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WEEKLY REPORT



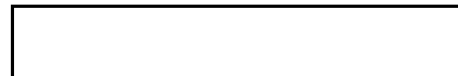
THE SITUATION IN SOUTH VIETNAM

25 May 1966

**INTELLIGENCE AND REPORTING SUBCOMMITTEE OF THE INTERAGENCY
VIETNAM COORDINATING COMMITTEE**

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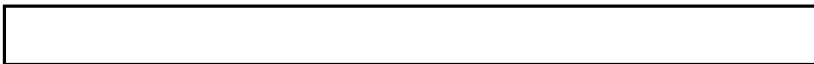
OCI No. 0375/66

Published by the Directorate of Intelligence
Central Intelligence Agency

THE SITUATION IN SOUTH VIETNAM
(19 May - 25 May 1966)

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(The Weekly Report on the Situation in South Vietnam is based on contributions from CIA, DIA, and INR; it is edited and published by CIA without final coordination)

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THE WEEK IN PERSPECTIVE

Buddhist and "struggle" force leaders are raising their verbal attacks on the Ky government, with increasing anti-American overtones. Earlier this week armed resistance to government troops in Da Nang collapsed. While there has been no immediate move against the dissident stronghold in Hue, the Ky government has maintained its momentum generally in the crisis. Before a hastily assembled national congress, the government justified its actions and reaffirmed its election pledge.

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I. THE SITUATION IN SOUTH VIETNAMA. POLITICAL SITUATION

1. Buddhist and "struggle" force leaders are raising their verbal attacks on the Ky government, with increasing anti-American overtones, despite the collapse of armed resistance to government troops in Da Nang earlier this week. While postponing any immediate move against the remaining dissident stronghold in Hue, the Ky government maintained its momentum in the crisis by justifying its actions and reaffirming its election pledge to a hastily assembled national congress, and by taking firm action against demonstrators in Saigon.

2. After government action had been temporarily stalled by confusion among government commanders in Da Nang, Saigon troops on 19 May began closing in on sectors held by "struggle" forces. Street fighting erupted, and gradually became more severe during the next several days as government tanks and aircraft and opposition mortars were utilized. However, anti-government forces attempting to reach Da Nang from Hue in the north and from Hoi An in the south were stopped by government forces last weekend. Armed resistance in the city finally collapsed on 23 May with the surrender of two main pagodas which had been serving as dissident command posts. At the same time, a newly appointed military commander took charge of the provincial capital of Hoi An several miles to the south, after the former dissident commander there had requested a leave of absence and left the city.

3. Although precise casualties resulting from the action at Da Nang are not known, antigovernment elements probably suffered close to 100 killed and several hundred wounded during the nine days of resistance. Government forces captured former Mayor Nguyen Van Man, and several of the antigovernment military leaders in Da Nang and Hoi An also have reportedly been arrested. Government leaders plan to maintain martial law in Da Nang until an effective administration--including a responsible police force--can be re-established.

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4. They will also apparently attempt to induce defections among the rebellious First Division in northern I Corps before making any move on the remaining dissident stronghold of Hue. First Division commander General Nhuan, formerly a supporter of the antigovernment movement, this week declared his loyalty to the Saigon government. Thus far, however, he has been unable or unwilling to take any positive action in the face of the strong dissident leadership in Hue, including Tri Quang and former I Corps commanders Thi and Dinh.

5. The Buddhist leadership in Hue and Saigon maintained its all-out opposition to the Ky government this week through speeches, communiques, and demonstrations. In Hue, Tri Quang continued his efforts to enlist US support. However, as the Ky government gained momentum following the Da Nang defeat, there was increasing criticism of the US political position in Quang's public remarks. Moreover, public pressure in the form of hunger strikes and a cordon around the US Consulate has been exerted on US officials in Hue.

6. Numerous demonstrations against the government occurred in Saigon during the week, but crowd-dispersal tactics and a cordon around the Buddhist Institute by government security forces have prevented any massive, Buddhist-sponsored spectacle thus far. Elsewhere, small protest demonstrations, hunger strikes, or antigovernment broadcasts were reported in seven towns in II Corps and in My Tho in IV Corps.

