560 tons) off the east coast; Norwegian

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steamer FOENIA (1,700 tons) off the east coast, and British tanker ATHEL TEMPLAR (9,000 tons).

Own Situation 15 Dec.

Atlantic:

The GRAF SPEE and the ALTMARK have been informed in Radiogram 1417/15 as follows:

The cruiser NEPTUNE was off St. Paul's Rocks on the evening of 13 Dec. Groups HERMES, RENOWN, ARK ROYAL presumably on passage from South Africa to the River Plate since 14 Dec.

The action report from the GRAF SPEE has been received via the Cipher Office of the Foreign Office. (For copy see War Diary, Part B, Vol. V, page 75.)

This report shows that the GRAF SPEE encountered an enemy convoy, which to her surprise was not only escorted by the heavy cruiser EXETER, but also by the light cruisers ACHILLES and AJAX, which were at first mistaken for destroyers. Though our pocket battleship succeeded in inflicting considerable damage on the heavy cruiser and also one of the light cruisers, she was not able to destroy any one of her adversaries completely owing to the extremely skilful and spirited handling of the British light cruisers. No judgment of the engagement and its results can be given on the basis of the brief action report received so far. It is, however, certain that, whereas the cruiser EXETER was heavily damaged and forced to withdraw from the action, the damage sustained by the GRAF SPEE has only slightly decreased her offensive capacity, gunnery potential, speed and action radius. Of serious concern, however, is the shortage of ammunition, as already reported yesterday, and the fact that her seaworthiness was, by the unfortunate hit in the fore-castle, affected to such an extent that the Commander felt it necessary to insist that his ship is unfit for an Atlantic voyage to home waters. "Since the ship could not be repaired for a breakthrough to home waters with the facilities on board" the commander made the doubtful decision to enter the River Plate even "at the risk of being blockaded there". This report shows that the Commander was fully aware of the consequences his decision might have. If he decided to take this step in spite of the above, he did so because at the time he obviously saw no other more favorable solution. The decision of the Commander to put in to the port of a neutral, but unfriendly, country shows with impressive clearness the unfavorable strategic position of Germany as regards the naval

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war. This does not permit our naval forces operating overseas to put in to one of our own overseas bases for trivial yet necessary repairs, but compels them to defy without respite the scouting forces of a superior naval power over the seven seas, and to appeal, in case of need, to the goodwill of neutral countries.

Naval Staff is not yet in a position to give instructions to the Commander of the GRAF SPEE regarding further procedure. The decisions of the Commander as well as those of Naval Staff depends on the outcome of the diplomatic negotiation regarding the duration of stay in Montevideo and on the speed with which the ship can be made seaworthy again. It is assumed, and press reports from Montevideo confirm this, that the Commander and the Naval Attaché are making every effort to speed up the absolutely vital repair work.

At 1128 Commander in Chief, Navy dispatched the following radiogram to the Commander:

"The Commander and the crew of the pocket battleship ADMIRAL GRAF SPEE are to be highly commended on the valor they have shown and the successes they have gained. This has earned them the Navy's gratitude. I leave it to the Commander's discretion to award 1st and 2nd class orders of the Iron Cross. Good luck to you."

The following telegram, repeating in part yesterday's radiogram, has been sent to the GRAF SPEE via the Foreign Office and our Legation in Montevideo:

"The ALTMARK has been instructed to await developments and further orders. Please report whether the radio station and code facilities aboard the GRAF SPEE are in operation." Naval Staff.

Moreover Naval Staff still regards it unwise to give the Commander binding orders, as it can in no way judge the situation as it presents itself on the spot. Naval Staff believes it advisable, however, to inform the Commander of the efforts that are being made to maintain this pocket battleship for further operations.

Radiogram 1823 to the GRAF SPEE:

"This is for your information only, and is in no way calculated to influence your decisions:

1. The ALTMARK is for the present being retained at your disposal.
2. Assistance by the dispatch of a submarine from here is planned, depending on the situation. Submarine could arrive off the River Plate on or about 25 Jan."

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In connection with the above the following teletype was sent to Commanding Admiral, Submarines:

"It is possible that a submarine will be needed for a long-range operation. Preparations for sailing at the earliest possible moment are to be made. Plans should include an alternative operation. Supply at sea will be arranged."

The following press reports from various sources are noteworthy and supplement the Commander's report.

Engineers of the Uruguayan dockyards declined the request of the German Legation to repair the GRAF. SPEE.

The damage to the ship's skin plating has been repaired, provisions and fuel taken on.

The Uruguayan Government is said to have rejected the German request for a 30-days' stay in Montevideo. Radio Daventry reported at 2200 that the GRAF SPEE had been requested to leave Montevideo within 72 hours. She is reported to have already taken on 2,000 tons of fuel from a German steamer. It is assumed that the commander will attempt a breakthrough at the first opportunity. (No official report concerning the 72-hour limit has been received from our Legation or the commander.)

At 2200 the Argentine and also the British radio reported that the ARK ROYAL and the RENOWN have already arrived off Montevideo.

North Sea:

Nothing special to report. Cruiser LEIPZIG arrived in Hamburg.

Baltic Sea:

Operations against merchant shipping are being carried on in the eastern Baltic Sea by the GRILLE, the BRUMMER and the SCHLESWIG-HOLSTEIN; in the Kattegat and Skagerrak by the SEEADLER and JAGUAR. It is reported from the Sound that the lights at Falsterbo, Udde, Skanoer and Bredgrund have been put out.

In reply to the German note of protest regarding the laying of minefields in the Aaland Sea, Sweden has stated - verbally so far - that these minefields are in no way directed against German naval warfare. They were laid solely as protection against Russian operations in connection with the Russo-Finnish conflict, and in particular because of the alleged deciphering of a Russian radiogram, ordering "the sinking of all merchantmen except those flying the American flag".

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High Command, Navy has given orders for the appointment of a Commander, Special Units, West and Commander, Special Units, Baltic. These two new commands will be subordinate to the Commanding Admirals, Defenses. The ships, units and flotillas which used to be directly under Commanding Admirals, Defenses will in future be subordinate both tactically and administratively to the Commanders, Special Units.

Submarine Warfare 15 Dec.

Atlantic:

Submarine U "48" reported that she has sunk four steamers (altogether more than 27,000 tons) and that she is starting on return passage. - Otherwise nothing to report.

North Sea:

Submarines U "23" and U "57" have returned from operations. For brief reports see War Diary, Part B, Vol. IV. Submarine U "23", which carried out reconnaissance of the inlets in the Shetlands, observed nothing special except for the sighting of patrol vessels.

Submarine U "57" made important observations in the sea area off Great Yarmouth in connection with lights, shifting of buoys and shipping. It seems that valuable steamers are given escort on the stretch between Orfordness and Cross Sand, an area which is unprotected by off-shore sand-banks.

Submarine U "61" has commenced return passage. The proposed operation in the Firth of Forth could not be carried out owing to heavy enemy patrol and navigational difficulties. Otherwise no changes.

Submarine Successes:

According to a report from Oslo, Great Britain is spreading the news that the British steamer DEPTFORD was torpedoed within Norwegian territorial waters and that this is the third time that Norwegian neutrality has been violated. The steamers GARONFALIA and THOMAS WALTON are also claimed to have been sunk within territorial waters (detailed report from submarine U "38" will have to be awaited).

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Naval Attaché, Rome reported that, according to information from a reliable source, Great Britain has decided to build 40 submarines of the THETIS type.

Merchant Shipping 15 Dec.

Losses:

Motor vessel DUESSELDORF (4,930 BRT); sailed from Valparaiso and was scuttled by her crew off the Chilean coast in order to avoid being seized by a British cruiser. Steamer ADOLF LEONHARDT; sailed from Lobito, was stopped by a British warship in the South Atlantic and scuttled by her crew.

The following radiogram has been sent to our Naval Attachés in South American countries:

"Owing to the damage inflicted on the British cruisers stationed there the chances for the departure of German merchantmen are estimated as very favorable."

Items of Political Importance 16 Dec.

For context of the speech made by Count Ciano, Italy's Foreign Minister, on Italy's foreign policy and the present political situation, delivered at the meeting of the Fascist and Cooperative Chamber, see Foreign Press Review of 16 Dec.

Special Reports on the Enemy 16 Dec.Atlantic:Great Britain:Situation at Montevideo:

According to Reuter the French battleship DUNKERQUE has arrived off the River Plate. The RENOWN and the ARK ROYAL are said to be on the way there. The Commander of the GRAF SPEE reported to the Naval Staff's surprise that the ARK ROYAL and the RENOWN are already anchored off Montevideo. Our Naval Attaché reports that the RENOWN was recognized from aboard the ADMIRAL GRAF SPEE by the chief gunnery officer. Our Legation confirms that heavy naval forces have been definitely established off Montevideo from aboard the GRAF SPEE. On the basis of radio monitoring reports, Naval Staff had reckoned that the ARK ROYAL and the RENOWN would not arrive off the River Plate before 18 or 19 Dec.

Our Naval Attaché reported that three British destroyers put in to Pernambuco on 16 Dec.

The cruiser EXETER is said to be proceeding to the Falkland Islands at a speed of seven knots.

British Home Waters:

The battleship ROYAL SOVEREIGN, which has not been observed for quite a long time and was obviously under repair, is now re-appearing in home waters.

The FURIOUS is in the eastern part of the North Atlantic and is making for the River Clyde according to radio monitoring. It is quite likely that the RESOLUTION, and perhaps the REPULSE also, are returning to home waters.

France:

The cruisers TOURVILLE and COLBERT put in to Beirut on 15 Dec.

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North Sea:

The Commander in Chief, Home Fleet is obviously no longer aboard the NELSON; he has probably transferred to the HOOD.

Enemy submarines were located in the Hoofden and off the Jade River.

Special observations indicate that the enemy fears that mines have been laid in Loch Ewe.

Shipping losses East Coast:

Swedish steamer URSUS (1,500 tons), Norwegian steamer H.C.FLOOD (1,900 tons) and Norwegian steamer RAGNI (1,300 tons) struck mines, likewise the 9,000 ton tanker INVERLANE.

The British Admiralty once more announced the existence of a declared area off the Tyne.

Own Situation 16 Dec.

Atlantic:

On the evening of 15 Dec. (radiogram received here on the morning of 16 Dec.) the GRAF SPEE reported via our Naval Attaché the outcome of the examination of the ship:

The main damage to the ship consists of a few holes in her hull, causing intake of water in heavy seas. Galley and bakery destroyed, therefore messing at sea no longer possible. Optical sight in foretop out of order. Shortage of ammunition for main and secondary armament. Two-thirds of the heavy anti-aircraft guns are out of action. The Chief Engineer and Marinebaurat (ret.) Krankenhagen, who arrived in Montevideo on 14 Dec. by plane, estimate that, even if the utmost effort is made, two weeks will be needed to make the ship seaworthy again with the facilities available in Montevideo. An extension was requested on 14 Dec.

Several British warships have been sighted off Montevideo, amongst them the CUMBERLAND, from shore. The RENOWN was made out by the gunnery officer from aboard the GRAF SPEE.

A telegram from our Legation states that according to the findings of the Surgeon Lieutenant - who is trained in anti-gas treatment - the effect of the British shells reveals typical signs of mustard-gas poisoning. The ship's command, however, does not assert that

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special gas shells were used by the enemy. The question as to whether neutral doctors should be consulted is under consideration.

According to a report received during the morning, the request for a stay of two weeks has not been granted by the Uruguayan Government. It gave permission for a 48-hour stay only, such as is customarily granted to British warships. The cabinet council extended this time limit to 72 hours. The period therefore expires on the evening of Sunday, 17 Dec. Our envoy in Montevideo has lodged a protest with the Uruguayan Government against the time limit fixed.

On account of the situation brought about by the above refusal, the Commander reported at 0106 (local time) on 16 Dec. (received here at noon on 16 Dec.) as follows:

"To the High Command, Navy.

1. Strategic situation off Montevideo:

In addition to the cruisers and destroyers the ARK ROYAL and the RENOWN are maintaining a tight blockade at night. Impossible to break out into the open sea and reach home waters.

2. I am planning to proceed as far as the limit of territorial waters. If a break-through to Buenos Aires can be forced by use of the remaining ammunition, it will be attempted.

3. Request decision as to whether I may scuttle the ship despite the shallow waters of the River Plate or whether the ship is to be interned, should the attempt to breakthrough lead to certain destruction of the ADMIRAL GRAF SPEE without a chance of damaging the enemy.

4. Request decision by radiogram.

Commander, ADMIRAL GRAF SPEE."

As the result of this radiogram the Naval Staff has come to the following conclusions:

1. According to the report from the Commander, who is known to be skilful and tenacious, it seems a hopeless undertaking for the ship to attempt a breakthrough to the open sea and to try to reach home waters considering her present condition, her armament and reserves of ammunition.

2. The Commander has decided to force a breakthrough to Buenos Aires, using the remaining ammunition. He thinks, in agreement

with Naval Staff, that he will find better facilities for repairs in Buenos Aires.

3. The Commander is resolved to inflict as much damage on the enemy as possible when attempting a breakthrough. He asks for a decision as to whether the ship is to be scuttled in the mouth of the River Plate, although the water is too shallow, or whether the ship should be interned, should there be no chance of inflicting damage on the enemy, and at the same time the breakthrough will lead to certain destruction.

A survey of the probable political attitude of Uruguay and the Argentine shows that of all the South American states Uruguay is under the heaviest political pressure from the enemy. An internment of the ship in that country is therefore entirely out of question, since it must be expected that sooner or later the ship will fall into enemy hands. It is also to be expected that Uruguay will eventually become a co-belligerent on the side of our enemies. A more friendly attitude can be hoped for from the much stronger Argentine owing to her anti-British leanings.

A break-through to Buenos Aires would offer the following opportunities:

1. To use the rest of the ammunition and the ship's armament in a final and successful action.
2. To gain time in which to repair the damage, with the object of forcing a breakthrough to the open sea with the help of submarines dispatched from home waters.

Should internment in Buenos Aires also be inevitable, the possibility of scuttling and destroying the ship in the River Plate still remains. In this case she would, however, have inflicted some damage on the enemy beforehand with her remaining ammunition and the crew would be interned in a country more favorably disposed towards Germany.

The Commander's decision to break-through to Buenos Aires is therefore approved by Naval Staff.

In connection with the manner of sinking the ship, her effective destruction is more decisive than the locality. Local conditions are such that if it came to sinking, she would hardly have reached deep waters beforehand, and the locality where she might have to be scuttled during a break-through would entirely depend on the circumstances of the moment.

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In such a case all necessary measures would have to be taken to see that neither the ship nor parts thereof fell into enemy hands undestroyed.

Naval Staff considers that the ship should only be scuttled as the very last resort. Such a step should only be taken if a previous attempt to inflict damage on the enemy and a break-through to home waters or to Buenos Aires becomes absolutely impossible.

In order to give the SPEE the most favorable possibilities for a break-out from Montevideo it must be arranged that the ship is not forced to leave on a fixed evening which would become known in advance to the enemy. It should instead be made possible for her to choose the most favorable moment from a number of nights at short notice, thereby making use of the element of surprise.

To make this possible everything should be done in the diplomatic line to have the time limit set by the Uruguayan Government extended.

The following instructions have therefore been sent to the ADMIRAL GRAF SPEE in Radiogram 1347/6 (dispatched at 1707) on the afternoon of 16 Dec:

"1. Every attempt should be made to obtain an extension of the stay in neutral waters, in order to guarantee freedom of action as long as possible.

2. Re para. 2 of your radiogram: Approved.

3. Re para. 3 of your radiogram: Internment in Uruguay out of the question.

Attempts should be made to destroy the ship effectively, should she be scuttled.

Naval Staff."

Before dispatching the above instructions Naval Staff's opinion was submitted to the Fuehrer by Chief, Naval Staff at 1300. (For notes of discussion see War Diary, Part C, Vol. VII.)

The Fuehrer approved the decision reached by the Chief, Naval Staff. He too was against internment, especially since a success against British warships is still possible in a break-through. He approved the instructions to the Commander submitted by the Chief, Naval Staff.

