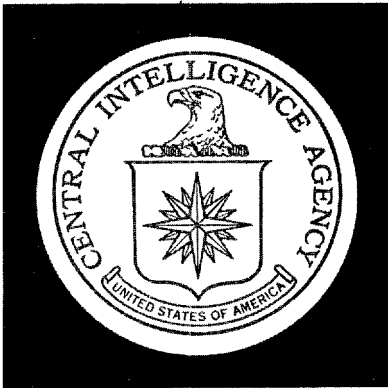


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DIRECTORATE OF
INTELLIGENCE

WEEKLY SUMMARY

Special Report

Communist Aid to North Vietnam

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COMMUNIST AID TO NORTH VIETNAM

The grant aid agreement Hanoi has just signed with the Soviet Union climaxes the aid-seeking tour of Communist countries being made by North Vietnamese Deputy Premier Le Thanh Nghi. Agreements have also been signed this year with China, North Korea, Mongolia, Rumania, Bulgaria, and Cuba. The Soviet announcement of the new aid agreement reasserts the prime role Moscow plays in supporting North Vietnam and underscores Hanoi's heavy dependence on Communist aid both to maintain essential production and services and to support the war in the South. This year's announcement for the first time enumerates specific types of military assistance in what is apparently an effort by Moscow to strengthen its claims of giving all-out assistance to the DRV.

The Communist countries have supplied an estimated \$1.4 billion in economic aid since 1954. From that year through June 1967, they also are estimated to have supplied military aid worth \$1.2 billion, as computed in foreign trade costs; if figured at US factor costs, the value would be \$1.5 billion. The Communist countries are continuing to supply Hanoi with the necessary goods and equipment to prosecute the war despite North Vietnam's rapidly declining ability to repay.

The Communist Aid Program

The Communist aid program for North Vietnam has grown rapidly since early 1965 when the US began bombing the North and increasing its troop commitment in the South. Sea shipments of goods from Communist countries have grown from almost 550,000 tons in all of 1965 to 735,000 tons in the first half of 1967. Most of the economic aid is shipped by sea, while military equipment comes in by rail.

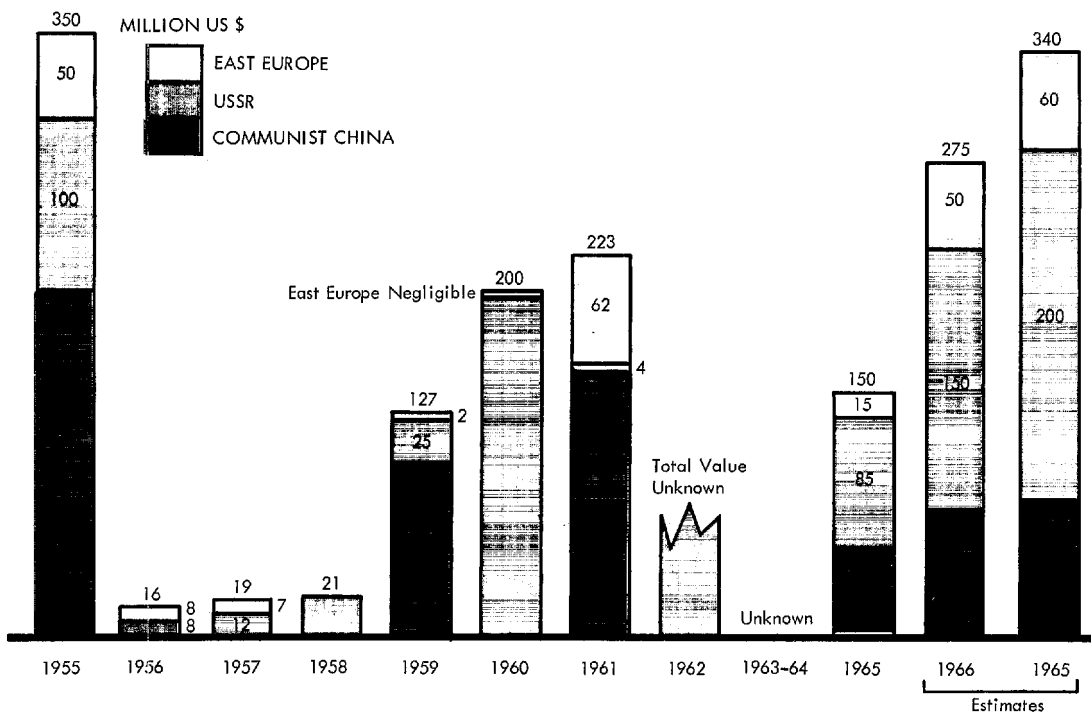
Economic aid is aimed at keeping North Vietnam's vital services operating and on maintaining minimum subsistence levels while also sustaining and improving Hanoi's ability to infiltrate men and supplies into South Vietnam. The Communist countries have supplied substantial quantities of equipment for transportation, construction, power, and maintenance programs. Machinery and equipment are also being provided to implement a program of dispersing industry into small