7. Buddhist Institute chairman Thich Tam Chau, who has been out of the country since early this month, urged moderation in cables to the Buddhist Institute and to government leaders this week. The US Embassy has commented, however, that Chau may continue to delay his return to Saigon until a turning point is reached in the current power struggle. Should the Institute's current opposition to the government disintegrate, Chau would then be in a position to return and re-establish some sort of working relationships with the government.

8. The tense atmosphere last weekend gave rise to rumors of a Buddhist-sponsored coup led by retired

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General Tran Van Don, and to rumors of a possible pre-emptive coup by hard-line military supporters of Premier Ky. Neither materialized on schedule, although the potential for such action by either of these two groups remains.

Economic Situation

9. Retail prices in Saigon continued to rise in the week ending 16 May due mainly to an increase in the prices of imported foodstuffs. Although the price of fish and chicken also increased, the prices of most other domestic commodities did not increase substantially. The over-all USAID retail price index was 5 percent above a month ago, but still slightly below the level reached at the beginning of 1966. These recent price increases reportedly were due not only to greater political uncertainties, but also to rumors of devaluation. (A table of retail prices in Saigon is included in the annex.)

10. Earlier this month, Minister of Economy Thanh had agreed to release \$42 million in GVN foreign exchange for GVN-financed imports in May and June. The GVN director of external commerce said this week that \$40 to \$50 million will be released shortly. This amount will be in addition to the \$58.4 million released in March and will bring the total for the first half of 1966 to roughly \$100 million. The GVN has agreed to release \$200 million for the entire year. Of the \$58.4 million released in March, only \$34 million had been licensed as of 12 May, but the GVN feels confident that the balance will be licensed by the end of May.

11. Premier Ky, who had previously agreed in principle to allocate one billion piasters of counterpart funds for USAID use, finally signed a memorandum of understanding on this matter. According to the memorandum, the GVN will release 485 million piasters immediately with the remaining 515 million piasters to be held as a reserve for release as requirements are determined.

12. On 18 May, Phung Than, an iron and steel importer of Chinese origin, was sentenced to death for

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selling above official prices. This case parallels that of Ta Vinh who was executed in March. If the sentence is carried out, it could have similarly adverse effects on the business climate.

13. Minister of Economy Thanh stated on 18 May that he will publicly announce that the port of Saigon will be open 18 hours daily. Thanh is still hopeful that the new 10-day limit for transit cargo storage will prove effective. During the period 11-17 May, a daily average of 5,975 metric tons of commercial/USAID cargo cleared the port compared with a daily average of 6,982 metric tons during the period 4-10 May.

14. The Saigon free market prices for dollars and gold reached new highs during the week of 16 May. The price of US \$10 bills rose to 182 piasters per dollar on 20 May, and gold prices increased to 268 piasters per dollar as compared to 247 piasters during the week ending 9 May. As with imported commodities, fear of devaluation coupled with political and economic uncertainties appeared to be responsible for the sharp increases.

15. The redemption of MPCs (military payment certificates) for personal piaster expenditures and the corresponding accrual of dollars to the GVN from the special currency fund averaged \$5.4 million per month during the first quarter of 1966. During the four months of operation in 1965, redemptions averaged about \$8 million per month. At the current rate, dollar accruals to the GVN from the special currency fund during 1966 will total only \$65 million. This compares with earlier projections of personal piaster expenditures by US and foreign personnel of \$140 to \$180 million; the dollars accruing to the GVN were intended to finance imports to assist in reducing inflationary pressures. The decline--to an average of about \$20 per month per person--is probably accounted for by increased black market activity in dollars and goods and by some increase in out-of-country rest and recreation tours for US personnel.