At the same time the Foreign Office (Secretary of State Weizsaecker) has transmitted the following instructions to our Legation in Uruguay

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(by radiogram via the ADMIRAL GRAF SPEE):

"We find the decision reached so far by the Government there regarding the duration of stay absolutely incomprehensible in view of the ship's condition and the legal position known to you. You are therefore requested to try your best in conjunction with the Commander of the GRAF SPEE to obtain as long an extension as possible and to make every effort to counter British influence."

The steps taken by the Legation and the Commander to obtain a prolongation of the permission to stay have, however, been unsuccessful, despite a not unfriendly attitude on the part of the Uruguayan Government and the people. According to a radiogram from our Legation, received on the evening of 16 Dec., the Uruguayan Government, under heavy pressure from Great Britain and France, refused a prolongation, referring to the survey report of the Commission of experts, which states that 72 hours were found to be sufficient for making the ship seaworthy again. The Charge d'Affaires as well as the Naval Attache is of opinion that "an internment of the ship is in any case the worst solution". Scuttling of the ship even in the shallow waters of the River Plate and subsequent internment of the crew is preferable. The reason given is lack of ammunition. (For radiogram from the Chargé d'Affaires see War Diary, Part B, Vol. V, page 74.)

After receipt of this report from the legation Naval Staff advised the Commander in Radiogram 2239/16 that the instructions contained in Radiogram 1347/16, paras 2 and 3 remained unchanged.

Naval Staff does not know the exact time of expiration of the GRAF SPEE's permit to stay. From foreign reports it is assumed that the time limit set expires on the night of 17 Dec. Reuter reports that the ship must leave port at the latest between midnight on Sunday 17 Dec. and 0400 on Monday 18 Dec.

According to Radio Daventry the GRAF SPEE must leave Montevideo at the latest at 1700 (local time) on Sunday, 17 Dec.

Supply Ship ALTMARK:

According to foreign radio reports the enemy has gained knowledge of the presence of the supply ship ALTMARK, her position as on 6 Dec., characteristics, camouflage and speed through information given by the captains and crews of captured vessels which were disembarked from the GRAF SPEE in Montevideo. Information regarding this, which was sent out to shipping by the Commander in Chief, British Naval Forces, South Atlantic, was intercepted on 16 Dec. by our radio monitoring service and has been passed on to the ALTMARK for information. Radiograms to the ALTMARK read as follows:

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1. Rugby radio has broadcast the following detailed description of the ALTMARK: Painted black with white deck-house, funnel yellow; three concealed guns; speed over 20 knots. The GRAF SPEE refuelled from the ALTMARK on 6 Dec. in position 23° S, 26° W.
2. Rugby radio requested that sighting of the ALTMARK be reported at once and stated that she is probably camouflaged to resemble a Norwegian or Russian ship.

North Sea:

Single enemy bombers attacked the islands of Norderney and Sylt during the night of 16 Dec. Sticks of bombs dropped into the sea some distance off-shore. No planes were shot down.

The Danish Government has notified us that a Danish cable-layer will put to sea for repairs to the cable between Denmark and France. The Foreign Office will suggest to the Danish Government that the contemplated repair of the cable in the North Sea, east of our declared area, should not be carried out in view of the general war conditions in that area.

Baltic Sea:

Western Baltic Sea:

According to a report from our patrol vessels in the Sound, traffic continues off Falsterbo preceded by Swedish minesweepers. On 16 Dec. 17 vessels again passed through the Kogrund Channel northbound and 26 vessels southbound. No traffic through the Lillegrund channel. Lights on the Swedish coast are still extinguished.

No reports have been received from the SEEADLER and the JAGUAR engaged on operations against merchant shipping.

One of our reconnaissance planes, when returning south of Falsterbo and definitely (?) outside territorial waters, was machine-gunned by a Swedish torpedo boat which was also outside territorial waters. Our plane was hit ten times and its port engine damaged. The fire could not be returned and heavy loss of oil made a new approach impossible. The Swedish torpedo boat was passed at a range of 200 meters, and did not open fire until the plane had passed. A note of protest concerning the above incident will be dispatched to the Swedish Government.

Eastern Baltic Sea:

Estonia has given notice of a declared area which will be closed to shipping between the Pakri Islands off the Russian naval base of Baltic Port.

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The German steamer GINNHEIM was shelled by the Russians when approaching the pilot station northeast of Seskaer off the entrance to Kronstadt. The pilot station had been radioed to the ship as an approach point.

Submarine Situation 16 Dec.

Atlantic:

Submarine U "29" and U "38" returned from long-range operation; submarines U "48", U "28" and U "47" are at present on return passage.

North Sea:

In the operational area: Submarines U "36", U "59" and U "60".

On passage: Submarine U "22".

Merchant Shipping 16 Dec.

Steamer HUGO OLDENDORFF (1,875 tons) returned from overseas, coming from Cadiz.

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Special Reports on the Enemy 17 Dec.

Atlantic:

Great Britain:

Area off Montevideo:

According to radio monitoring the cruisers CUMBERLAND, AJAX, ACHILLES and other warships (destroyers and submarines).

According to press reports and observations made from aboard the GRAF SPEE also the RENOWN and the ARK ROYAL.

The following information has therefore been sent to the ALTMARK by radiogram:

"1. Off Montevideo: The ACHILLES, AJAX, CUMBERLAND, RENOWN, ARK ROYAL and destroyers.

2. Three destroyers, presumably part of the HERMES group were bunkering fuel oil at Pernambuco on 16 Dec."

Radio Daventry reported in the afternoon that the RENOWN and the ARK ROYAL were sighted near Rio de Janeiro this morning.

The German News Agency and Havas reported at 1700 that the RENOWN and the ARK ROYAL have put in to Rio de Janeiro.

This extremely important and urgent information was passed on to the GRAF SPEE and the ALTMARK in Radiogram 1708/17:

"According to German News Service and Havas the RENOWN and the ARK ROYAL put in to Rio de Janeiro today."

This information has meanwhile been confirmed by our Embassy. The ADMIRAL GRAF SPEE and the ALTMARK were therefore informed by Radiogram 1953/17 as follows:

"Information contained in Radiogram 1708/17 has been confirmed by Embassy."

According to later reports the RENOWN and the ARK ROYAL put in to Rio de Janeiro to refuel. The three HUNT class destroyers which were reported to be in Pernambuco on 16 Dec., and the cruiser NEPTUNE, are also said to have been attached to this task force. The ARK ROYAL is leaving Rio de Janeiro again at 1900.

It has become known that the British casualties in the recent engagement with the GRAF SPEE were as follows: On the EXETER

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5 officers and 56 ratings killed, 3 officers and 20 ratings wounded. On the AJAX 7 ratings killed and 5 ratings wounded, and on the ACHILLES 4 ratings killed.

Commodore Harwood has been made a Knight Commander of the Bath and promoted to the rank of Rear Admiral. The commanders of the three cruisers, Captains Parry (of the ACHILLES), Woodhouse (of the AJAX) and Bell (of the EXETER) have been made Knights of the Bath.

Home Waters:

Aircraft carrier FURIOUS has been assigned an anchorage in the Clyde.

The captains of the steamers HERONSPPOOL and ROCKPOOL, as well as members of their gun-crews, have been decorated for their services in combatting submarines. One of the submarines is said to have later been sunk by a destroyer. These steamers are obviously British decoy ships and it is quite likely that submarines U "42" and U "45" were destroyed by them.

North Sea:

Enemy bombers were detected over the Heligoland Bight. Air alert was sounded on Borkum at 2000.

Shipping losses due to mines:

British steamer AMBLE (1,200 tons) struck a mine and sank. British radio stations have sent out a warning that danger of German mines exists in the area between the following points:

| | |
|-----------|------------|
| 55° 00' N | 01° 10' W, |
| 55° 00' N | 00° 45' W, |
| 54° 45' N | 00° 25' W, |
| 54° 45' N | 00° 55' W. |

Own Situation 17 Dec.

Atlantic:

According to the latest information received the 72-hour time limit for the GRAF SPEE in Montevideo expires at 2000 on 17 Dec. (local time).

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Radio Daventry reported that the GRAF SPEE had intended to put to sea on the night of 16 Dec. but that international law prevented this owing to the sailing of two British steamers.

During the night of 17 Dec. the following reports were received from Montevideo:

On 17 Dec. the ADMIRAL GRAF SPEE first of all disembarked 22 wounded including 12 serious cases, which were taken to a hospital in Montevideo, and then transferred (according to press reports) the greater part of her complement, approximately 700 men, and provisions to the German steamer TACOMA. The ADMIRAL GRAF SPEE, with her ensign flying from her masthead, put out from Montevideo at 1820 and was scuttled by her crew at 1956, five miles off shore. No further engagement with the enemy seems to have taken place.

Thus the ADMIRAL GRAF SPEE concluded her glorious activities as a merchant raider in the South Atlantic and Indian Ocean.

No judgment can yet be passed on the final decisions and measures taken by her Commander. There is naturally no report from him yet on the scuttling. Nothing can therefore be said just now as to why the Commander did not carry out his original plan, approved by Naval Staff, to attempt a break-through to Buenos Aires, at the same time inflicting as much damage on the enemy as possible.

The first German announcement to the press states:

"The Uruguayan Government refused to grant the time required to make the ADMIRAL GRAF SPEE seaworthy again. Her commander, Captain Langsdorff, therefore decided to scuttle the ship."

At 0300 on 18 Dec. the Fuehrer and Supreme Commander of the Armed Forces ordered the second sentence of the above announcement to be altered as follows:

"The Fuehrer therefore ordered Captain Langsdorff to scuttle the ship. The execution of the order was carried out outside Uruguayan territorial waters."

North Sea:

Nothing special reported from our surface forces. A submarine hunt southwest of Heligoland brought no results.

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Air Force:

Group West has asked for transfer of a group of land-based planes to the North Sea, since the sea-plane bases are beginning to freeze up and take-offs from Borkum and Norderney have become impossible. This request is under consideration.

At the same time Group West requested that in future when announcing flights by enemy planes, the names of islands and places should not be mentioned in press or radio reports, so as to prevent the enemy from learning whether or not he has reached his targets. Furthermore Group West pointed out that it seemed advisable to use searchlights very sparingly, since our own experience shows that they facilitate navigation considerably.

A new phase in aerial warfare over the sea started on 17 Dec. The 10th Air Corps in employing strong forces, split up into small bomber formations, over the entire North Sea area in order to attack convoys, single enemy merchantmen and patrol vessels.

On 17 Dec. for the first time one group of the 26th Bomber Wing took off in the forenoon as well as one in the afternoon for operations against merchant shipping over the North Sea.

Successes reported:

The British patrol vessel PEARL was sunk east of Flamborough Head. Also sunk was the British motor vessel SERENITY (487 tons). Two hits were scored on the deck of a patrol vessel east of Middlesbrough. Her crew took to the lifeboats. It seems that the vessel remained afloat. A direct hit was scored on the portside of a trawler off the Moray Firth; sinking of this trawler was, however, not observed.

Unsuccessfully attacked were:

Two patrol vessels off the southern tip of the Shetlands, a tanker south of Portsmouth, a large steamer south of Folkestone, probably the TUSCAN STAR (11,449 tons), a patrol boat off the Moray Firth, an Italian steamer near Whitby.

Most of the ships were attacked first with bombs and were then machine-gunned. In some instances the crews of the steamers attacked took to the lifeboats.

Although the material successes are not very imposing, the value of these operations lies chiefly in the appearance of the German Air Force in that sea area and the strong deterrent after effects this will have on merchant shipping in general and the exporting neutral countries in particular. Moreover the material success of future operations of this kind should not be underrated, inasmuch as they will cause gaps in the enemy's patrol service, burden his

dockyards with repair work, tie-down manpower and result in the loss of seamen.

Baltic Sea:

The SEEADLER and the JAGUAR have completed their operations against merchant shipping in the Kattegat. Two steamers were seized and four taken to Kiel for examination. The sector west of our declared area in the Great Belt, where three boats were lost recently, has now been swept clear of mines.

Submarine Situation 17 Dec.

Atlantic:

There are no more submarines in the operational area.

Submarines U "28" and U "48" are at present on return passage. Submarine U "47" has returned to its home base.

North Sea:

In the operational area: Submarines U "59", U "36" and U "60".

On passage: Submarines U "22" and U "21".

Returned to port: Submarine U "57".

Submarine U "61", which has just returned, reported that heavy patrol and navigational difficulties prevented her from carrying out the assigned task in the Firth of Forth.

From the Norwegian coast submarine U "38" reported lively unescorted traffic in coastal and territorial waters. Russian light naval forces were observed on patrol in Kola Bay. No British warships were sighted. Observations of all ports which might be used for traffic with England revealed nothing. The reports of submarines U "31", U "43" and U "38" show that failures of pistols (torpedo) A and B did not occur.

Brief reports from submarines U "38", U "61" and U "29" are contained in War Diary, Part B, Vol. IV.

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Merchant Shipping 17 Dec.

Two German steamers returned from Vigo. (They left Vigo on 12 Nov; speeds $9\frac{1}{2}$ and 10 knots respectively.)
Steamer COLUMBUS (32,590 BRT) is on homeward passage from Vera Cruz.

On 16 Dec. she gave her position as off the southern entrance to the Florida Straits, using code "H". The ship is escorted by two American destroyers and reports that she has not sighted any enemy naval forces since leaving Vera Cruz. She is planning to proceed within territorial waters as far as Cape Hatteras.

It was extremely foolish to send this radiogram. The captain should have known that he was running the risk of giving his plans away to the enemy. The following signal has therefore been sent to the COLUMBUS:

"Codes Nos. 4 and 6 have been lost to the enemy. Context of radiogram of 16 Dec. may therefore be known to him. Do not report your change of plans."

Moreover it must be assumed that the American escorting destroyers will inform their British friends of the position of the COLUMBUS.

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Special Reports on the Enemy 18 Dec.

Atlantic:

Great Britain:

Situation on the South American Coast:

At 0100 on 18 Dec. the ARK ROYAL was sighted off Rio de Janeiro on northerly course. The cruiser NEPTUNE left Rio de Janeiro at noon.

Convoy traffic:

Our Naval Attaché in Washington reported that a convoy of eight British, four French and two Norwegian ships all carrying food, and a troop transport with air force personnel aboard sailed from the St. Lawrence on 19 Dec.

France:

The battleship PARIS is either in the Gibraltar area or in the Western Mediterranean. Otherwise nothing special to report, apart from convoy movements.

North Sea:

The minelaying cruiser ADVENTURE is re-appearing for the first time in the Nore area. Several destroyers of the 1st Destroyer Flotilla were located off the southeast coast.

British bomber squadrons (altogether 52 Vickers Wellingtons) penetrated the Heligoland Bight and flew as far as Wilhelmshaven. Single planes flew over the islands of Borkum, Norderney and Sylt (see "Own Situation"). Shipping losses off the east coast of England: Norwegian steamer STRINDHEIM (321 tons); Norwegian steamer JOTUN (534 tons) ran aground. An unknown steamer struck a mine off Great Yarmouth.

According to an agent's report a balloon barrage has now been put up over the Thames below Gravesend; it is mounted on two pontoons at a distance of 40 to 60 m. apart in the fairway.

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Own Situation 18 Dec.

Atlantic:

Political News on 18 Dec. regarding the ADMIRAL GRAF SPEE:

The German Chargé d'Affaires handed a note to the Uruguayan Foreign Minister in which the Commander of the ADMIRAL GRAF SPEE lodged a formal protest against the cabinet decision regarding the time limit set for the ship's stay in Montevideo.

Furthermore the German Chargé d'Affaires filed a formal note of protest on behalf of the German Government since the Uruguayan Government refused to grant the damaged ship sufficient time, reasonable under such circumstances, to make her seaworthy again flagrantly breaking international law and custom.

The neutral press, with the exception of the United States, generally reported on the scuttling of the ADMIRAL GRAF SPEE with respect and reserve. British newspapers, however, outdid each other in insulting and unchivalrous accusations. The American press was in general unfriendly or hostile.

The hostile and tactless speech on the scuttling of the ADMIRAL GRAF SPEE made by the First Lord of the Admiralty, Winston Churchill, shows on the one hand the disappointment felt by the British Admiralty that the pocket battleship avoided British seizure by scuttling, and on the other hand the satisfaction at the enormous relief which the disappearance of the pocket battleship entails for British naval warfare and merchant shipping in the South Atlantic. (For extract see War Diary, Part B, Vol. V, page...)

