

The Dependence of North Vietnam on
External Sources of Supply

4 Aug 67

(Rostow Request)

4 Aug 67 Blind Memo re The Dependence of North Vietnam on External
Sources of Supply, S-2428 (distribution attached)

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S-2428

THE DEPENDENCE OF NORTH VIETNAM ON
EXTERNAL SOURCES OF SUPPLY

I. The Significance of Foreign Assistance

The economy of North Vietnam is essentially agrarian with only a rudimentary modern industry. Both the economic and military capabilities of the country are nurtured almost exclusively by inputs from abroad. North Vietnam produces virtually none of its military hardware. Its armed forces are equipped with Soviet weapons or Chinese copies of Soviet weapons. Foreign trade is also oriented overwhelmingly to other Communist countries. Although Free World countries were the source of almost 20 percent of North Vietnam's imports during 1964 and 1965 (about \$23 million in each year), the Free World provided only six percent (\$13 million) of North Vietnam's imports during 1966.

The dependence of North Vietnam on foreign aid has undergone a sharp and continuing rise since the start of the Rolling Thunder program and the rapid build-up of U.S. forces in South Vietnam in 1965. Without this aid North Vietnam would be hard pressed to wage its aggressive war in the South. Other than manpower and leadership, North Vietnam provides little direct input to the war. The increases in Communist aid to North Vietnam are shown in the following tabulation:

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	<u>Total</u> <u>1954-64 a/</u>	<u>1965</u>	<u>Million US \$</u>		
			<u>1966</u>	<u>Jan-June</u> <u>1967</u>	<u>1954-</u> <u>June 1967 b/</u>
<u>Military</u>					
USSR	70	200	360	220	850
Communist China	70	45	85	60	260
Eastern Europe	negl	negl	negl	negl	negl
Total	<u>140</u>	<u>245</u>	<u>445</u>	<u>280</u>	<u>1,110</u>
<u>Economic</u>					
USSR	369	85	150	N.A.	604
Communist China	457	50	75	N.A.	582
Eastern Europe	130	15	50	N.A.	195
Total	<u>956</u>	<u>150</u>	<u>275</u>	N.A.	<u>1,381</u>

a. 1955-64 for economic aid.

b. 1955-66 for economic aid.

In addition to these large and increasing inputs of material assistance, both the USSR and Communist China have provided technical assistance and personnel to North Vietnam. There are an estimated 2,000 Soviet technicians in North Vietnam, and Communist China has provided AAA divisions and engineering units amounting to 25,000 - 50,000 personnel.

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The almost complete dependence of North Vietnam on external sources to support virtually every facet of its economic and military development has made the country a ward of the Communist world. The USSR and Communist China together since 1954 have accounted for two-thirds of North Vietnam's imports, more than 80 percent of total economic aid and almost 100 percent of the military aid offered to North Vietnam.

II. Nature of Foreign Assistance to North Vietnam

Although China has been the traditional supplier of military aid, the USSR recently has made the greater contribution to North Vietnam's military establishment. The value of Soviet deliveries of military equipment since the beginning of 1965 has been four times that provided by Communist China, principally because the USSR has provided more sophisticated weapons, especially air defense systems. The USSR has provided most of the aid for developing North Vietnam's military infrastructure such as airfields and naval bases.

In the field of economic assistance, however, the Soviet and Chinese contributions have been almost equal -- \$604 million for the USSR and \$582 million for Communist China through 1966.

Soviet and Chinese aid programs -- economic and military -- have tended to follow well established lines which reflect the capabilities of the donors. In the economic field, the USSR has tended

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to concentrate on heavy industry, principally mining, manufacturing, and power. Chinese aid projects, with some notable exceptions such as the iron and steel complex at Thai Nguyen and some projects in the power and chemical industries, have focused on light industry and agriculture.

A similar trend toward specialization is observed in military aid programs. The USSR has provided the more advanced equipment such as surface-to-air missiles, antiaircraft guns, radar, tanks, and artillery. The Chinese have been the main suppliers of trucks, small arms, ammunition, and ground forces equipment.