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B. MILITARY SITUATION

1. Enemy-initiated activity increased during the week ending 21 May 1966.

2. During the period there were 905 Communist-initiated incidents compared to last week's 804. There were 15 attacks and 663 acts of terrorism compared to 13 and 523, respectively, for the week before. The kill ratio favored free world forces 3.5 to 1 compared to the previous week's 7.1 to 1. Viet Cong losses for the period were 1,235 killed and 91 captured. Vietnamese casualties for the period were 236 killed, 510 wounded and 84 missing or captured--a total of 830 compared to last week's 320. United States losses for the week were 146 killed, 820 wounded, and 12 missing/captured--a total of 78 contrasted to last week's 652. Free world forces lost four killed and 29 wounded (all ROK). The South Vietnamese lost 135 weapons. The Viet Cong lost 275 weapons (10 crew served). Chieu Hoi figures reported for the period by COMUSVACV totaled 335 of which 236 were military.

3. Friendly large operations decreased with a decrease also in enemy contacts. Small-unit operations and respective contacts decreased.

a. Government forces were moved from outside of the I Corps area into Da Nang and its vicinity this past week to prevent "struggle group" domination of that city. US military forces in the area were not employed other than to protect US lives and property. At the end of the week no accurate enemy casualty count was available. US forces suffered a total of 20 casualties; 15 marine, one navy, and four air force personnel wounded in action.

b. In the II Corps, Operation AUSTIN 6, conducted by elements of the US 101st Airborne Division in Quang Duc and Phuoc Long provinces, was terminated on 18 May. Cumulative casualties were nine friendly killed and 18 wounded; enemy casualties were 101 killed, six captured, 33 individual and six crew-served weapons lost and 81 tons of rice destroyed. Operation DAVY CROCKETT, conducted

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by elements of the US 1st Cavalry Division in Binh Dinh Province, was terminated on 16 May. Cumulative casualties were 27 friendly killed and 110 wounded; enemy losses were 344 killed, 82 captured, 730 searched, 40 individual and 12 crew-served weapons. Captured were 3,396 rounds of small arms ammunition, 78 60-mm. mortar rounds, six 57-mm. mortar rounds, 89 grenades and two and one-half tons of rice. Operation CRAZY HORSE was initiated in Binh Dinh Province by the 1st Brigade of the 1st Air Cavalry Division on 16 May. Friendly losses in the continuing operation are 64 US killed and 168 US wounded while enemy losses have been 256 killed and 8 captured. Army of Vietnam (ARVN) Operation KHUNG LONG, a one-day search-and-destroy operation conducted in Binh Dinh Province, resulted in friendly losses of 19 killed and 38 wounded; enemy losses were 30 killed and two crew-served weapons. Operations FILLMORE and SU BOK continued without significant change from previous reports.

c. In III Corps, Operation BIRMINGHAM terminated with cumulative friendly losses of 56 killed, 324 wounded, one missing, 15 UH-1D helicopters, six CH-47 helicopters, seven armored personnel carriers, one tank, one radio, two 5-ton trucks destroyed. Enemy losses were 119 killed, 28 Viet Cong and 30 ralliers captured. Enemy equipment losses follow below:

Captured:	131 small arms
	985 sheets of metal
	16,633 pages of documents
	1 diesel engine
	1 case of grenades
Destroyed:	66 base camps
	4 factories
	6 aid stations
	3 hospitals
	68 supply caches
	6 POL dumps
	814 buildings and huts
	2,103 tons of rice
	323 tons of salt
	30 tons of wheat
	1,240 gallons of cooking oil

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7,050 Viet Cong uniforms
 1,200 pairs of sandals
 1,850 green shirts
 1,800 black shorts
 2,450 sets of misc. clothing
 3,425 gallons of fuel
 1,382 gallons of motor oil
 2,520 gallons of kerosene
 1,000 lbs of medical supplies
 6 tons of fertilizer
 48 bags of cement
 163 boats and sampans
 6 motors
 4,009 rounds of small arms ammunition
 363 grenades
 115 mines and booby traps
 46 CBU bomblets
 250 blocks of TNT
 18 60-mm. mortar rounds
 6 81-mm. mortar rounds
 2 82-mm. mortar rounds
 14 105-mm. rounds
 2 155-mm. rounds
 2 250-lb bombs