Our Ambassador in Buenos Aires reported on the evening of 18 Dec. via the Foreign Office that the commander and the crew of the ADMIRAL GRAF SPEE (approximately 1,000 men) arrived in Buenos Aires harbor on the morning of 18 Dec. in two tugs and one lighter flying the Argentine flag. The following were left behind in Montevideo:

39 sick and wounded under the care of the Chief Surgeon of the ship at the Military Hospital in Montevideo.
1 non-commissioned officer and 3 men (demolition squad) on board the steamer TACOMA.

No one was injured when the ship exploded. Reuter reported on the evening of 18 Dec. that the half-sunken wreck of the pocket battleship was still ablaze. The wreck, though lying outside territorial waters, constitutes a grave danger to shipping. In

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Uruguay the scuttling of the ship has caused a lot of excitement. Reuter says that the Uruguayan Government will probably lodge a note of protest. According to Radio Daventry the German steamer TACOMA, which took the crew of the GRAF SPEE aboard and later on also a demolition squad of four men, is said to have been stopped on her way to Buenos Aires by an Uruguayan warship and forced to return to Montevideo, where the captain will be prosecuted for having left port without permission.

The Argentine Government is at present considering whether the crew of the ADMIRAL GRAF SPEE are to be treated as survivors or whether they will have to be interned. A decision is expected on 19 Dec.

Further reports from the commander and the Charge d'Affaires will have to be awaited.

For letter from the commander of the ADMIRAL GRAF SPEE to our Chargé d'Affaires in Montevideo for publication, which is mainly of a political and propaganda nature, (see War Diary, Part B, Vol. V, page

North Sea:

Three destroyers commenced the minelaying operation planned by Commander, 1st Destroyer Flotilla.

Submarine hunt for an enemy submarine which was detected east of our declared area was without result.

Air Force Operations:

Eight planes of the 10th Air Corps took off on armed reconnaissance in the North of Scotland sea area. Two steamers were sunk and several patrol vessels attacked, of which some were damaged.

Fifty two Vickers Wellington bombers in two groups carried out attacks on targets in the inner Heligoland Bight and on Wilhelmshaven between 1400 and 1500. Our own fighter formations, which had been alerted in good time by radar location, engaged the enemy while still over Heligoland. Thirty-four enemy planes were shot down. We lost two BF 109's. (For report see War Diary, Part C, Vol. V.)

In the late afternoon and evening single enemy planes flew over Borkum, Norderney and Sylt. Bombs were dropped into the sea and on the dunes; no casualties or damage.

The British Admiralty confirmed that a light cruiser of the KOELN class was sunk by the British submarine URSULA in the mouth of the

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River Elbe on 14 Dec. It was also announced that the British submarine which sighted the BREMEN has now returned to its base. This submarine claims to have sighted the battleships, a pocket battleship (probably the DEUTSCHLAND) and the cruisers HIPPER, BLUECHER and LEIPZIG. The LEIPZIG and the BLUECHER are said to have been torpedoed by a fan of six torpedoes and the LEIPZIG probably sunk.

Baltic Sea:

Operations against merchant shipping in the Western Baltic Sea were continued by the GRILLE and the BRUMMER, in the Eastern Baltic Sea by the minelayers KOENIGIN LUISE and PREUSSEN.

Net Defense Unit is recovering the net barrage "Jade 1".

Russo-Finnish Conflict:

Secret Russian orders to all naval and naval air force commanders as well as to all submarines were issued on the evening of 16 Dec. These lay down that the entire sea area of the Aaland Island group, except for Swedish territorial waters, is to be included in the blockade zone against Finland. In that area the blockade is to be carried out on the same conditions and in the same manner as in the previously declared blockade zone.

In connection with these orders the basis for the blockade against Finland is once more brought to attention:

Unrestricted submarine warfare, sinking of all ships.

One division of the 1st Submarine Brigade (Russian) inquired with reference to these orders whether the fairway (Soedrakvarnden) is also included in the new blockade zone. If so, the channel used by the German ore steamers must also be included.

The following reports were intercepted regarding the escort of German steamers:

"The German steamer NORDENHAMN coming from the Baltic Sea will be met by a Russian warship from Reval near Odenholm and escorted. Her characteristics and signal letters have been made known to all Russian warships and submarines and to coastal defense units in the area between Dagoe and Reval. (See War Diary, Part C, Vol. VIII.)

For preliminary estimate of the air situation in the Russo-Finnish conflict see reports by the Air Force-General Staff dated 19 Dec. 1939.

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Submarine Situation 18 Dec.

Atlantic:

Submarines U "28" and U "47" returned from long-range operations. For brief reports see War Diary, Part B, Vol. IV.

Successes:

The minelaying operation off Swansea was carried out by submarine U "28" under difficult conditions.

Two steamers totaling 10,275 BRT were sunk.

Submarine U "47" torpedoed a cruiser of the LONDON class.

The torpedo hit was clearly observed from a range of 300 meters.

The commander of this submarine on return reported the following observations:

The upper deck was slightly buckled and was cracked. Piping was seen hanging over the ship's starboard side. The ship's plane was tilted on its tail, black smoke emitting from the point where it was hit. The cruiser was seen steaming off at slow speed and disappeared in a squall. Thus, as already assumed, it is certain that the cruiser was torpedoed, but sinking is doubtful.

Submarine U "48" is at present northwest of the Hebrides on return passage.

North Sea:

On passage to the operational area: Submarine U "21" for torpedo operations in the sea area off Rattray Head. Submarine U "22" for a minelaying operation off Blyth. The submarines U "59" and U "61" are on return passage.

In connection with the British reports on the destruction of a German submarine by the submarine URSULA, submarine U "36" (commanded by Lt. Froehlich) was asked to report. The boat has not replied. Much concern is therefore felt regarding the fate of this boat, though the possibility still exists that her radio transmitter is out of order.

The British report that the submarine destroyed was of a large type, and that she was surfaced and proceeding at high speed on outboard course. Parts of the submarine were blown high into the air when the torpedo hit her. There were no survivors. One dead body is said to have been recovered.

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Merchant Shipping 18 Dec.

The motor vessel DUESSELDORF (which was previously reported as having been scuttled) is now reported to have been captured by a British cruiser, according to a radiogram dispatched from Santiago on the evening of 17 Dec.

Rueter reported that the steamer TENERIFA was scuttled by her crew in order to avoid seizure. The British state our total losses in merchantmen up to the present as 39 ships, with a tonnage of 187,000 BRT.

Items of Political Importance 19 Dec.

1. Twenty-one American countries led by the Argentine addressed a note to the belligerent powers in which they expressed their disapproval of the "naval engagement off Montevideo".
2. A joint session of the Supreme Allied War Council, attended by Chamberlain and Daladier, discussed the general situation and decided on measures for further strengthening of diplomatic and military cooperation.
3. Various signs indicate that in individual cases the enemy is trying to make a relaxation or postponement of the export blockade against Germany the basis for political negotiation with neutral countries.
4. For situation regarding the Russo-Finnish conflict see "Foreign Press Reports". In Sweden a partial mobilization is being carried out. Strong forces are said to have been transferred to Northern Sweden.

Special Reports on the Enemy 19 Dec.Atlantic:Great Britain:Home Waters:

The REPULSE has arrived in home waters. The cruiser DIOMEDE, attached to the Northern Patrol, was located by radio monitoring 200 miles west of the Faeroes.

The first Canadian division has arrived in England.

North and Central Atlantic:

The RESOLUTION is still on the North Atlantic convoy route. British auxiliary cruisers were observed on escort duty off Madeira.

South Atlantic:

Churchill declared on 18 Dec. that only the cruisers CUMBERLAND, AJAX and ACHILLES were off Montevideo on 17 Dec., and that aboard the cruiser AJAX, in which Commodore Harwood was flying his flag, two out of the four gun turrets were out of action.

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France:

Radio monitoring located several vessels at sea in the Channel entrance, the Bay of Biscay, west of Brest and off Casablanca on patrol and escort duty.

North Sea:

The Commander in Chief, Home Fleet was at sea west of Scotland on the evening of 19 Dec. with the 6th Destroyer Flotilla.

The REPULSE and destroyers of the 4th Destroyer Flotilla were in the waters of Northern Scotland.

Shipping losses:

British steamer CITY OF KOBE (4,400 tons); Norwegian steamer GLITREFJELL (1,600 tons); Danish steamers JYTTE (1,900 tons) and BOGO (1,200 tons) were lost as a result of mines or torpedoes.

Own Situation 19 Dec.

Atlantic:

The Commander of the pocket battleship ADMIRAL GRAF SPEE reported on the scuttling of the ship in the following two radiograms:

I. Buenos Aires 18 Dec. 1939 to Naval Staff:

1. The ADMIRAL GRAF SPEE was destroyed at 2254 GMT on 17 Dec., 4.2 miles off shore in a depth of eight meters by detonating six torpedo heads and the remaining ammunition and by setting fire to all her fuel. No casualties.

2. Before the SPEE put to sea one thousand of her crew were transferred to the steamer TACOMA. The TACOMA followed the GRAF SPEE and transferred the sailors outside territorial waters to two Argentine tugs which had been despatched there for this purpose. The demolition squad of 42 men was also transferred to the tugs by the ship's lifeboats after their work had been completed.

3. Arrived at Buenos Aires at 1410 GMT on 18 Dec.

II. Buenos Aires 19 Dec. 1939 to Naval Staff:

Supplementary to my previous radiogram:

1. The main difficulty lay in making sure that neither the

ship nor her valuable equipment would fall into enemy hands. This could only be assured in deep waters, but any attempt to reach deep waters appeared hopeless.

2. Demolition carried out after all important installations and weapons had first been destroyed and rendered useless. This required 24 hours' preparation.

3. The ADMIRAL GRAF SPEE was already defenseless when she put to sea. Hence the ship was scuttled near territorial waters in order to make demolition absolutely certain.

4. The ship was taken to sea by a small demolition squad of only 42 men. The rest of the crew left Montevideo aboard the TACOMA.

A final evaluation of the measures and decisions taken by the ship's command which led to the scuttling of the ship will only be possible after a complete report has been received. Naval Staff naturally feels very bitter that the pocket battleship met her end by self-destruction and scuttling in the shallow waters of the River Plate since it was not possible, as the Naval Staff had hoped, to use her armament in a last action against the enemy while attempting a breakthrough to Buenos Aires or to deep waters for scuttling there. The fact that most of the crew had already been disembarked before the ship put out from Montevideo, that the most important parts of the ship had already been demolished and that the ship was thus already absolutely defenseless when she put to sea is most disappointing. The character of the Commander guarantees that he would have taken the opportunity for a final engagement with the enemy forces off Montevideo, had he regarded such a course possible.

Naval Staff believes that the Commander's estimate of the situation off the River Plate was very much influenced by the false information purposely spread by the enemy of greatly superior naval forces. This misconception was further strengthened by incorrect visual observation from aboard the GRAF SPEE. This estimate led the Commander to regard a break-through to the open sea or to Buenos Aires - after inflicting damage on the enemy - as a hopeless undertaking.

When carrying out the scuttling, the Commander, being well aware of the vital necessity of preventing the ship or any important parts thereof falling into enemy hands undestroyed, reached the well-considered decision to use the remaining ammunition and the last torpedoes for an effective destruction of the ship, since, according to the situation as he saw it, the scuttling had to be carried out in the shallow waters of the River Plate estuary, where the depth is only 10 - 15 meters up to a distance of at least 35 miles from the coast.

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Considering the condition of her armament and the shortage of ammunition, the Commander must have thought it impossible to fight his way through to deep waters in the face of superior enemy forces.

The decisions were taken under the pressure of circumstances. The danger that the ship or valuable parts thereof might fall into enemy hands and thus become easy booty to our foe has been averted by scuttling the ship and thorough destruction of her equipment. Moreover, the sterling qualities of the commander, Captain Langsdorff, guarantee that the commander as well as the crew did everything possible under these exceptionally unfavorable circumstances to uphold the honor of the German Flag and the good name of the German Navy.

In full recognition of these facts Chief, Naval Staff approves the decision made by the Commander to destroy the ship and the measures taken for scuttling her, irrespective of a final assessment which can only be made later on the basis of detailed information.

It remains to be seen from a later study and evaluation how far the instructions given by Naval Staff in the operational order and after the ship had put in to Montevideo, influenced the Commander's decisions after the engagement and while in Montevideo.

In issuing its orders Naval Staff believes it made a mistake insofar as the form of destruction was not given enough thought when considering the scuttling and effective destruction of the ship in shallow waters, and the long time required for this - 24 hours according to the latest information from the ship's command - was not taken sufficiently into account.

Things might have turned out more favorably if Naval Staff had given the Commander a clear order to force a break-through to the open sea in an all-out operation, as soon as it was known that it was impossible to repair the ship within the time permitted for her stay in Montevideo.

However, the Naval Staff believed it best not to give such binding orders in view of its lack of knowledge of the actual situation and condition of the ship and also taking into consideration the personality of the Commander.

With regard to the supply ship ALTMARK, Naval Staff has now decided to recall her, since diversion to a Japanese or Russian port in the Pacific gives no assurance that the ship will again be at our disposal for future naval operations and because her engines urgently

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need a thorough overhaul.

The following instructions have therefore been sent to the
ALTMARK:

Radiograms 1413 and 1526/19:

1. It was impossible to make the ADMIRAL GRAF SPEE seaworthy again; she was therefore blown up by her crew on 17 Dec.
2. You are now to return home.
3. Should you be still south of the line Bahia - Freetown, first of all withdraw to the south for several days and plan to break-through the line mentioned above during a favorable phase of the moon. Such a decision must be made on the spot, since your position is unknown to Naval Staff. An extensive search for you by enemy forces must be expected.
4. In the North Atlantic avoid the Cape Verde Islands and the Azores areas. From 15° N steer for the southern tip of Greenland on a course of about 40° W. Shipping lanes should be crossed at right angles at high speed and, if possible, at night. Your attention is drawn to the route taken by the PATAGONIA.

North Sea:

The operation of the 1st Destroyer Flotilla off the east coast of England had to be broken off owing to navigational difficulties. No coastal lights were burning and depth sounding results were inadequate.

On the morning of 19 Dec. the 26th Bomber Wing attacked British patrol vessels and merchantmen. Five patrol vessels were hit, of which two were sunk. (Amongst them the trawlers ACTIVE (185 tons) and GLORIA (187 tons).)

The British Press depicts the German air attacks on British patrol vessels as unlawful attacks on fishing vessels and merchantmen. Germany is accused of having inaugurated a new method of warfare, directed against merchant shipping and contrary to international law.

Ice is badly hampering and restricting air reconnaissance activities at all bases under Commander, Naval Air except for Hoernum.

In connection with the British air raid on 18 Dec., North Sea Station reported amongst other things the following particulars:

1. The "Made" apparatus (a kind of radar set, Tr. N.), worked so

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promptly that all defense stations were alerted.
At 1320 first radar ("Made") location sixty kilometers northwest of Heligoland,
at 1357 sighting report from Heligoland,
at 1407 air raid warning in Wilhelmshaven.

2. Four bomb craters at distances of about five meters have now been discovered in the new harbor area approximately 120 meters north of the new dock. No special damage is reported.

Group West has been instructed "to concentrate on 'reconnaissance of lights (minelaying)' in the Thames and the Downs", since there are still only few opportunities for using aerial mines at present.

The auxiliary cruiser, Ship "2", has been commissioned. Captain Rogge has been appointed her commander.

Baltic Sea:

Western Baltic Sea:

The Danes continue to reinforce their minefield in the Little Belt.

Eastern Baltic Sea:

In order to avoid encounters with Russian forces our naval forces engaged in operations against merchant shipping have been given orders only to enter the area south of the Aaland Sea, west of 20° E, during the day and at night to withdraw to the area south of 58° 30' N.

Our forces engaged in operations against merchant shipping report that during the last few days no traffic from the Baltic States to the West through the Aaland zone has been observed.

Russo-Finnish Conflict:

Commander, 1st Submarine Brigade replied to a radio enquiry from a Russian submarine division on 18 Dec., as to whether the fairway at Soedrakovarken was inside the new blockade zone, that this fairway was not included and that German ships were not to be sunk.

Two Russian destroyers, supported by planes, were operating against merchant shipping in the sea area Oesel-Gotska Sandoe-Bogskaer.