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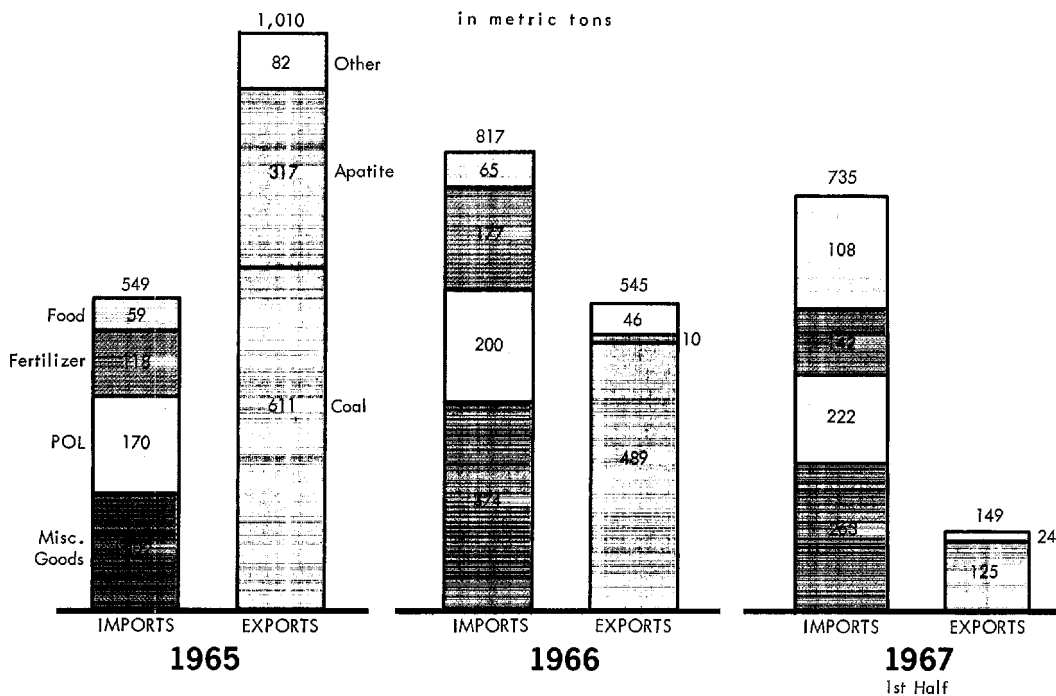
Estimated Communist Economic Aid to North Vietnam



Note: in addition, insignificant amounts extended by Albania, Mongolia, and North Korea

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North Vietnam's Seaborne Imports and Exports to Communist Countries



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units throughout the country. Food imports have increased sharply this year following the poor 1966 fall rice harvest.

Military aid thus far has been designed largely to supply and maintain an air defense system that includes early warning radar, a small but modern air force, a surface-to-air missile system, and anti-aircraft artillery. In addition, Communist aid has provided Hanoi with small arms, field artillery, and ammunition, much of which has been infiltrated into the South.

Economic Aid

The new aid agreements currently being signed probably call for an increase in economic aid over the estimated \$340 million expected to be supplied this year. The USSR continues to be the prime supplier, providing equipment for road building, mining and manufacturing, as well as petroleum and food. The Chinese concentrate their aid on light industry and agriculture, while the East Europeans emphasize light industry, transportation, and medical supplies.

Little is known about the new agreements but, as in the past, they are probably sufficiently flexible to allow for frequent adjustments to meet Hanoi's quickly changing requirements resulting from the war. Such a revision is believed to have been made in late 1966 when agricultural deficiencies in North Vietnam required the large

food shipments that began in January of this year.

The character of aid to Vietnam has changed considerably since the bombing began. Prior to 1965, economic aid emphasized Hanoi's economic development program. The Soviets were providing a number of major industrial installations, including the Thac Ba hydroelectric power plant and the Lam Thao superphosphate fertilizer plant. The Chinese had put into operation a pig iron facility at Thai Nguyen and were helping to expand it into a small steel complex.

Since the initial bombing in early 1965, however, the emphasis in aid has been switched to meet current consumption, maintenance, and reconstruction requirements. Economic development has for all practical purposes been shelved. At major aid projects started prior to 1965, activity has either stopped or continues at only a minimum level.

The one possible exception may be the continuing expansion and modernization of the anthracite mines in the Hon Gai - Cam Pha area. Soviet technicians also are working at a number of mines and at the Vanh Danh coal processing plant. Hanoi's 1967 economic plan emphasized increased coal production--the one hard-currency export readily marketable in the free world.

Imports in 1967 emphasize the priority attention given to North Vietnam's transportation network. The USSR continues not

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only to supply a large portion of the vehicles needed to move supplies south, but also the road construction equipment needed to keep existing roads serviceable and to build new ones in the southern North Vietnam and Laotian panhandles. In addition, the Soviets have been supplying railroad equipment, barges, bridge trusses, and petroleum for North Vietnam's transportation industry. The Soviets also are providing equipment to dredge Haiphong harbor and apparently plan to assist in expanding berthing space at Haiphong. China and Eastern Europe have provided vehicles and construction equipment.