Operation WAHIAWA, being conducted by two battalions of the 25th US Infantry Division, commenced on 16 May in Hau Nghia Province. The operation is continuing with cumulative casualties of 25 friendly killed and 192 wounded; enemy losses were 103 killed and two captured. Operation HARD HOOD, conducted by the 173rd US Airborne Brigade, began on 16 May in Phuoc Tuy Province. Friendly losses in the continuing operation are 19 killed and 91 wounded; enemy losses are 20 killed. In Binh Long Province, ARVN Operation XAY DUNG 31 continued with cumulative friendly losses of 29 killed, 50 wounded and 36 missing; enemy losses were 33 killed.

d. In IV Corps, ARVN Operation LONG PHI 969, being conducted in Vinh Binh Province, resulted in friendly losses of one wounded. Enemy losses were 32 killed and 25 individual weapons. ARVN Operation DAN CHI 227, conducted in An Xuyen Province on 14-15 May, resulted in friendly losses of one killed and 44 wounded. Enemy losses follow below:

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- 1 60-mm. mortar
- 1 57-mm. RR
- 3 AA machine gun tripods
- 2 AA machine guns
- 1 30 cal. machine gun
- 1 30 cal. machine gun tripod
- 1 80-mm. mortar
- 1 57-mm. RR aiming sight
- 1 AA machine gun barrel
- 1 80-mm. mortar bipod
- 1 60-mm. mortar bipod
- 50 boxes of grenades
- 40 cans of kerosene
- 3 boat motors
- 1 box small arms ammunition
- several documents

Operation DAN CHI 228B, conducted by ARVN forces in Bac Lieu Province on 17 May, resulted in friendly losses of six killed and 35 wounded. The enemy sustained losses of 267 killed, five captured, 41 weapons, 18 60-mm. mortar rounds, 380 grenades and a large amount of small arms ammunition. On 21 May, ARVN Operation LONG PHI 971, conducted in Kien Giang Province, resulted in friendly losses of six killed and 47 wounded; enemy losses were 224 killed, 22 captured, 50 individual and five crew-served weapons.

4. Friendly forces conducted 103 battalion or larger size operations during the week, 54 of them achieving contact--37 ARVN, 12 US, two ROK and three combined. There were 24,214 small-unit operations, including 3,069 conducted by US forces and 730 conducted by free world elements. Of the 256 which achieved contact with the enemy, 110 were conducted by US elements and four by free world forces.

5. Six B-52 missions using a total of 24 aircraft were flown during the week ending 22 May 1966. Target areas were in the South Vietnam provinces of Quang Tin, Quang Ngai, and Binh Long.

a. On 16 May, a total of 12 aircraft (WOOD MAST IV and V) struck a Viet Cong base camp and storage area with three communication sites in Binh Long Province.

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b. On 18 May, three aircraft (BARREL BAND I) struck a major infiltration route and support activity in Quang Tin Province.

c. On 20 May, three aircraft (BARREL BAND II) struck a Viet Cong - controlled area with a major infiltration corridor and elements of military regional headquarters in Quang Ngai Province.

d. On 21 May, three aircraft (BARREL BAND III) struck a major infiltration corridor in Quang Ngai Province.

e. On 22 May, three aircraft (BARREL BAND IV) struck an enemy training center in Quang Ngai Province.

6. During the period 13-19 May, a total of 1,902 tactical air strike sorties were flown by US Navy, Air Force, and Marine aircraft. VNAF aircraft flew 535 strike sorties. The cumulative results of these strikes as reported by pilots included the destruction of 1,458 structures, 78 sampans, 19 bunkers, three trenches, five AW positions, and one truck. Reported damaged were 2,033 structures, 109 sampans, 10 bunkers and 13 trenches. Two tunnels were reported collapsed. Pilots also reported 21 secondary explosions.