Submarine Situation 19 Dec.

Atlantic:

Submarines U "46" and U "25" are on passage unto the operational area. Submarine U "48" is on return passage in the central part of the North Sea.

North Sea:

In the operational area: Submarines U "21", U "22" and U "36" (?). Submarine U "59" is on return passage.

Merchant Shipping 19 Dec.

German steamer ARAUCA reported on the evening of 19 Dec. that she was stopped and shelled by the British cruiser ORION within American territorial waters. She then proceeded northward inside territorial waters and dropped anchor off the port of Everglades. Three American army planes were in the vicinity.

Radio Daventry reported that the steamer COLUMBUS (32,565 BRT) was scuttled by her crew 300 miles northeast of Cape Henry (Virginia). Her crew was picked up by the American cruiser TUSCALOOSA.

According to a report from New York the Norwegian Mosoold Steamship Line has been reorganized for the assumption of traffic from New York to Liverpool.

Greece has chartered about 20 steamers for traffic from America to Le Havre and Liverpool.

Items of Political Importance 20 Dec.

The Russo-Finnish conflict has caused a slow change in Swedish public opinion towards greater unity for possible defense against a Russian advance against Sweden and Norway.

The chances of concerted resistance on the part of Sweden, Finland and Norway against Russia are considered favorable in view of the halt in the Russian advance.

Japan, well aware of her own difficult position, is continuing her efforts to come to an agreement with Great Britain and America.

At a conference held at Naval Staff Headquarters with Rear Admiral Hintzmann, Naval Attaché at The Hague, the following special items were discussed:

1. The situation in Holland is regarded as quieter at present. Defense positions are being strongly reinforced and defense measures taken against Germany.
2. Shipping between Holland and Great Britain is at present very lively and extensive. At present traffic is also proceeding through the Downs. There seems to be a fairway through the Downs marked by buoys. The Thames has been reopened to traffic. Two American steamship companies are planning to reopen traffic to Europe (Dutch ports) despite the Neutrality Law.
3. Holland wishes to re-establish greater trade with Germany. The policy of the Ministry of Transportation does not seem to be sufficiently cooperative or very skillful.
4. The Dutch press at first commented in a very pro-German way on the battle off the River Plate. Later on there was, however, a change due to the influence of Anglo-French propaganda. In the opinion of our Naval Attaché, our own propaganda abroad is still bad, often clumsy, and inferior to that of the enemy.

Recalling the experiences of World War I, Naval Staff decided to draw the attention of Group West by teletype to the possibility of special activities on the part of British forces during Christmas time, on 24 and 25 Dec. Group West has also been informed that the British are said to be planning a major operation of some kind (air attack or minelaying ?) for 28 or 29 Dec.

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Special Reports on the Enemy 20 Dec.

Atlantic:

Great Britain:

North and Central Atlantic:

Our consul at Reykjavik reported that two British cruisers are off the southwest coast of Iceland.

The cruiser CARDIFF and other warships were detected at the western outlet of the Channel.

Destroyer movements are reported from the Gibraltar, Madeira and Azores areas.

South Atlantic:

The cruiser EXETER is said to have put in to Port Stanley on 19 Dec. In this case, though heavily damaged, she must have been proceeding at an average speed of seven knots. The destroyer HASTY put in to Freetown.

Convoy Movements:

Convoy HXF 13 left Halifax on 19 Dec. This information confirms the report received from our Naval Attaché in Washington who stated in reference to an earlier report, that the 1st Canadian Division is apparently being assembled around Halifax and that its embarkation must be assumed. It is said that the Divisional Commander already arrived in Scotland with one battalion and a medical unit on 17 or 18 Dec. An agent reports that troop transports from ports in Southern England are not proceeding to the Continent via the Dover-Calais route but to ports in Brittany, namely Lorient, Nantes, St. Malo and others.

France:

Lively patrol activity and convoy traffic in the Brest area. Commander in Chief, Atlantic Fleet reappears in signals intercepted by radio monitoring. Submarines are on patrol in the Casablanca - Azores area. A warship, presumably the cruiser ALGERIE, is on passage from Casablanca southwards.

North Sea:

Enemy planes attacked German patrol vessels. According to information

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received from the Japanese Naval Attache in Rome, the ARK ROYAL is said to have sustained only slight damage as the result of our air attack in the North Sea, and to have been in dock in Rosyth for a short time. This report corresponds with another emanating from members of the crew of the ARK ROYAL who were aboard a German freighter in the Atlantic as a prize crew. Through the same source (Japanese Naval Attache) it has become known that the British have been unsuccessful in sweeping non-contact mines with magnetic cables towed by planes and small tugs, and that they are now changing over to sweeping these mines with depth charges. This method is said to be having satisfactory results.

Our Intelligence Service reports that a new minefield was laid by the enemy about eight days ago at 60° N, approximately 100 - 120 miles west of the Norwegian coast, by five or six minelayers and two torpedo boats. This information has been confirmed from two different sources.

Operational considerations still speak at present against the assumption that the enemy will at this time when weather conditions are bad start minelaying in the open waters between the Shetlands and Norway. However such operations to build up the Northern Barrage may be possible soon in view of British endeavors to block the route to the Atlantic entirely to our merchant raiders and submarines. In order to obtain further information a regular air reconnaissance in this area should be initiated. The laying of flanking barrages in order to prevent or at least hamper enemy minelaying operations in the northern outlet of the North Sea is under consideration.

A report from London indicates that the enemy air formation which was annihilated by our fighters on 18 Dec. was on its way to attack German naval forces in port. The British are making every effort to destroy our fleet by increasing air attacks.

Shipping Losses:

Swedish steamer MARS (1,400 tons) as the result of striking a mine off the northeast coast.

Own Situation 20 Dec.

Atlantic:

According to information received from our Naval Attache in Buenos

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Aires, Argentine naval authorities have been very accommodating as regards temporary quarters and care for the crew of the pocket battleship ADMIRAL GRAF SPEE. Thirty-nine sick and wounded were admitted to the Military Hospital in Montevideo before the ship put to sea. Furthermore 16 persons were put up at the Legation on the following basis:

The ship's doctor, Dr. Kerzendorff, as Doctor attached to the Legation, to look after the wounded; five officers (Fromme, Hiersemann, Diggins, Schauenburg, Klette) and four telegraphists for duty with the Naval Attaché; four of the crew (demolition squad) who were aboard the steamer TACOMA.

Five merchant marine captains and two merchant marine radio operators have been found quarters in town, falling into the category of "seamen in distress".

The following report on the scuttled battleship has been received from the ship's command through our Naval Attaché:

"The wreck of the pocket battleship is lying about eight miles west of the harbor entrance to Montevideo. All the remaining ammunition, including six torpedo-warheads, was used to blow the ship up. The wreck was examined from a launch at noon on 18 Dec. and found to be in the following condition: Ship slightly listing to starboard; starboard side under water from stern to mainmast and on port side up to forward end of turret B. Quarter-deck under water, apparently broken off. Breach mechanisms of barrels II and IV just above water. Turret B thrown out including its engine platform; turret ceiling blown off; barrels thrown out separately forward over the turret, muzzle pointing forward. Cover of control-station aft blown away. Funnel listing to starboard at an angle of 50°. Mainmast and turret A showing outwardly only slight damage. Scratches and a few cracks could be seen inside by looking through the lower portholes. The fuel oil was still ablaze over the entire ship from stem to stern. Ship's side red hot in some places. The fire was still raging on 19 Dec.

All fire-control stations and guns were demolished by hand grenades prior to the blowing-up of the ship."

The Argentine Government has now decided to intern the crew of the ADMIRAL GRAF SPEE under Article No. 15 of the Hague Covenant according to information received from our Embassy on the morning of 20 Dec. An official decree will be issued later. A protest

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lodged by our Charge d'Affaires was rejected on the grounds that the crew was not "accidentally" picked up by Argentine tugs but that the latter were specially dispatched to Montevideo for this purpose by arrangement with our Embassy.

On the evening of 20 Dec. a report was received from Buenos Aires, containing the news that the commander of the ADMIRAL GRAF SPEE, Captain Langsdorff, had committed suicide in his room during the night of 19 Dec. The German News Service reports that Captain Langsdorff stated in a letter addressed to Ambassador von Thermann that he had firmly resolved from the beginning to share the fate of his ship when he was forced to scuttle her. He wrote that he was now about to carry out his decision, since his crew had been safely landed at Buenos Aires and the question of their future had been decided.

Naval Staff paid tribute to the last step taken by this splendid officer who had, through the fatal decision to put in to Montevideo, been forced into such an unfortunate situation that it appeared impossible to save the ship. He could not bear to outlive her tragic end, after the internment of the crew he regarded the task set him by the Fuehrer as fulfilled. (For official statement published by the High Command see War Diary, Part B, Vol. V, Page 78.)

For action report of the cruiser EXETER on the battle off the River Plate compiled from Reuter reports, see War Diary, Part B, Vol. V, Page 77.

North Sea:

British bombers attacked forces of Commanding Admiral, Defenses North which were at sea (7th Minesweeper Flotilla, 18th Minesweeper Flotilla and 2nd Patrol Boat Flotilla). All bombs fell wide; no planes shot down. Our own fighters did not contact the enemy.

Ice conditions restricted activities of naval air forces operating from Hoernum.

Torpedo boat T "2" is ready for operations. Her maximum speed is 37 knots. Torpedo boat T "7" has been commissioned.

The Intelligence Section of North Sea Station requested that in view of the increasing traffic through the Kiel Canal small guard squads be placed aboard all ships to watch the crews of the steamers and prevent such enemy activity as the taking of photographs, transmission of information, sabotage and so on.

Baltic Sea:

Attacks on merchant shipping are being continued by minelayers.

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Our patrol in the Sound observed that at night Swedish guardboats patrol the boundary of Swedish territorial waters north of our barrage in the Sound. The Swedes are now blowing up the wrecks of the ships which sank in the Falsterbo channel due to mines. Besides putting out the lights at the southern entrance to the Sound the Swedes have also removed the spar buoys at Ramsden Ground south of Drogden lightship. Since this makes navigation for our patrol vessels in the Sound very difficult, Commanding Admiral, Defenses, Baltic is going to lay the necessary buoys outside territorial waters, and any attempts by Sweden to remove these will be prevented by force. Naval Command, Baltic suspects that Sweden has no intention of preventing attempts by British submarines to penetrate in to the Baltic Sea through the Kogrund and Falsterbo channels, and may even help them. Naval Command, Baltic has therefore ordered German patrol vessels to make frequent runs through these channels, especially at night.

Russo-Finnish Conflict

The old Russian battleship MARAT shelled Finnish coastal batteries on 19 Dec. Russian planes attacked the Finnish coast.

Besides the 1st and 2nd Submarine Brigades and the 2nd Destroyer Division, destroyers of the 1st Destroyer Division are now also employed in warfare against merchant shipping and the blockade of Finland in the sea area Oesel - Gotska Sandoe - Aaland Sea - western outlet of the Gulf of Finland.

Submarine Situation 20 Dec.

Atlantic:

Submarines U "25" and U "46" are in the central part of the North Sea. Submarine U "48" is in the Heligoland Bight on return passage.

North Sea:

In the operational area: Submarine U "21".

On return passage: Submarine U "22", after completion of the operation off Blyth.

Returned from operations:

Submarine U "59" was able to sink four steamers of between 2,000 and 3,000 tons each with four torpedoes within two days in the east coast area between Kinnaird Head and the Firth of Forth.

Submarine U "36", commanded by Lieut. (s.g.) Froehlich, must now be regarded as lost.

Merchant Shipping 20 Dec.

A report on the sinking of the liner COLUMBUS from the American cruiser TUSCALOOSA, which took the crew aboard, states that a British warship was in the vicinity, but has not taken any action. It is, however, obvious that she was trailing the COLUMBUS with the intention of seizing her outside American territorial waters.

Under these circumstances it is still not clear why the COLUMBUS did not turn about once more and put in to an American port. Moreover this valuable ship left port without any specific orders from Naval Staff or the Ministry of Transport. She put to sea on account of former instructions for the return of German ships to home waters.

Conference on the Situation with the Chief, Naval StaffItems of Special Importance:

1. For order issued by Commander in Chief, Navy in connection with the scuttling of the pocket battleship ADMIRAL GRAF SPEE see War Diary, Part B, Vol. V, Page 79.

2. Chief, Operations Division, Naval Staff reported on the operational plans of Group West for the coming weeks (see letter Gkdos. 339/39 of 19 Dec. from Group West):

a. Our own offensive operations are impossible until the end of December, since our naval forces will not be ready. Minelaying operations are out of the question because of the present phase of the moon. Up to the end of December only the cruisers KOELN and EMDEN, two destroyers and three torpedo boats are available for operations.

b. From 30 Dec. the following will be in operational readiness in the North Sea ports: Cruiser KOELN, eight destroyers and three torpedo boats. Use in operation "Gelb".

c. At present ice conditions prevent minelaying operations by naval air forces.

d. Commanding Admiral, Defenses North and Commander, Naval Air West are planning an intensified submarine chase throughout the Heligoland Bight. Our anti-submarine defenses are still below requirements.

3. Chief, Naval Staff pointed out that the attacks by our operational air force are directed more against merchantmen than against British patrol vessels and fishing steamers.

4. Naval Staff has sent Group West a directive concerning future operations of the battleships and the cruiser HIPPER. As soon as these fast and powerful battleships (and the cruiser HIPPER) are again in operational readiness they must be employed as frequently as possible on operations promising success outside the North Sea. Commanding Admiral, Group West has been appointed the task of planning and carrying out such operations. In order to maintain the lead we have already gained in the naval war, as early a date as possible should be chosen for the first major operation in 1940. Apart from the strategic objectives, tactical success, i.e. the destruction of enemy naval forces, should be the main consideration in such operations.

Naval Staff foresees the following possibilities for making extensive operations more effective:

a. By letting the ships remain for a long time in the narrows

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between the Faroes and Iceland.

b. By thrusts in to the Denmark Strait and annihilation of the enemy patrol forces there.

c. By a further thrust on the part of a strong task force in a southwesterly direction from the Faroes - Iceland narrows into the sea area west and southwest of Ireland against the North Atlantic route.

d. By operations as far as the Lofoten and Narvik areas against the escorted and unescorted contraband traffic from the north coast of Norway to the Shetlands.

For Naval Staff's estimate of the situation, considerations on extensive operations, purpose of, and data for the operations, (such as ranges and enemy situation) see directive issued by Operations Division, Naval Staff 484/39 of 21 Dec. in War Diary, Part C, Vol. II.

Special Reports on the Enemy 21 Dec.

Atlantic:

Great Britain:

The two British cruisers reported southwest of Iceland have gone to the northwest of the island. Twelve partially armed British trawlers are at present fishing between Patreks Fiord and Isa Fiord.

It has been ascertained that it was the destroyer HYPERION which intended to seize the COLUMBUS. It seems that this destroyer was called to the scene by the U.S. cruiser TUSCALOOSA which was shadowing the COLUMBUS. The COLUMBUS was stopped and scuttled inside the American neutrality zone.

France:

Radio traffic indicates patrol activity in the sea area west of the African coast and the Atlantic Islands. The search for the German supply ship ALTMARK is continuing. Her position on 17 Dec. was transmitted to French naval forces on 21 Dec.

On 21 Dec. the following were ordered out to search for her:

1. Two submarines (or pairs of submarines) from Fort de France to search the area 150 and 250 miles north of the mouth of the Amazon.

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2. Two warships, whose type was not ascertained, to search the area 150 - 250 miles west of the Cape Verde Islands.
3. Cruiser DUGUAY TROUIN and other warships to search the Cape Verde Islands area.
4. Four submarines from Casablanca to search a certain area 300 miles west of the Canary Islands.

The ALTMARK has been informed by radio of these search operations.

The usual patrol activity in the Channel area. In the Brest area preparations are under way for escort of an incoming convoy (HXF 12?).

On 20 Dec. the British Admiralty instructed all naval forces that they were no longer to stop or seize certain Italian ships, since an agreement had been signed with Italy providing for certain controls. Names of ships which fall under this agreement are given as follows: The REX, VULCANIA, ROMA, BARBARICO.