The role of the other Communist states in providing aid to North Vietnam has been much less prominent. The countries of Eastern Europe have provided almost no military aid (excluding trucks), and their contributions in the form of economic aid have been relatively modest.

Military Aid

The USSR is the major provider of military equipment, particularly the more sophisticated items such as MIG-21 jet fighters and surface-to-air missile systems (See Tables 1 and 2). In an apparent response to the Rolling Thunder program, the Soviet military aid program for North Vietnam focused on the rapid development of an air defense system. Since the beginning of 1965, the USSR has provided a surface-to-air missile system with 30 firing battalions,

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a radar network, 145 aircraft (including 8 IL-28 jet light bombers, 42 MIG-21s, and 74 MIG-15/17s). Soviet deliveries during this period also included approximately 5,500 antiaircraft guns, as well as some ground forces equipment. The USSR has also assumed the training of North Vietnamese pilots, a task previously performed by the Chinese.

Although the Chinese have fallen behind the Soviets as the major arms supplier, the Chinese contribution has been significant. The Chinese have provided only small numbers of aircraft, naval craft and antiaircraft guns. Chinese deliveries of military equipment have emphasized logistics support and small arms and ammunition. Thus, while Soviet military aid has concentrated on the defense of North Vietnam, Chinese aid is directly related to the fighting capabilities of the NVA and VC forces in South Vietnam.

Economic Aid

The nature of economic assistance to North Vietnam is reflected in import statistics. The Communist countries have provided substantial quantities of equipment for transportation, construction, power and maintenance programs. Machinery and equipment is also being made available for new and continuing aid projects which are not military associated.

The origin of these goods varies widely. The USSR, for example, provided almost all of North Vietnam's petroleum imports -- 200,000 tons in 1966, and over 50 percent -- 118,000 tons -- of its fertilizer

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imports in 1966. Communist China, on the other hand, is the major supplier of telecommunications equipment, and coking coal. The Eastern European countries export principally vehicles, construction equipment and pharmaceuticals to North Vietnam.

Two vital imports -- transport equipment and foodstuffs -- reflect the more diversified origin of many of North Vietnam's imports. During 1965, the last year for which firm estimates are possible, North Vietnam imported over 3,500 trucks, of which about 2,000 were for its military forces. The USSR supplied only 20 percent of total truck imports in 1965; Communist China and the East European Communist countries each supplied about 40 percent. Imports of foodstuffs, which have risen dramatically in recent months, also follow a diversified pattern. During January-June 1967, the USSR provided about 30 percent, Communist China about 38 percent, and the East European countries less than 10 percent.

Imports from Free World suppliers are diversified. Cambodia, for example, ships rice and wood products to North Vietnam. France exports fertilizers, automobile spare parts and wire. Japan exports wire, fertilizer, machinery, chemicals and pharmaceuticals.

III. Effects of a Cessation of Soviet and East European Aid

The military impact of a cessation of Soviet and East European supplies to North Vietnam would be slight, if cessation were conditioned on stopping the bombing of North Vietnam. Soviet military

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aid is overwhelmingly oriented to air defense, and the need for an elaborate air defense system would be practically negated by a cessation of bombing. Soviet military aid is only modestly relevant to North Vietnam's ability to wage war in the South, although in recent months there has been an increase in rocket attacks using Soviet-made weapons. Probably the most important Soviet aid commodity, not related to air defense, is petroleum. Some petroleum requirements could be reduced by rationing. The essential requirements -- jet fuel and hi-octane gas -- would be reduced in the absence of bombing and could probably be satisfied by Communist China. If transit across the USSR were denied, petroleum could, for example, be shipped from Rumania by sea, directly to North Vietnam, or exported on Chinese account and then transhipped to North Vietnam.

In addition, North Vietnam would be able to find alternative sources of supply for most of its other imports from the USSR and Eastern Europe. In the absence of bombing, requirements for trucks and other transport equipment would fall drastically and could be maintained by exports from China which has been satisfying a large share of North Vietnam's unusually high level of truck imports. Numerous countries, on humanitarian grounds alone, would be willing to meet North Vietnamese requirements for food imports.

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4 August 1967

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