7. One USAF C-123 on a flare-drop mission was downed approximately 48 miles east of Pleiku. Cause of the crash has not been determined. Two of the crew were killed in the crash and three were listed as missing.

8. Forces conducting Operation MARKET TIME searched 5,340 junks and 21,543 people. Of those checked, two junks and 99 persons were detained.

COMMUNIST ACTIVITY

9. Significant activity in the I Corps consisted of attacks in Quang Tri and Quang Ngai provinces. Attacks and ambushes on Popular, Regional and Army of Vietnam (ARVN) forces resulted in combined friendly losses of 63 killed, 65 wounded, nine individual weapons lost and one 105-mm. howitzer damaged. Resultant enemy losses from all engagements were eight killed and 11 weapons lost.

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10. In the II Corps, regional force elements were attacked in Phu Yen Province by a Viet Cong unit estimated to be a company. An ambush of RF elements in Binh Dinh Province resulted in friendly losses of three killed and five wounded. The incident rate remained below that of the other corps.

11. The major enemy-initiated incident in the III Corps occurred in Binh Long Province where ARVN forces were attacked by an unknown number of Viet Cong. Friendly losses were 17 killed, 20 wounded, and seven weapons; enemy losses were 15 killed, one captured, and three weapons.

12. IV Corps led all other areas in reported attacks for the week (seven). An attack on an outpost in An Xuyen Province resulted in friendly losses of 11 killed, seven wounded, 32 missing, 49 weapons and four radios. An outpost in Chau Doc Province, manned by popular force elements, was attacked by Viet Cong forces causing friendly losses of four killed and 18 wounded. Enemy losses included 20 killed, 13 individual weapons, one 57-mm RR, one flare pistol, 93 mines, and one telephone. Other enemy attacks and ambushes, targeted against lightly fortified positions, were scattered throughout the IV Corps area.

13. Changes in lines of communication status include the closing of Route 1 north of Dong Ha in Quang Tri Province and between Da Nang, Quang Nam Province, and Hue, Thua Thien Province. Route 1 was also closed south of Mo Duc, Quang Ngai Province, and opened south of Qui Nhon in Binh Dinh Province. Route 1 was opened in the eastern part of Quang Tri Province. The national railroad was reopened between Da Nang and Hue and closed between Saigon and Xuan Loc.

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C. REVOLUTIONARY DEVELOPMENT

1. Progress in the various revolutionary development programs during the month of April was limited to the few provinces relatively free of major enemy military activity and of administrative paralysis resulting from the current political crisis, according to the official US monthly status report. The persistent problems of construction material shortages, ineffective distribution of commodities, labor shortages, and insufficient security forces also continued to hamper operations throughout the country. Despite some improvements on this score last month, most provinces are expected to remain behind schedule during May.

2. The program will receive a boost when the first class of approximately 80 coordinated 59-man cadre groups begins its field work. The class graduated on 21 May and is expected to become operational in June. While each province is programmed to receive at least one cadre group, each of the four national priority areas will have four or more of them. The new teams should help bolster the program, especially in areas where the performance of improvised teams has been poor.

Status by Corps Areas

3. IV Corps. Since the inception of the re-emphasized pacification program, progress has been the most tangible in the delta provinces of IV Corps below Saigon. The national priority area of An Giang Province, along with six other provinces, is reported to be on schedule. The An Giang revolutionary development plan encompasses 15 various types of development activity and is pioneering in experimentation with double-crop rice farming, rock quarrying, and mechanized farming.

4. III Corps. Progress is reported to be generally lagging in spite of the lack of sympathy with the "struggle" movement. The influx of US troops which operate in and around the III Corps Viet Cong base areas and the infiltration corridors into Saigon has, however, contributed to an improved

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psychological climate for future pacification work. The geographic conditions which determine the kinds of pacification activities vary in III Corps from agriculturally productive lowlands to densely foliated and largely uninhabited high country. The program in the national priority area around Saigon is reported to be proceeding satisfactorily with the exception of hamlet construction and consolidation. Viet Cong activity in the area has increased.