North Sea:

The Commanding Admiral, 2nd Cruiser Squadron and vessels of the 4th and 5th Destroyer Flotillas were at sea west of Krakenaes on the evening of 20 Dec. The REPULSE was in the sea area between the Orkneys and the coast of Scotland, probably making for Rosyth. An enemy submarine was ordered to proceed at once to a position 60 miles west-southwest of Lindesnes.

Rotterdam reported enemy submarines off the Dutch coast. In the forenoon a Norwegian convoy was detected between the Thames and the Wash.

Shipping Losses:

Swedish steamer ADOLF PRATT (1,300 tons); Italian steamer COMITAS (3,700 tons) as the result of mines, the latter in the Hoofden off Flushing.

Own Situation

Atlantic:)
)
North Sea:) Nothing special to report.
)
Baltic Sea:)

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The following radiogram (1943/21) was dispatched to the ALTMARK since, for further consideration on the ship's return passage, it is necessary to know her position:

"As soon as situation permits, you will transmit your position either at 2330 or at 0030 GMT, using General Code and giving - four times in succession - the first two letters of the large grid square. For example, if your position is in grid square "Dera Emil"; DE DE DE DE."

Submarine Situation 21 Dec.

Atlantic:

Submarine U "46" is in the northern part of the North Sea on passage to the Atlantic.

Submarine U "25" is returning owing to engine trouble.

Submarine U "48" returned from her third long-range operation after sinking 27,750 tons of shipping. Thus on her three long-range operations she has so far sunk a total of 80,400 tons of shipping. (For brief report see War Diary, Part B, Vol. IV.)

North Sea:

In the operational area: Submarine U "21".

On return passage: Submarine U "22".

Merchant Shipping 21 Dec.

For list of those German ships which were fired on by Russian naval forces in the Eastern Baltic Sea; see War Diary, Part B, Vol. V, Page 80.

Our Legation in Brussels reported on 12 Dec. that, according to press reports, the Belgian cabinet has decided to prohibit the chartering of Belgian ships to foreigners. According to Lloyd's Register, Belgium has a merchant fleet of 200 ships with a total tonnage of 408,000 BRT.

In order to relieve the congestion in German ports and inland waterways the importation of iron ore via Rotterdam is again being tried. For the time being seven steamers have been ordered to proceed to Rotterdam.

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Shipping from ports on the west coast of Sweden to England is still very active. It is reported that the ports of Malmoe and Gothenburg are crammed with neutral ships loading wood, paper and steel for England.

Items of Political ImportanceGreat Britain:

Reports from England indicate that the British Government and the greater part of the British people are firmly resolved to continue the war until Germany is beaten. The British Government fully realizes the importance of the powerful position Soviet Russia will in future hold. For the time being, however, Britain's position in the Near East is not believed to be seriously endangered, especially as she regards her position to be extensively guaranteed by the attitude of Turkey and the formation of the Anglo-French Near East Army.

(According to an Italian report, the Near East Army in Syria will be brought up to two million men and will mostly consist of colonial troops from the French colonies. General Weygand will be the Commander in Chief.)

With regard to Great Britain's economic situation it is pointed out with special emphasis that a considerable increase in the imports of not only food, but also of raw materials is noticeable, and that British export trade is rapidly nearing pre-war figures despite German naval activities and interference. British economic circles are advocating the intensification of economic warfare against Germany. Owing to the many concessions made to neutral countries present measures are considered inadequate for the achievement of certain success.

Special Reports on the Enemy 22 Dec.Atlantic:Great Britain:South Atlantic:

Task Force "K" (the ARK ROYAL and the RENOWN) and the destroyers HARDY, HOSTILE and HERO are at present proceeding northeast from the coast of South America. They are expected to arrive at Freetown on 27 Dec. (This information has been transmitted to the ALTMARK.)

Mediterranean:

Battleship MALAYA and two destroyers are in the Western Mediterranean on westerly course.

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France:

The usual patrol activity in the Channel area. Single vessels are at sea on convoy escort duty.

Air reconnaissance was detected by our radio monitoring service in the Dakar area. The vessels ordered out to the reconnaissance areas in the Central Atlantic (to search for the ALTMARK) are on the way. A submarine which was ordered to carry out reconnaissance east of the Antilles has been recalled for unknown reasons.

Radio monitoring assumes from radiograms intercepted that the French Admiralty is still reckoning with the possibility of another German pocket battleship being in the Atlantic.

North Sea:

Enemy submarines have been located in the area of Egeroe, north of Texel, north of Skagen, near Heligoland and north of the northern boundary of our declared area.

Shipping Losses:

British steamer GRYFEWALE (4,300 tons) on the east coast;
British steamer DOSINIA (8,000 tons) damaged by a mine.

American naval circles expressed their opinion on the probable future trend of the naval war and the tasks of the German Navy and the German Air Force.

The next British step is said to be the laying of staircase minefields on an enormous scale in the area between the Orkneys and the Shetlands and the Shetlands and Norway in order to block the northern outlets of the North Sea. It is reckoned that Germany will be unable to take effective measures against these minefields since she has no high seas Fleet. (For particulars refer to War Diary, Part B, Vol. V, Page 81.)

For review of activities and disposition of the main British and French naval forces see Radio Monitoring Report No. 16/39.

Special Items:

Great Britain:

1. North Sea:

The laying of minefields in the British declared area along the east

coast has begun. Air patrol of the coastal area against German minelaying operations has been intensified. Shipping and convoy traffic has at times been badly hampered, but has so far been kept continuously moving.

Well planned submarine operations on a large scale are being carried out in the North Sea and the Heligoland Bight. At present there are about ten submarines always out on operations. These submarines are disposed at fixed positions. They are based on Rosyth and Lowestoft.

2. North Atlantic:

Convoy escort continues. The transfer of Canadian divisions has begun. Remote escort is furnished by groups of battleships. The following are at present in home waters:

Battle Cruisers: The HOOD and the REPULSE.

Battleships: The RODNEY, NELSON, BARHAM, ROYAL SOVEREIGN, WARSPITE.

Aircraft Carriers: The FURIOUS.

It is presumed that their disposition is as follows:

One battleship group always at sea in the area of the Orkney - Shetlands; a second group off active duty in a port of the west coast of Scotland.

The activity of the Northern Patrol in the sea area of the Shetlands - Iceland has been intensified by incorporation of the 1st Cruiser Squadron which has been brought to the strength of four heavy cruisers by addition of the BERWICK.

3. Mediterranean, East Indies, East Asia:

The British position is extremely weak. There are now no battleships either in the Mediterranean or the Indian Ocean. There are three cruisers in the East Indies and two in East Asia.

4. South Atlantic:

The RENOWN and the ARK ROYAL have returned to Freetown. There is no indication of a coming transfer to home waters. The EXETER is in the Falkland Islands, badly damaged. The CUMBERLAND, AJAX and ACHILLES are on the east coast of South America.

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France:

Lively convoy escort and patrol of areas involved in supply and transport movements continues. Much use is made of submarines for patrol duty. Submarines, surface vessels (?) and planes have been ordered out to search for and intercept the ALTMARK in the Central Atlantic.

Own Situation:

Atlantic:

No report has been received from the supply ship ALTMARK. It must therefore be assumed that her present position does not yet allow her to send a short radio signal, as suggested by Naval Staff.

On 19 Dec. the Argentine Government issued a decree, ordering the internment of the crew of the ADMIRAL GRAF SPEE. The decree is based on the Argentine's declaration of neutrality and on the Hague Covenant. It reads as follows:

- Article 1: The commander and the officer will be interned in Buenos Aires and will come under the jurisdiction of the police authorities. They must give their word of honor that they will not leave the town without written permission.
- Article 2: The crew will be interned in centrally located provinces or territories of the Argentine. They will be guarded by the local police.
- Article 3: The Minister of the Interior will make the necessary arrangements to assure that the members of the crew stay within the boundaries defined under Article 2.
- Article 4: All expenses in connection with this internment are to be charged to the German Government in accordance with Article 10 of the Hague Covenant.

North Sea:

Nothing to report.

Baltic Sea:

Attacks on merchant shipping are being continued by our minelayers. A merchant raiding operation which Group Baltic had planned for the JAGUAR from 23 to 25 Dec., has been cancelled. The JAGUAR has been reassigned to Group West.

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On the suggestion of Naval Staff, Group Baltic has made arrangements to intensify the patrol of the Kattegat with patrol vessels and submarine chasers as well as air reconnaissance, so as to be fully prepared in the event of any surprise enemy operations during Christmas. The 2nd PT-boat Flotilla will be kept in readiness. The minelayers TANNENBERG and GRILLE with a full load of mines aboard are lying at three hours' notice in Kiel and Swinemuende respectively. Naval Staff fails to see any advantage in the last mentioned precaution. On the contrary these fully laden minelayers are a potential danger, inasmuch as a surprise thrust into the Baltic Sea by British surface forces is most unlikely, whereas the possibility of large scale air attacks on German ports and naval bases must be reckoned with.

Submarine Situation 22 Dec.

Atlantic:

Submarine U "46" is operating in the northern part of the North Sea.

North Sea:

Submarine U "22" has returned to its home base.
Submarine U "21" is on return passage from Peterhead.

At present the following deliberations govern the selection of a date for sending the pocket battleship LUETZOW and a supply ship into foreign waters again:

1. The LUETZOW will probably complete her dockyard period on 25 Jan. 1940. She will therefore be available for operations at the latest by the middle of February 1940.
2. The supply ships NORDMARK and DITHMARSCHEN will complete their dockyard periods, including new installations, at the latest by 25 Jan. 1940. They can, therefore, on the basis of previous experience complete equipment as supply ships or auxiliary cruisers for Atlantic operations in another 7 - 9 days.
3. It is planned to attach the NORDMARK to the cruiser LUETZOW as the auxiliary for the latter's Atlantic operations.

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4. It is, however, possible that the NORDMARK will not be available since her starboard gears are not in full working order. In this case the DITHMARSCHEN will take her place. A decision in this respect will be made by 16 Jan., the latest date set for the NORDMARK's trial run.

Merchant Shipping

The British Ministry for Economic Warfare issued the following report on the work of its control authorities:

In the week ending 16 Dec. the Contraband Control Committee examined the cargo of 104 ships which had arrived since 9 Dec. and of 62 ships which had been left over from the previous week. The total number of these ships includes 40 Italian, 30 Norwegian, 29 Dutch, 20 Swedish, 9 British, 9 American, 6 Danish and 4 Belgian vessels. In one case the entire cargo was confiscated and in 91 cases the entire cargo was released. As regards German contraband so far seized, the Ministry stated that Great Britain had confiscated 510,000 tons and France 360,000 tons of contraband goods destined for Germany making a total of 870,000 tons.

Items of Political Importance 23 Dec.

1. Statements made by the Irish Foreign Minister indicate that the Irish Government intends to take drastic steps against any misuse of the Irish flag. Ships against which evidence of such infringement can be brought will be interned if they put in to Irish ports.
2. For reports regarding large British purchases of provisions see Political Review No. 110.
3. Our Legation in Montevideo has asked the Foreign Office to request the German News Service to withdraw its unfounded reports concerning misbehavior of British seamen at the graves of those who were killed in the ADMIRAL GRAF SPEE, and to issue a denial since the obvious falsity of these reports is very harmful to the interests of Germany. Public sentiment in South America towards the dead of the ADMIRAL GRAF SPEE was so understanding and sympathetic that such untrue reports are capable of killing the sympathy felt for the German nation, and thus drive public opinion in South America into the hands of enemy propaganda.
4. In reply to a German note of protest, the Swedish Government rejects the accusations that Swedish torpedo boats fired on German planes outside Swedish territorial waters. Sweden claims that these incidents definitely happened within Swedish territorial waters.

At the same time the Swedish Admiralty expressed the wish that future disputes be settled between the German and Swedish Navies direct. (See War Diary, Part C. Vol. VIII.)

Special Reports on the Enemy 23 Dec.Atlantic:Great Britain:

Nothing to report.

France:

Operations in the Central Atlantic to track down and intercept the supply ship ALTMARK continue. Submarines are being used for patrol of the sea areas in question. In addition to the previous search areas in the Central Atlantic, a special patrol area west of the line Cape St. Vincent - Casablanca has been identified by our radio monitoring service. Furthermore an area that includes the Canary

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Islands is being patrolled by submarines. The submarine MINERVE which has been on patrol duty in the Atlantic between Madeira and the Azores has received orders to put in to Safi.

The presence of Commander in Chief, Atlantic Fleet was detected at sea in the Brest area.

North Sea:

Without any previous warning the British Admiralty announced the laying of mines on the east coast as a counter-measure to German minelaying. The area has not yet been defined.

Shipping Losses:

British steamer LONGSHIPS (1,560); trawler DROMIO (380 tons) on the east coast. The Danish steamer JAEGBERG (1,250 tons) is overdue

Own Situation 23 Dec.

Atlantic:

The communications officer of the ADMIRAL GRAF SPEE reported through our Naval Attaché in Buenos Aires in reply to an inquiry made by Naval Staff that the ALTMARK had orders to start on return passage alone, should she, in case of separation, receive the signal: "ALTMARK independent". She was to attempt to break through from Natal to Freetown between Fernando Noronha and St. Paul's Rocks and then to steer a northerly course from about 42° W. The vessel was informed of those areas which were heavily patrolled and where the enemy task force was on patrol duty. Special attention had been drawn to the necessity of assuring the destruction of all secret papers in case of emergency.

This order is more or less identical with the instructions given to the ALTMARK by Naval Staff on 19 Dec.

The commander of the ADMIRAL GRAF SPEE, Captain Langsdorff, was buried on 21 Dec. in the German cemetery in Buenos Aires, large numbers of people being present. The funeral became a great and spontaneous pro-German demonstration and went off without incident.

North Sea:

Nothing special to report. A submarine chase near Heligoland and Hornsuff on the basis of sighting and hydrophone reports brought no result.

Baltic Sea:

Attacks on merchant shipping are being carried on by minelayers. Russo-Finnish conflict: A radio message to a Soviet-Russian Air Force brigade at Baltic Port has been intercepted regarding the limits of the supplementary secret blockade area near the Aaland Islands. This shows that the neutralized area is included. Bombing and torpedoing of ships and transports outside this blockade area is prohibited.

Submarine Situation 23 Dec.Atlantic:

Submarine U "46" is at present northwest of the Shetlands. Submarine U "30" left for the operational area.

North Sea:

Submarine U "21" is on return passage.

Merchant Shipping:

The following radiogram was sent to our Naval Attachés in Buenos Aires and Rio de Janeiro on 22 Dec.:

"In view of the withdrawal of British naval forces, chances for German ships to attempt a breakthrough to home waters are especially favorable."

The following cable was sent to our Naval Attaché in Washington on 23 Dec.:

"Instruct the steamer ARAUCA not to leave the coast on her homeward voyage escorted by American warships, since it is to be feared that the enemy will then be informed of her position, as happened in the case of the COLUMBUS. The ARAUCA should try to proceed within or near territorial waters as far as the fog zone, where the American shadower should be shaken off."

The Italian Government has addressed a note to Germany regarding safety of Italian shipping. This is in reply to the German verbal note of 25 Nov., in which neutral countries were warned against passage through British waters. In its note the

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Italian Government expressed the hope that Germany would offer her every assistance and pass on any useful information in order to maintain her sea traffic. In this connection Italy declared her willingness to discuss "every aspect of the safety zones which is compatible with the vital interests of her sea traffic".

(For context of this note see War Diary, Part B, Vol. V, Page 82.)

The request of the Italian Government actually means indicating to them a safe port in England where her ships can put in without running the risk of German naval war measures. Naval Staff is unable to guarantee Italian shipping safe passage to England. Any indication of certain routes which are still unmined would be equivalent to giving away our minelaying plans completely and would restrict Naval Staff in its future plans to an impossible extent. Moreover those ports which would have been suitable have already been mined, or will be within the next few days. An assurance for safe passage can therefore not be given. A suitable reply to the Italian note will therefore be proposed to Fuehrer Headquarters and to the Foreign Office.