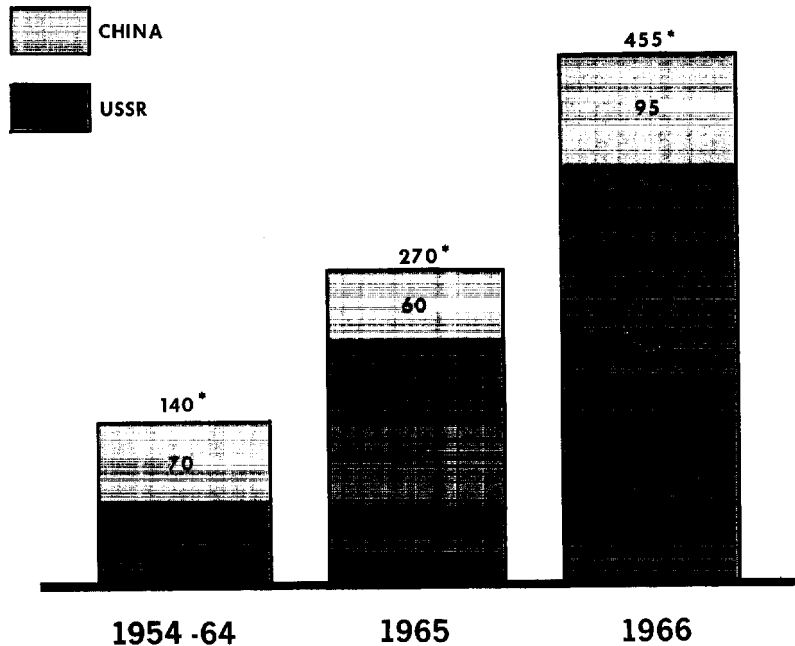
Food imports became increasingly important in 1967 after a poor rice harvest in the fall of 1966 created shortages. North Vietnam imported 222,000 tons of grain and foodstuffs from Communist countries in the first half of this year--almost four times as much as in all of 1966. The Soviets have shipped almost 70,000 tons of wheat and wheat flour out of Vladivostok in the first six months of the year, while China shipped 90,000 tons of food, mostly rice.

Hanoi in the past year has signed project aid agreements with the USSR and Eastern European

Estimated Communist Military Aid to North Vietnam

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MILLIONS OF US DOLLARS



*VALUES IN FOREIGN TRADE COSTS. IF COMPUTED AT US FACTOR COST THE VALUES WOULD BE \$200, \$350, \$550 RESPECTIVELY.

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countries. These agreements probably include repair and maintenance facilities as well as projects designed to help Hanoi's regional self-sufficiency program aimed at dispersing essential industry to the countryside in order to minimize bomb damage. A few may be for major projects that the North Vietnamese intend to begin after the war.

In addition to the agreements providing for aid goods, Hanoi has recently signed a series of cultural and scientific-technical agreements, primarily with the USSR and East European countries. The agreements provide for the training of as many as 20,000 Vietnamese in universities, professional/technical schools, and in industrial enterprises through 1969. Most of the students are probably scheduled for long-term training looking forward to a posthostility recovery of the North Vietnamese economy. A few, however, may be receiving intensive training in basic technical skills that can be used during the war.

Military Aid

Since 1965, when the US bombing of the North began, the USSR has surpassed Communist China as the principal supplier of military aid to North Vietnam. In an apparent response to the US bombing of the North, the Soviet military aid program has focused on the rapid development of an air defense system. Since the beginning of 1965, the Soviets have supplied about 30 surface-

to-air missile (SAM) firing battalions, a radar network, and 147 aircraft, including eight IL-28 jet light bombers, 42 MIG-21s, and 74 MIG-15/17s.

In addition, the USSR has supplied North Vietnam with a large quantity of anti-aircraft artillery as well as ground forces equipment. There are an estimated 2,000 Soviet military technicians in North Vietnam providing assistance and training in the use of SAM and radar equipment as well as furnishing some administrative support.

Fewer Soviet aircraft have been delivered this year possibly because the North Vietnamese Air Force has been relatively ineffective in defending against US air strikes.

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Ordinance deliveries, however, are up. North Vietnam expended about 1,750 SAMs in the first six months of this year compared with about 1,100 in 1966. Expenditures of conventional anti-aircraft artillery ammunition have also increased. In addition, Communist forces in South Vietnam have been using Soviet-made 140-mm. rockets and 120-mm. mortars since early 1967.

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Communist China's major contribution has been the deployment of a number of troops in North Vietnam. Some are believed to be anti-aircraft units, and the remainder are engineering troops aiding in the repair of roads, rail lines and airfields north

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of Hanoi. Military equipment deliveries from China continue to emphasize small arms, ammunition, and light antiaircraft artillery. Peking's deliveries of major equipment this year include at least 12 MIG-15/17s, the first since 1965.

Only minor quantities of military aid are being supplied

by the other Communist countries, and very little of this is estimated to be weapons. Some Eastern European countries are supplying sport rifles in small quantities, and North Korea is supplying automatic attack rifles. In addition, about 50 North Korean pilots are currently in North Vietnam.

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