Conference on the Situation with Chief, Naval StaffSpecial Items

1. Chief, Naval Staff gave orders that the great depths reached by our submarines be treated as "top secret" information, since these depths will provide the possibility of evading enemy depth-charging.
2. The names of submarines are to be kept secret and will no longer be used in communications; the boat's serial number is to be used instead.
3. Commander in Chief, Navy approved the text of a teletype to Commander in Chief, Air Force, Operations Staff, Air Force General attached to the Commander in Chief, Navy and others, regarding operational readiness of the Naval Air Force:

Extract from teletype:

1. The freezing of the naval air bases on the North Sea coast makes sea reconnaissance over the main theater of war impossible. Land-based groups (806th Group with He 111 I planes) cannot be used as substitutes, since these planes are so antiquated they cannot be made serviceable in less than three months. The Air Force General attached to the Commander in Chief, Navy reported that use of the He 111 I planes for operations over the North Sea cannot be endorsed owing to technical deficiencies.

2. Immediate replacement of the He 111 I planes of the 806th Group with He 111 H or P planes, later on with Ju 88's, is imperative, since otherwise the tasks set by the Fuehrer cannot be carried out. This request is not based on the limited ice period, but mainly on the need to increase the fighting power and speed of our naval reconnaissance planes.

The He 115 and Do 18 are in every respect inferior to all British types of planes which have so far been encountered over the sea (Blenheims, Wellingtons).

3. The Air Force General attached to the Commander in Chief, Navy is requested to do everything in his power to follow up this matter. (For teletype see War Diary, Part B, Vol. V, Page 85.)

Items of Political Importance 24 Dec.

1. For situation in the Russo-Finnish conflict see Foreign Press Reports.
2. The first contingent of Australian troops is due to arrive at a port on the south coast of England on 26 Dec.; it is said to consist of air force personnel.
3. The joint declaration of 21 American Republics, including the United States, concerning their neutrality contains a protest against the activities of British, French and German warships in American waters. This declaration announces that consultations will begin immediately with a view to strengthening neutrality regulations on the American continent, in order to prevent ships of the belligerent nations obtaining supplies and undergoing repairs in American ports if they have carried out operations within the safety zone.
4. For context of the Christmas address given by Daladier see Foreign Press Report of 27 Dec.

Extract: "Germany's material power is to be feared but her moral resistance is declining. We will not take the initiative in adding new sufferings to those that the war has already brought, but we shall return blow for blow."

Special Reports on the Enemy 24 Dec.
Atlantic:Great Britain:Disposition of forces:

According to radio monitoring the cruiser EXETER most probably did not arrive off Port Stanley until 23 Dec. The cruiser DESPATCH left Valparaiso on 23 Dec. The cruisers DORSETSHIRE and SHROPSHIRE are on the west coast of South Africa. Mail for the SHROPSHIRE has been ordered to the Bermudas for 19 Jan. 1940.

France:Disposition of forces:

The cruiser DUGUAY TROUIN is due to arrive at Dakar at 1500 on 25 Dec. Radio monitoring detected various convoy movements in the Central Atlantic, west of Brest and Lorient. These convoys are escorted by destroyers.

North Sea:

Patrol vessels near Hornsriff were attacked by enemy bombers on the afternoon of 24 Dec.

According to a well-informed Swiss source, Great Britain is said to be planning a large-scale attack on German ports at the beginning of the year (the frequency with which such reports appear, with varying dates, leads to the conclusion that this is an intentional deception).

Shipping Losses:

The British steamer BORNEO which was bombed by German planes a few days ago is now reported to have sunk after a collision with an Italian steamer.

The British Admiralty, taking as a precedent the laying of mines by Germany without giving their positions, announced three declared areas along the east coast of England in which the Admiralty plans to lay mines for the protection of shipping in the North Sea, without further notice. (For announcement see War Diary, Part C, Vol. VI.)

Extract: Ships plying between ports on the east coasts of England and Scotland and the east coast of the North Sea will pass either:

1. North of the positions a) $58^{\circ} 20' N, 1^{\circ} 0' E.$
b) $58^{\circ} 20' N, 1^{\circ} 20' W.$

and must then follow the course between Rattray Head and the above-mentioned minefield, or

2. South of the positions a) $51^{\circ} 43' N, 2^{\circ} 32' E$ and
b) $51^{\circ} 36' N, 2^{\circ} 6.42' E$

and must, on approaching the English coast, proceed to the Downs for further orders.

Own Situation 24 Dec.Atlantic:

No reports received yet from the ALTMARK. It is therefore assumed that she is still south of the Bahia - Freetown narrows or just passing this area.

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The following radiogram has been sent to the ALTMARK:

"To Commander and crew ALTMARK. A merry Christmas and best wishes for your safe return. Commander in Chief, Navy."

The following information has been received with regard to the internment of the crew of the ADMIRAL GRAF SPEE:

"The Argentine Minister of the Interior, in whose hands rests the care of the crew of the ADMIRAL GRAF SPEE under the Government decree, has given the assurance that the Argentine Government will do everything possible to make things comfortable for the crew. Control will be kept to a minimum, i.e. a report will have to be handed in about once weekly. The Minister referred to the sympathy displayed by the Argentine people for the heroic commander and his crew at the funeral of the commander and on other occasions. The people will receive the German sailors with great friendliness."

North Sea:

Enemy bombers attacked 4 patrol vessels near Hornsriff between 1500 and 1600 but were repulsed by machine-gunfire; the machine-guns were of the C/30 type. A fighter flight which took off in pursuit did not contact the enemy.

The 10th Air Corps has received orders to take over the North Sea reconnaissance as long as the North Sea bases are icebound. Reconnaissance missions are to be flown according to directions from Group West. Attack is permitted on vessels sailing without lights within 30 miles of the enemy's east coast, otherwise, however, only British ships and vessels may be attacked.

Baltic Sea:

Nothing to report.

Submarine Situation 24 Dec.

Atlantic:

On passage to the operational area:

Submarine U "46" west of the Hebrides.

Submarine U "30" in the central part of the North Sea.

North Sea:

In the operational area:

Submarine U "36" (?).

Submarine U "21" returned to its base after sinking
6,000 tons of shipping.

The following radiogram has been sent to all submarines on
operation:

"A merry Christmas. Good wishes for a successful operation.
Chief, Naval Staff."

Merchant Shipping 24 Dec.

Motor vessel ST. LOUIS (16,732 BRT) left Murmansk on 22 Dec. on
her return trip to home waters through the Norwegian skerries.

The Russians have closed the port of Leningrad to shipping.

In reply to an inquiry from Naval Staff as to previous use and
future plans of the 2nd PT Boat Flotilla the following teletype
has been received from Group Baltic:

1. The 2nd PT Boat Flotilla was in the past used for anti-
submarine patrol and submarine chase, occasionally for anti-submarine
escort owing to the lack of other small, fast craft. Also in
support of operations by weak forces in the Kattegat. Operational
area Western Baltic Sea, off the south coast of Sweden, Sound and
Belt, and also the Kattegat. For details see War Diary of the
2nd PT Boat Flotilla.

2. Future plans for operations:

a. Anti-submarine patrol and submarine chase should other
suitable vessels not be available.

b. Offensive support for operations in the Skagen sea area.
It will therefore be necessary to base these boats as far to the
north as possible, so as to have them immediately available should
the enemy make a surprise appearance. Operations in the Kattegat
weather permitting. The proximity of shore protection will
permit more frequent operations even in the winter.

c. Quick and effective operations in the Sound area and off
the Swedish coast in case of unexpected conflicts.

Special Reports on the Enemy 25 Dec.Atlantic:Great Britain:

The cruisers ORION and PERTH were located on 25 Dec. in the Canadian area. According to press reports, the ORION is still awaiting the departure of the German tanker ARAUCA.

France:

The cruiser DUGUAY TROUIN is in Dakar; cruiser ALGERIE in Casablanca.

North Sea:

Enemy bombers attacked patrol vessels near Hornsriff without success.

Destroyers of the 1st Destroyer Flotilla are on patrol duty off the mouth of the river Thames.

The Northern Patrol has at present been reinforced by the battle cruiser REPULSE and the old battleship BARRHAM. They will be relieved on 28 Dec. by the HOOD which is at present in port in Northern Scotland.

Own Situation 25 Dec.Atlantic:

Nothing to report.

North Sea:

Enemy bombers attacked patrol vessels off Hornsriff at 1100 and 1500. No hits sustained by our patrol vessels. Defense by 2 cm. anti-aircraft guns. No planes shot down.

Baltic Sea:

Nothing to report.

According to information from Trelleborg the port is constantly overcrowded with ships which lighter their cargo there before proceeding through the Sound (Falsterbo channel). The lightered cargo is then taken aboard again at Malmoe.

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Submarine Situation 25 Dec.

Atlantic:

Submarine U "46" is at present northwest of Ireland.
Submarine U "30" is in the northern part of the North Sea on passage.

North Sea:

Submarine U "36" (?).

Merchant Shipping

According to a report received from our Naval Attaché in Washington the tanker ARAUCA, which took refuge from the British cruiser ORION in Port Everglades, cannot leave at present as she is being held as security for an American company.

Special Reports on the Enemy 26 Dec.Atlantic:Great Britain:Home Waters:

Radio direction finding located several British vessels at sea west of the Faroes.

On 22 Dec. the cruisers NORFOLK and GLASGOW were in dock in Belfast and Rosyth respectively.

The first contingents of Australian Air Force personnel disembarked at a port on the south coast of England.

South Atlantic:

The cruiser CUMBERLAND was off the River Plate on 22 Dec.

The cruisers DORSETSHIRE and SHROPSHIRE are off the west coast of South Africa. It seems that these cruisers will go to the Bermudas in January, since mail for the SHROPSHIRE was ordered to be sent there by 19 January.

France:

A convoy of 43 vessels escorted by two French destroyers put out from Gibraltar on 24 Dec. and was off Lisbon at 2000 on 26 Dec. course 30°, speed 8 knots. Unknown vessels are approaching the convoy from the north; it is very likely that these are further escort vessels.

Mediterranean:

The PROVENCE escorted by two light cruisers and four destroyers passed the Straits of Gibraltar at 1600 on 24 Dec. eastbound.

The TOURVILLE and the COLBERT arrived at Toulon on 25 Dec. from Beirut.

North Sea:

No enemy naval forces, except for some destroyers, were located off the southeast coast. Enemy bombers were over the Heligoland Bight.

Shipping Losses:

British tanker ADELLEN (8,000 tons) was damaged after striking a mine off the Thames.

Baltic Sea:

Submarine alarm in the Kattegat, north of Schultzgrund lightship. Depth charges were dropped but no effect was observed.

Own Situation 26 Dec.

Atlantic:)
) Nothing to report.

North Sea:)

Baltic Sea:

The minelayers continued their operations against merchant shipping.

Commanding Admiral, Defenses, Baltic has sent in the following report on the situation in the Falsterbo channel, which is still being used almost exclusively by neutral shipping in order to avoid the German contraband control:

1. The wreck of the TOROE (about 2,400 tons) reaches high out of the water and lies just within the narrow, marked channel at the northern corner of the declared area, with bow pointing northeastward. The wreck constitutes a serious obstacle to shipping. Deep-draught ships can only pass to the north of this wreck.

2. Only the mast and the funnel of the wreck of the ALGOL are still above water. It is lying northwest of the narrow, marked channel near Hildagrund. No obstacle to shipping but must be passed close to. According to the Swedish press report of the proceedings at the Court of Maritime Inquiry, she remained afloat for four hours after the explosion.

3. No further blowing up of the wrecks observed.

4. Our own patrol vessels, minesweepers MS "1106" and MS "1103" were not hindered on passing through the channel in the daytime. They were, however, closely shadowed by a Swedish plane. Very heavy traffic was still observed; at one time there were 56 ships in both directions in two hours.

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Submarine Situation 26 Dec.

Atlantic:

Submarine U "46" is in the Bay of Biscay. The submarine has been informed of the position, course and speed of the convoy off Lisbon.

Submarine U "30" is west of the Hebrides. Presumably this submarine sank the British steamer STANHOIME (2,500 BRT) on the west coast. The sinking of this steamer without warning gives British propaganda the chance to condemn Germany's warfare during Christmas.

North Sea:

No reports received from submarine U "36".

Merchant Shipping:

There are now 569 ships - 66.9% - in home waters, of which 44 ships totaling 179,516 BRT are on the Norwegian run.

Two German steamers have been lying for several days in the Borkum Roads owing to the Dutch pilots' refusal to take these ships along the coast to Rotterdam. The pilots state that they have been advised by their Government that the piloting of German ships is against Dutch neutrality. Arrangements are being made to have these ships taken to Rotterdam by German pilots. Steps are being taken in this respect with the Dutch Government through the Foreign Office.

According to a cable received from our Minister at Panama, the steamer DUESSELDORF was seized by the British cruiser DESPATCH off Punta Calera within the three mile zone. The DESPATCH trailed the DUESSELDORF for two days but did not take action earlier because of the presence of neutral ships.

Items of Political Importance 27 Dec.

News from Sweden indicates that the Swedish Government seems to be planning, under pressure of public opinion, to give Finland some armed assistance as a precautionary defense against the threat to Swedish independence. To begin with, the dispatch of a number of regular troops or so-called "volunteers" is proposed. Reports concerning Sweden's partial mobilization show major defects in equipment and readiness of the troops, also in organization and general fighting spirit. For these reasons alone the dispatch of larger contingents of troops to Finland is out of the question.

Various reports confirm the assumption that the weakness of Russia's fighting strength, as clearly shown in Finland, coupled with the deficiencies in the Russian transport system and her industrial capacity, is having more and more effect on the Scandinavian, as well as the enemy powers. The standstill in the Russian operations in Finland seems to have strengthened Sweden and Norway in their will to resist aggression and to have lessened their fear of a Russian advance. A Russian setback will find the enemy powers more willing to help Finland; it will strengthen their fighting power and will to resist Germany. This lessening of Soviet-Russian pressure on the enemy's political and military position will bring increasing relief to him in the conduct of future warfare. Naval Staff is therefore of the opinion that the military and political weakness of Soviet-Russia, brought to light in Finland, should be taken into consideration in our attitude towards Russia. In making plans and decisions we should not overestimate the pressure which is imposed by the vastness of Soviet Russia and which is still perceptible despite the present pact of friendship. On the contrary we should let our military and political strength add weight in all negotiations with Russia more than perhaps it has done so far.

For economic relations between Italy and Soviet Russia see Political Review No. 112.

Special Reports on the Enemy 27 Dec.Atlantic:Great Britain:

The British Admiralty has ordered all merchantmen proceeding to Bristol Channel ports to pass north of Lundy Island and to call

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at Swansea for orders. This is obviously on account of the mines laid by our submarines in that area.

The battleship RESOLUTION has been located in the Canadian area, the battleship RAMILLIES in Australian waters.

France:

Commander in Chief, Atlantic Fleet (most probably aboard the DUNKERQUE) was at sea with several vessels of the Atlantic Fleet in the Brest area on 27 Dec.

Reuter reports that French vessels made two successful attacks on German submarines.

The destroyer SIROCCO operating with a plane claims to have sunk a German submarine; another success is reported by a gunboat.

North Sea:

The cruiser SHEFFIELD was about 150 miles west of the Skagerrak towards evening. In the forenoon radio monitoring and air reconnaissance located three or four destroyers in the same sea area. Furthermore, an unidentified vessel, obviously a submarine, was located forty miles northwest of Skagen.

Yesterday at 0800 Commander, 1st Destroyer Flotilla, with two destroyers, was at sea west of Helder near territorial waters.

An agent reported that in the middle of December he saw a heavily damaged British cruiser undergoing repairs in Devonport.

Enemy bombers penetrated into the Heligoland Bight and the coastal area between Wilhelmshaven and the River Elbe.

Shipping Losses:

British steamer KENTWOOD (2,200 tons) ran aground in the Downs; British steamer GLOUCESTER CASTLE (8,000 tons) sustained heavy damage as the result of a collision in the Downs.

An agent reported that Italian and British engineers of the Marconi Company are working together in Italy on trials to render German magnetic mines harmless.

This information needs thorough investigation and should be followed up. The agent in question is regarded as very reliable.

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Should this information prove correct, the collaboration of Italian engineers with British specialists on Italian soil in developing a defensive weapon against German magnetic mines constitutes a serious breach of Italo-German friendship, and suitable steps should be taken by our Foreign Office in this connection. This information emphasizes the urgent necessity for the German Navy to exercise the greatest care as regards information on new German weapons and handing over new devices and plans even to the friendly Italian Navy.

Baltic Sea:

An enemy submarine was located in the Kattegat on the border of Danish territorial waters, east of Fornæs, and was chased by our patrol vessels and submarine chasers; results are uncertain. PT boats have been dispatched to the scene with depth charges owing to shortage of these.

Own Situation 27 Dec.

Atlantic:

Nothing special to report. (See also under "Merchant Shipping.")

North Sea:

Our air reconnaissance over the North Sea came in contact with enemy bombers several times north of our declared area. Air reconnaissance was badly hampered by fog and snow storms. Three destroyers on westerly course were sighted 100 miles east of Aberdeen.

Enemy planes were over the North Sea coast and Wilhelmshaven between 1300 and 1400, presumably on photographic reconnaissance. No bombs were dropped; one plane was shot down.

Baltic Sea:

The Training Flotilla of Commanding Admiral, Defenses, Baltic and the 11th Submarine Chaser Flotilla carried out submarine chase in the Kattegat; success was doubtful. A remarkable number of drifting mines has been reported in the area west of Bornholm from Adlergrund as far as Trelleborg.

In connection with our endeavors to prevent the moving of enemy contraband through Swedish territorial waters in the Sound, Naval Staff is of the following opinion:

Further measures are called for by the fact that, after the

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moving of the German barrage in the Sound to the three-mile limit, neutral contraband traffic through Swedish territorial waters was diverted to the shallow channel south of Falsterbo and to the Kogrund channel by the use of smaller ships or by first lightering larger vessels, thus keeping this traffic still out of our control.

Naval Staff is of the opinion that the present moment is quite favorable for a step in this direction, apart from the fact that endeavors are being made during the present trade negotiations with Sweden to exact from her concessions with regard to her export trade with the enemy, and in this connection to bring up the question of contraband traffic through Swedish territorial waters.

The negotiations recently conducted between the two navies direct did not lead to any successful conclusion owing to the attitude of the previous Swedish Government; however, it can now be expected that Sweden will doubtless be more conciliatory towards Germany because of the recent reshuffling of the Swedish Cabinet and owing to the fact that Sweden views the danger of becoming involved in the Russo-Finnish conflict with much misgiving.

Naval Staff proposes the following procedure to the Foreign Office in connection with this question, irrespective of possible Swedish counter-proposals:

The question of the reestablishment of the four-mile limit in return for closing Swedish territorial waters will not be touched upon for the time being. Since Sweden is interested in maintaining a free passage along her coast for her naval forces, an agreement similar to the one reached between Germany and Denmark in the Belts should rather be proposed. A barrage gap, guarded by German and Swedish patrol boats and a joint pilot service should be arranged either in our minefield in the Sound or in a new, perhaps jointly laid, minefield somewhere at the southern outlet of the Flint channel. Should a new minefield be laid at the southern outlet of the Flint channel - in which case Denmark would have to be consulted too - the barrage gap could perhaps be so arranged that the northern part is in Swedish territorial waters and the southern part in the open sea, similar to the minefields in the Belts. In return - and this is essential for any effective closing of the route - it would be necessary for Sweden to close the Kogrund channel entirely, even to Swedish traffic.

Should Sweden agree in principle to such an arrangement - under pressure if necessary - technical details such as whether the

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German barrage in the Sound will be kept or a new barrage laid, whether mines or nets should be used, etc., would best be arranged direct between the two navies.

A memorandum will be sent to the Foreign Office, stating the views held by Naval Staff and requesting that the favorable political situation as regards Sweden be made full use of; steps should be taken at once for a final eradication of the impossible situation in the Baltic Sea, which allows contraband traffic, running into millions of tons, to reach the enemy right under our nose, despite our control of, and powerful position in that sea area.

Submarine Situation 27 Dec.

Atlantic:

Submarine U "46" is in the Bay of Biscay.
Submarine U "30" is southwest of the Hebrides.

North Sea:

Submarine U "36" must now be definitely regarded as lost. Therefore no submarines at present in the operational area of the North Sea.

Merchant Shipping 27 Dec.

The German steamer GLUECKSBURG on passage from Cadiz to Seville was stopped by a British destroyer on the afternoon of 26 Dec. within Spanish territorial waters. The steamer was first approached by a British naval plane when 1.8 miles off shore, then about half an hour later a British destroyer appeared which signaled with flags, approached to within 300 meters and tried to cut the steamer off. A prize crew from the destroyer finally took off in boats. The GLUECKSBURG was then beached. As the British prize crew came alongside to starboard our crew abandoned the ship on the port side and went ashore. A Spanish destroyer appeared on the scene after the incident. Attempts are now being made to refloat the ship.

Economic Warfare Measures

The Special Staff for Mercantile and Economic Warfare, Armed Forces High Command submitted its final comments (see War Diary Part C, Vol. XII) on measures against the temporary chartering

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of neutral shipping to the enemy powers (particularly Greek shipping). These comments conclude with the recommendation not to take any official countermeasures as reprisals in operations against merchant shipping but to leave this matter to the Foreign Office to be dealt with officially as a political question. Instead of official countermeasures it should be made clear to the neutral countries (first of all Greece) by inflicting actual losses that they cannot continue their passage to England without serious consequences. A definition of the methods to be used is out of the question. It is rather recommended that Naval Staff issue orders to our submarines to torpedo Greek steamers encountered in the battle area around England without warning in those cases where sinking will not disclose a German attack and therefore no blame can be attached to the German Government.

This recommendation corresponds in general with the view held by Naval Staff and will be followed up. Commander in Chief, Navy plans to report in this connection to the Fuehrer on 30 Dec.

Items of Political Importance 28 Dec.

The Irish Government, whose protest against Ireland's inclusion in the American closed zone was rejected, does not intend to take any further steps in this matter since, should American ships be permitted to enter Irish ports, the latter might be exploited to supply Great Britain and the Irish Government wishes to prevent this.

The Portuguese Government informed Spain that Portugal will under all circumstances remain neutral.

The war trade agreement concluded between Great Britain and Sweden aims at maintaining trade to a normal extent.

It is reported that Vigo will become the European port of destination for United States freighters.

A Labor Service Corps has been established in Holland in the interests of national defense.

Conference with the Chief, Naval StaffSpecial Items:

1. The next Fuehrer decision has been postponed. The earliest A-day (meaning probably "attack-day", Tr.N.) is 9 Jan. 1940.
2. In view of possible British operations, Commander in Chief, Air Force has ordered Air Force defense forces and air warning centers to be in increased readiness on 28 and 29 Dec.
3. There are three possibilities as regards putting the cruiser LEIPZIG back into operational readiness:
 - I. Repairs could be carried out in Danzig from 1 Feb. to end of Sept. 1940, except installation of boilers. On 1 Oct. 1940 she could be moved to Kiel for fitting of boilers and auxiliary engines, which would take until 1 April 1941. Commissioning then possible 1 June 1941.
 - II. Basic repairs and extensive conversion would take until 1 July 1941. This would, however, badly hamper the submarine construction program. Six submarines less would be turned out during that time.

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III. Accelerated provisional repairs could be completed by 1 August 1940, making the ship ready to sail with a speed of 21 knots. She would then be handed over to the Naval Schools for trials, exercises and general training, etc. Basic repairs would have to be carried out later.

Naval Staff recommends proposal No. III, especially since with this solution any delays in installing the boilers would have no disadvantageous effects.

Special Reports on the Enemy 28 Dec.

Atlantic:

Great Britain:

Radio monitoring reported:

"The battleship BARHAM which, together with the battle cruiser REPULSE, was to be relieved on patrol duty, was torpedoed at 1500 west of the Hebrides."

Torpedoing was confirmed by submarine U "30" on the morning of 29 Dec. by the following radiogram:

"Attacked two REPULSE class, escorted by destroyers, in grid square D 1830 with four torpedoes, one hit probable."

According to radio monitoring, five "I" class destroyers were sent out to assist the BARHAM. At 1900 the BARHAM reported her position and gave her speed as 12 knots. She is proceeding to the Clyde, will be in the North Channel at 0800 on 29 Dec. and should reach the Clyde on the afternoon of 29 Dec.

Reuter reports that the first detachment of Moslem troops has been disembarked at a French port and sent to the British defense sector of the Maginot line.

Disposition of forces in the South Atlantic:

The cruisers AJAX, ACHILLES and CUMBERLAND put into Port Stanley on 24 Dec. The DORSETSHIRE arrived there on the same day from the Cape area.

The task force consisting of the RENOWN, ARK ROYAL and four "H" class destroyers arrived at Freetown on 27 Dec. as per plan.

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No exact information has been received on the HERMES and the NEPTUNE.

France:

Nothing special to report, except for the usual patrol and convoy activity in the Bay of Biscay and west of the Channel. A surfaced submarine is reported 220 miles west of El Ferrol (submarine U "46"?).

North Sea:

Apart from the usual areas in which submarines were detected, the Kattegat again appears. Single vessels were located off the southeast coast. A convoy is leaving the river Thames northbound.

Shipping Losses:

Danish steamer HANNE (1,100 tons) off the northeast coast of England. Trawler LOCHDOORN (200 tons) is overdue.

An agent assessing the effects of the German minelaying offensive states that merchant shipping on the east coast of England is certainly hampered, but not seriously or permanently interrupted. Naval Staff knows quite well that no false or too optimistic conclusions should be drawn from the effects of our minelaying offensive. The heavy losses have created alarm without a doubt and scared the neutrals badly. However, now that the first gaps have been created in the mine blockade by sacrificing numerous steamers the British have succeeded in restoring traffic almost to normal in a comparatively short time. Reports from neutral merchant marine captains and foreign trade reports indicate, however, that for the time being shipping movements will still be seriously handicapped. This is beginning to show itself in the navigational difficulties caused by the numerous wrecks and most of all by a shortage of shipping and a rise in freight rates on account of the reluctance on the part of the neutrals to sail.

Own Situation 28 Dec.

Atlantic:)
) Nothing special to report.
North Sea:)

Baltic Sea:

Submarine chase carried out in the Kattegat was without result. The minelayers are continuing their operations against merchant

shipping. Air reconnaissance had to be broken off owing to frozen seaplane bases. Naval Staff has sent a directive to Group West and Commanding Admiral, Submarines with regard to anti-submarine measures in the Heligoland Bight. This directive points out that strong and immediate measures are necessary in view of the submarine peril in the Heligoland Bight:

"It has been established that anti-submarine measures by location gear and the present position of the barrages have so far brought no tangible results against submerged submarines. No effects of our anti-submarine defense are noticeable even in the immediate coastal waters. Considerations regarding sailing directions in the North Sea, the positions of our anti-submarine barrages, estimation of mine danger and enemy submarine operations, lead to the following conclusions:

Next to the employment of all available naval and air forces for anti-submarine measures, large-scale use of mines in the form of deep minefields against submerged submarines must be regarded as the most promising form of anti-submarine defense for the Heligoland Bight. Since the enemy submarine preferably takes up a waiting position where our own naval forces pass, the deep minefields should be laid across our present routes in order to be most effective. As far as possible our naval forces should avoid following close to the former routes and sailing directions should be changed frequently, which seems possible since no danger from mines has yet been established. Sufficient numbers of UMA mines are available."

Submarine Situation 28 Dec.

Atlantic:

Submarine U "46" is off the west coast of Spain.
Submarine U "30" is west of Ireland.

North Sea:

Submarines U "56" and U "58" put out into the operational area in the North Sea. (Submarine U "56" for an operation near Cross Sand, submarine U "58", carrying torpedoes, into the area off Rattray Head.)

Merchant Shipping

The steamer ASUNCION (4,626 BRT) returned from overseas.

Motor vessel ST. LOUIS (16,732 BRT), which is on passage from Murmansk to home waters, sailed from Kopervik.

Neutral Shipping:

It was decided at a special meeting of the executives of the Danish Seamen's Organization that no member of the organization should in future sign on with ships sailing to England, unless it is assured that the Danish ship in question will be accompanied by another neutral vessel.

Conference on the Situation with the Chief, Naval Staff1100 Special Items

1. With regard to the question of intensifying warfare against merchant shipping, the present situation is as follows:

a. Attacks without warning by Submarines:

1. On all merchantmen recognized as enemy, except single, clearly unarmed passenger steamers.
2. On all neutral ships sailing in enemy convoy.
3. On all ships sailing without lights in the area between 20° W, 62° N, 3° E, 44° N.
4. On all ships which refuse to stop, or use their radio.
5. On all tankers in the American closed area west of 2° E, except Italian, Russian, Spanish, American and Japanese tankers.

b. Warfare by stopping and searching in accordance with Prize Regulations:

1. By surface forces against all enemy and neutral ships.
2. By submarines, according to special orders, only against such neutral ships as do not fall under a) as above.

c. Ground mines to be used by surface forces, submarines and planes wherever depth, enemy defense and own range permit such operations.

d. No action is to be taken against Italian, Spanish, Russian and Japanese merchant ships. Utmost consideration to be shown American crews.

The following shipping remains outside our reach:

All neutral ships proceeding alone to England and France which

- a. are not taken in prize, do not carry any contraband and act in an absolutely correct manner,
- b. leave enemy ports carrying various export goods.

The method so far followed by our political and military leaders of gradually intensifying the effect of operations against merchant shipping has proved excellent, and, in conjunction with the announcement of the American closed area, has avoided any unfavorable developments in the political field in our relations with the neutral countries. The considerations governing the further intensification of merchant warfare are closely bound up with the political decision regarding the intensification of the war as a whole. Should the beginning of this general intensification of the war be postponed, then naval warfare must be intensified gradually, as up to now. In this event Naval Staff sees the following possibilities:

1. Attacks without warning by submarines, within the zone sanctioned for attacks on tankers, on merchantmen of those countries which are chartering large numbers of their freighters to England (for example Greece). No official announcement will be made in this connection. Naval Staff will be at liberty to order such action in certain areas or for certain individual submarines, according to the situation and facilities, so that a sudden intensification will not be noticeable.
2. Attacks without warning by certain specific submarines or (later) by all submarines, within the zone sanctioned for attacks on tankers, on all merchantmen in those areas in which the fiction of mine action can be maintained. Special orders will be given by Naval Staff according to the situation and operational possibilities.
3. Promulgation of the special law, already drawn up, for seizure of British exports by German operations against merchant shipping, in reply to the British "order in council".
4. Friendly neutrals are still to be treated with utmost consideration.

(For details see review on "Intensification of war against merchant shipping", appendix to memorandum I and enclosure to report of Commander in Chief, Navy to the Fuehrer on 30 Dec.)

2. Report on the operational plans for the merchant raiders, Ship "4" and Ship "20", (special vessels of the 5th Patrol Group). Extract from the operational order:

Task:

War against merchant shipping in the sea area off the southwest coast of Norway and off the Skagerrak east of 2^o E.

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The ship will be camouflaged after departure to resemble a neutral merchantman. She is to avoid all traffic on outward passage. She is to patrol in the operational area and mingle with steamers there. Prize regulations are to be observed. Only loaded ships en route for England are to be stopped. Sinking of neutral ships is prohibited. Any opportunity for promising action against enemy forces has first preference.

Ships taken in prize and steamers are to be brought into Kiel via Skagen for examination.

In case of bad weather follow course instructions.

Neutral markings are to be covered and the ensign hoisted when stopping a merchantman. Ship "20" is scheduled to put to sea on 31 Dec.

1200 Conference held with the Operations Officer, Group Baltic (Captain Fein) on the following special items:

1. Group Baltic requested further instructions with regard to the stopping of contraband traffic through the Falsterbo Channel.

Naval Staff replied: The effect of political pressure and the outcome of present negotiations should first be awaited. For the time being no operational measures will be taken in territorial waters.

2. Group Baltic pointed out once more the necessity of moving the barrage in the Sound further north, since the Sound is still not completely sealed off.

Naval Staff replied: The question of making new arrangements regarding the barrage in the Sound is at present under discussion at the Foreign Office (see 27 Dec.)

3. With regard to the question of whether our anti-submarine minefields can be passed over by our surface forces, Group Baltic as well as the Mining and Barrage Inspectorate is of opinion that a deep minefield (- 15 meters) can now be passed over with safety. The question of moving anti-submarine barrages as close as possible to our minefields in the Great Belt is at present under examination. Moreover there is the impression that the Danes did not extend their minefields into shallow waters.

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Naval Staff will make inquiries regarding this matter with our Naval Attaché in Copenhagen.

4. Group Baltic asked for orders with regard to future warfare against merchant shipping in the Baltic Sea. Are all ships still to be brought in irrespective of whether they are definitely carrying neutral goods?

Naval Staff replied: Present directives remain unchanged. A relaxation may be expected soon owing to the release of a large number of steamers.

5. Because of freezing of the seaplane bases Group Baltic plans to use planes from minelayers to assist in operations against merchant shipping.

6. Group Baltic requested that, of the new torpedoboats ready for allocation, one flotilla be allotted to it for use in the Kattegat, for which task the boats seem to be extremely well suited.

1500 Conference with our Naval Attache at Ankara (Rear Admiral v.d. Marwitz)

1. Public sentiment in Turkey severely incited against Germany. The press is subsidized by Anglo-French money only. Official policy also anti-German.

2. Turkey intends to remain neutral under all circumstances. She fears that it might become necessary for her to enter the war, should Italy do so. In her official policy Turkey is trying to come to an agreement with Italy.

3. It will be very difficult for Turkey to wage war on account of shortage of material, equipment and manpower. No joint defense measures and cooperation between Turkey, England and France against Russia have been observed.

4. Fortifications in the Dardanelles and Bosphorus are being extended. Various encroachments by the British within Turkish territorial waters have brought no reaction in Turkey. No British attempts to enter the Black Sea have been observed. No serious resistance can be expected from Turkey in such a case.

5. Fear felt in the Balkans in general regarding a Russian advance. Rumania hopes that any encroachment by Russia

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on Rumania will be stopped by Germany. The German Minister in Bucharest, Herr Fabricius is not the right man. No presence and unfortunate manner.

Special Reports on the Enemy 29 Dec.

Atlantic:

Great Britain:

Signals intercepted by radio monitoring after the torpedoing of the BARHAM show that the forward ammunition chambers A and B and the corresponding elevator rooms on the port side were damaged. The ship's draught was 12.5 meters (2.5 meters more than normal).

The British Admiralty announced:

"A British battleship was torpedoed by a submarine. Slight damage sustained, three of the crew killed."

The Commander in Chief, Home Fleet, flying his flag in either the HOOD or the NELSON, was at sea north of Ireland at noon on 29 Dec. and west of the Hebrides in the evening. There were further vessels in the Irish Sea and northwest of Ireland.

According to an Attaché report one cruiser of the LONDON class (presumably the SHROPSHIRE) put into Rio de Janeiro on 28 Dec. The CORNWALL, in which the Admiral Commanding, 5th Cruiser Squadron is flying his flag, was in Durban on 22 Dec. together with the EAGLE and the GLOUCESTER. This ship is now in the Cape area, presumably with the other two.

France:

Nothing special to report.

North Sea:

In the afternoon between 1600 and 1700 mine-exploding vessel "4" sighted two enemy submarines southeast of Heligoland between the Elbe and the Weser. One of the submarines was evidently damaged by ramming, since the bow spar of the mine-exploding vessel was dented. Stormy weather makes a submarine chase impossible at present.

Shipping Losses:

British trawler RESERCHO lost near Flamborough Head. British steamer MOORTOFT (875 tons) became a total loss.

According to information from our Naval Attache, the reason for the closing of the waterway to Rotterdam during daytime, as announced by Radio Scheveningen three days ago, is that the Dutch are replacing their non-contact mines.

Own Situation:Atlantic:

Nothing special to report.

No reports received from the ALTMARK. Naval Staff assumes that she is still in the South Atlantic, awaiting the new moon period. Since it is necessary to know her position in order to control and guide the ship on her homeward passage, the following radiogram was dispatched to the ALTMARK:

"Position report as ordered in radiogram 1943/21/80 and 1049/22/83 not yet received. Naval Staff considers that the enemy would not be able to take a bearing on the short signal requested and it would be inconspicuous, unless enemy forces should be in the immediate vicinity. Signal can be given at the 30th minute of every full hour. Should the ALTMARK still be south of the line Bahia - Freetown, position report to be given when starting on homeward passage. Receipt of position report will be confirmed by radiogram. Naval Staff."

North Sea:

Anti-submarine patrol carried out in the Heligoland Bight, but without result. In order to strengthen the submarine chaser forces the STRAHL and the 2nd PT Boat Flotilla have been placed at the disposal of Commanding Admiral, Defenses, North. The 2nd PT Boat Flotilla can, however, not be transferred to the North Sea at present owing to ice conditions. The 6th Torpedo Boat Flotilla carried out an exploratory sweep on route No. 1. Weather conditions, however, forced it to turn about prematurely.

Baltic Sea:

Nothing special to report.

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As regards the loss of the steamer TOROE the Court of Maritime Inquiry and the Scandinavian Press attribute the mine explosions which occurred south of Falsterbo not to drifting mines but to mines moored within the three mile zone. The experts, as well as the captain of the steamer TOROE, declared that mines were purposely laid in the Swedish neutral fairway.

Submarine Situation 29 Dec.

Atlantic:

Submarine U "46" is in the operational area.

Submarine U "30" is northwest of Ireland. The positions of the BARHAM and the HOOD or NELSON have been transmitted to this submarine. The boat reported at 1742: Only one stern torpedo left. One "Agathe" sunk by gunfire.

("Agathe"-trawler of the Royal Navy, 500 tons, one 10.2 centimeter gun, speed 12 knots.)

Submarine U "32" left for the Clyde on a special operation.
Extract from operational order:

First task:

Mining of the Clyde with eight TMC mines:

The mines are to be laid in the Firth of Clyde between 55° 47' N and the prohibited anchorage which is bounded by the line Toward Point bearing 90° and 286° and Kirn to Levant Point. The mines are to be laid at depths of less than 35 meters.

Should it prove impossible to carry this out, minelaying is to be carried out off Aberdeen instead.

Second task:

Attack on all ships as per standing war orders

After completion of the task in the Clyde the submarine is to remain in and off in the North Channel for another few days and is then to take up position in the operational area between Kinnaird Head and the north tip of the Shetlands.

Merchant Shipping 29 Dec.

One ship reached Norway from overseas. The Ministry of Transportation was informed on 28 Dec. that the chances of moving German ships laid up in Italy to the Black Sea now seem less favorable than before owing to increased activity of British naval forces off the Dardanelles - several times even within neutral territorial waters.

The inquiry into the ATHENIA case, which has already been going on for 15 weeks has, according to American reports, brought no evidence to prove that the ATHENIA was torpedoed. It is held that on the basis of the evidence available it is impossible to lodge a protest with, or demand compensation from the German Government. Inquiries made so far support the theory that the ship was lost due to an internal explosion.

Conference with the Chief, Naval Staff at 1100Special Items

1. Chief Operations Branch, Operations Division, Naval Staff reported on the decision reached by the Fuehrer on 28 Dec. (see OKW 22245/39 Gkdos. Chefs.).

Special Items:

The general weather forecast for Western Europe predicts snow in the middle of January followed by a period of clear, cold winter weather. Should this forecast prove correct, that time will be used for carrying out offensive operations in the West.

In the event of clear winter weather, especially if snow has fallen, it might perhaps be possible to carry out the Coup de main planned by the Air Force at night and thus to shift the time of attack to the night. (Such an arrangement would be very welcome to the Navy - moon rising on 14 Jan. at 1055, setting at 2213, new moon on 9 Jan.). The entire operation will at first have no definite point of concentration. The Fuehrer has expressly stated that he will personally fix the point of concentration and operations by the 7th Air Division, depending on developments in the situation.

2. The Army General Staff sums up its opinion of the Red Army as follows:

Numerically a tremendous military weapon, but in size only; organization, equipment and command inadequate - basic ideas of command good, officers, however, too young and inexperienced - transportation system bad - transport facilities bad - troops very varied, no personality - ordinary soldiers good-natured, extremely modest - fighting power of the troops doubtful in heavy battle. The "mass" of the Russian forces is no equal for a modern and well-equipped army under superior leadership.

Report of the Commander in Chief, Navy to the Fuehrer at 1200

(For separate and detailed items discussed see notes in War Diary, Part C, Vol. VII.)

Special Items:

1. Attention was drawn to the necessity for air attacks on shipping in the Downs (since it is under the control and protection of the Royal Navy). Commander in Chief, Air Force will obtain the Fuehrer's decision in due course. Chief, Naval Staff regards a previous warning to neutral shipping necessary, to which the Fuehrer agreed.

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2. The Fuehrer confirmed his intention of issuing a proclamation prior to general intensification of the war. Chief, Naval Staff asked that Naval Staff be given a free hand as regards intensifying naval warfare according to the situation and facilities.

The Fuehrer approved in principle the sinking without warning of Greek ships found in the American closed area and of neutral ships in those parts of the American closed area where the fiction of mine action could be maintained, as for instance in the Bristol Channel.

The Fuehrer is withholding publication of our law against the "order in council" until the moment when the intensification of the war commences.

3. Friendly nations are still to be treated with every consideration.

4. The Fuehrer concurred with the opinion that no guarantee can be given to Italy regarding the safety of her merchantmen proceeding to England in view of minelaying operations.

5. The Fuehrer emphasized how important it was that the GRAF SPEE should have completely destroyed the EXETER.

6. Submarine construction program:

By drawing in advance on the metal to be allotted to the Navy, the construction of 316 submarines will be made possible by 1 Jan. 1942.

Special Reports on the Enemy 30 Dec.

Atlantic:

Great Britain:

Disposition of forces:

The battleships MALAYA, REVENGE and RESOLUTION are in the western part of the North Atlantic. The cruiser CUMBERLAND, with 107 prisoners of war from seized German merchantmen, put into Port Stanley on 26 Dec., according to information from our Naval Attache.

The aircraft carrier HERMES is awaiting the convoy SLF 14, presumably on the west coast of Africa, and is obviously proceeding northward. (This disposition of forces has been passed to the ALTMARK.)

West of England and in the Channel area lively patrol activity was observed.

Radio monitoring intercepted various signals regarding convoy movements in the Central Atlantic.

Signals intercepted by radio monitoring show that the torpedoed BARHAM was taken to Liverpool and not to the Clyde, probably because the dockyards on the clyde are fully occupied with new constructions and repairs.

France:

Lively patrol activity off the Spanish coast, obviously with the intention of intercepting German and neutral shipping.

The two French vessels, probably submarines, engaged on a search for the ALTMARK 300 to 800 miles west of the Cape Verde Islands, have received orders to continue their search until 2 Jan. 1940, when they will be relieved. They are then to proceed to Dakar.

(This information has been passed to the ALTMARK.)

North Sea:

Observations show that the enemy has laid mines east of Outer Gabbard. A convoy is reported east of Blyth. - One steamer of this convoy sent out distress signals.

The enemy submarines which are operating west of our declared area and in the Hoofden seem to be based on Harwich, whereas the submarines operating in the Heligoland Bight and east and north of our declared area are based on Blyth.

Port "A", which has appeared several times in radiograms, seems to be identical with a place called Aultbea on Loch Ewe.

For report on the activities of the main British and French naval forces and their dispositions at the end of December, see Radio Monitoring Report No. 17/39.

Special Items

Great Britain:

1. Home Waters: Only minor activity on the part of naval forces but very lively air activity. Armed reconnaissance missions are flown almost daily over the North Sea as far as the German coast.

Protection of merchant shipping has been considerably improved through regular patrol by destroyers, patrol vessels and planes, as well as by announcing declared areas, in some of which minefields have been laid.

Regular and urgently necessary overhauling of naval forces.

2. Easing of the situation in the North Atlantic. Now that their own merchant shipping and transport traffic is becoming increasingly safer, operations against German merchantmen come more to the fore.

3. No special changes in the South Atlantic so far.

Own Situation 30 Dec.

Atlantic:)
) Nothing special to report.
North Sea:)

Baltic Sea:

Patrol boat "704" ran aground east of Trelleborg. The vessel is probably a total loss. The crew was rescued, except for two men. Secret papers were salvaged. Cause of loss: Heavy ice formation, southwest gale.

Submarine Situation 30 Dec.

No changes.

Submarine Warfare against Merchant Shipping:

In view of the sale and chartering of numerous Greek ships to England, orders have been given to our submarines, with the Fuehrer's approval, to treat all Greek ships encountered in the sea area from 20° W to 2° E and 44° N to 62° N as enemy vessels. Attacks should be carried out unseen, if possible.

(See review on "Intensification of Warfare against Merchant Shipping".)

Merchant Shipping 30 Dec.Shipping Losses:

According to British reports the steamer BAHIA BLANCA (8,558 BRT) was captured by a British cruiser.

The Spanish Government has lodged a protest with the British Government against the violation of her territorial waters by British naval forces in an attempt to seize our steamer GLUECKSBURG, and is now making preparations to have the ship towed off.

According to a cable from our Legation at Lisbon, there are always some Greek seamen held there in readiness in case members of the crews of Greek steamers in transit should refuse to go on further north owing to the mine peril, as has already happened several times.

In Belgian public circles comparison is now quite often made between the retention of neutral ships by the British and the seizure of neutral ships by the Germans in the Baltic Sea. The ships brought in by German naval forces are very often held back for weeks, even those which are bound for neutral ports. Despite the evidence produced by the Belgians that the goods aboard are vital foodstuffs and exclusively destined for their own country, neither the ships nor the cargo were released.

Special Reports on the Enemy 31 Dec.Atlantic:Great Britain:

The cruiser SHROPSHIRE and naval tanker OLYNTHUS sailed from Rio de Janeiro at 0800 on 30 Dec.

Our Naval Attaché lodged a protest against the 24-hour time limit being exceeded.

France:

A convoy of 30 merchantmen, including 4 tankers, escorted by the French destroyers GUEPARD and VALMY, left Gibraltar at 1410, sailing westward.

North Sea:

Vessels of the 5th and 12th Destroyer Flotillas were observed at sea in the eastern Channel or the Dunkirk area.

From 1800 on there is always one plane of the 78th Bomber Squadron on reconnaissance duty throughout the night over the German North Sea coast. According to a report from Group West, one of these planes was fired on from Norderney and apparently damaged.

A convoy of 20 neutral and 5 British steamers left Norwegian territorial waters near Maloe during the night and is to be met outside the skerries by British escort forces.

The British destroyer VISCOUNT struck a mine and sank, according to a report from Italy.

Own Situation 31 Dec.

Atlantic:)
) Nothing special to report.
North Sea:)

Ship "20" put out for merchant raiding operations in the North Sea.

Baltic Sea:

The proposed salvaging of the stranded patrol boat "704" is impossible and would not be worthwhile.

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Her equipment has, as far as possible, been taken off. The Swedish Navy gave us every assistance.

Operations against merchant shipping are being continued north of Gotland by the HANSESTADT DANZIG, south of Gotland by the BRUMMER.

Submarine Situation 31 Dec.

Atlantic:)
) Submarine U "25" sailed for the operational
North Sea:) area. Otherwise no changes.

A Danish merchant marine captain reported that on 20 Dec. three British steamers of between 2,000 and 3,000 BRT struck mines which were laid by U "22" off Blyth.

Merchant Shipping 31 Dec.

Motor vessel ST. LOUIS (16,732 BRT) returned home from Murmansk.

Letters of safe conduct are now being issued under the secret trade pact with Latvia to Latvian ships which may still carry export goods according to this pact. Our naval forces have been instructed to release these steamers without delay when encountered at sea unless there are special grounds for suspicion. Also when these steamers call at German ports or when passing through the Kiel Canal no examination is to be carried out by the Prize Control Stations, but only the usual check by the Coastal and Harbor Control Offices.

Radio Daventry reports that on the morning of 31 Dec. the authorities in Montevideo ordered the captain of the steamer TACOMA to leave port within 24 hours or the ship would otherwise be interned.

Naval Staff expressed its opinion to the Foreign Office that the TACOMA should try to leave Montevideo before the expiration of the time limit in an attempt to reach another port, Buenos Aires, for example. This attempt must also be made in case the British should try to intercept her. If necessary the ship is then to be scuttled.

GLOSSARY FOR DEC. 1939

Route "Blau"

From off Norderney to Point S, 54° 25' N, 6° 47' E.

Operation "Gelb"

Invasion of France and the Low Countries.

Hoofden

Northeastern entrance to the English Channel.

LMA

German aerial mine type A. Weight 540 kg.

LMB

German aerial mine type B. Weight 975 kg.

TMC

Torpedo-tube mine, type C.

UMA

Anti-submarine mine, type A.

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