5. II Corps. The revolutionary development program during April in II Corps was reported as generally encouraging. Despite manifestations of the "struggle" movement in some of the provincial capitals, cadres were allowed to operate more freely due to the decrease in large-scale Viet Cong activity. The Binh Dinh National Priority Area is maintaining its schedule even though the province chief and his deputy, one of the most progressive pacification officials in the country, were replaced. II Corps, with the largest land mass and smallest population of any corps area, is probably unique for the purpose of planning revolutionary development programs. It is characterized by vast geographic differences and has the bulk of the North Vietnamese regular Communist forces, non-Vietnamese ethnic tribesmen, and refugees.

6. I Corps. The I Corps program during April was at a standstill as a result of the collapse of local administration during the "struggle" movement. Transportation came to a halt, prices rose, and the flow of construction materials and some consumer items was constricted significantly. One of the most disturbing developments was the nearly complete incapacitation of the National Police, who either joined antigovernment demonstrators or were unwilling to control them.

7. Returnees (Chieu Hoi). The 14-20 May weekly tally of Vietnamese Communist defectors was 335 with IV Corps leading in contrast to the previous week when most of them came from II Corps. There were only 16 returnees from I Corps.

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II. POLITICAL DEVELOPMENTS IN THE BLOC

1. Vietnamese Communist propaganda throughout the week attempted to link the efforts of the antigovernment elements in South Vietnam's I Corps with those of the Viet Cong, although there was no evidence that the "struggle" forces were actually accepting aid or cooperating with the Viet Cong. The Communist Liberation Radio on 16 May praised the "compatriots" in Hue and Da Nang, asserting that the Liberation Front and its armed forces "will readily serve as support for them." Favorably comparing the I Corps movement with other revolts in the past, North Vietnam's party daily on the 17th stressed that the current rebellion "bears a clear anti-American character." In its commentaries on past revolts by South Vietnamese, Hanoi has bemoaned the fact that these were aimed more at the Saigon authorities than at the US.

2. The Front also made an effort to entice South Vietnamese military forces over into the camp of the Liberation forces or at least to lay down their arms. A 17 May Liberation Radio broadcast designed to subvert South Vietnamese troops reiterated the Front's standard policy toward defectors. It offered leniency for troops who desert the ARVN and rewards for those who join the Viet Cong.

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III. THIRD COUNTRY DEVELOPMENTS

A. REPUBLICS OF CHINA - KOREA

Directorate secretary General Pham Xuan Chieu, accompanied by former National Police director Pham Van Lieu, arrived in Taiwan on 18 May to attend Chiang Kai Shek's inauguration. From Taipei, Chieu is scheduled to go to Seoul on 27 May to discuss, according to ROK Foreign Office officials, the transition from military to civilian government in Vietnam.

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[REDACTED] It is not known whether Chieu will have discussions with President Pak.

B. DIEM VISIT TO US

Bui Diem, under secretary for foreign affairs, arrived in Washington on 19 May to discuss current political and economic developments in Vietnam. He is scheduled to arrive in Ottawa this week to attend an international veterans conference.

C. DIPLOMATIC ASSIGNMENTS

Vu Van Thai, South Vietnamese ambassador to the United States, has been accredited ambassador to Brazil, Mexico, and Argentina.

D. FOREIGN OBSERVER OF THE VIETNAMESE ELECTIONS

1. Foreign Minister Tran Van Do informed Embassy Saigon that he had sent instructions, cleared with Chief of State Thieu, to the Vietnamese observer at the United Nations to approach Secretary General U Thant with an invitation for the United Nations to observe the upcoming Vietnamese elections.

2. Embassy Saigon has also discussed with Do the possibility of a GVN statement of willingness to accept other diplomatic observers for the elections. Do agreed with an embassy suggestion that he use the Asian Foreign Ministers Conference in Seoul, scheduled

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for next month, to explain Vietnamese plans for the elections and invite other Asian countries to send diplomatic observers.

E. PHILIPPINES

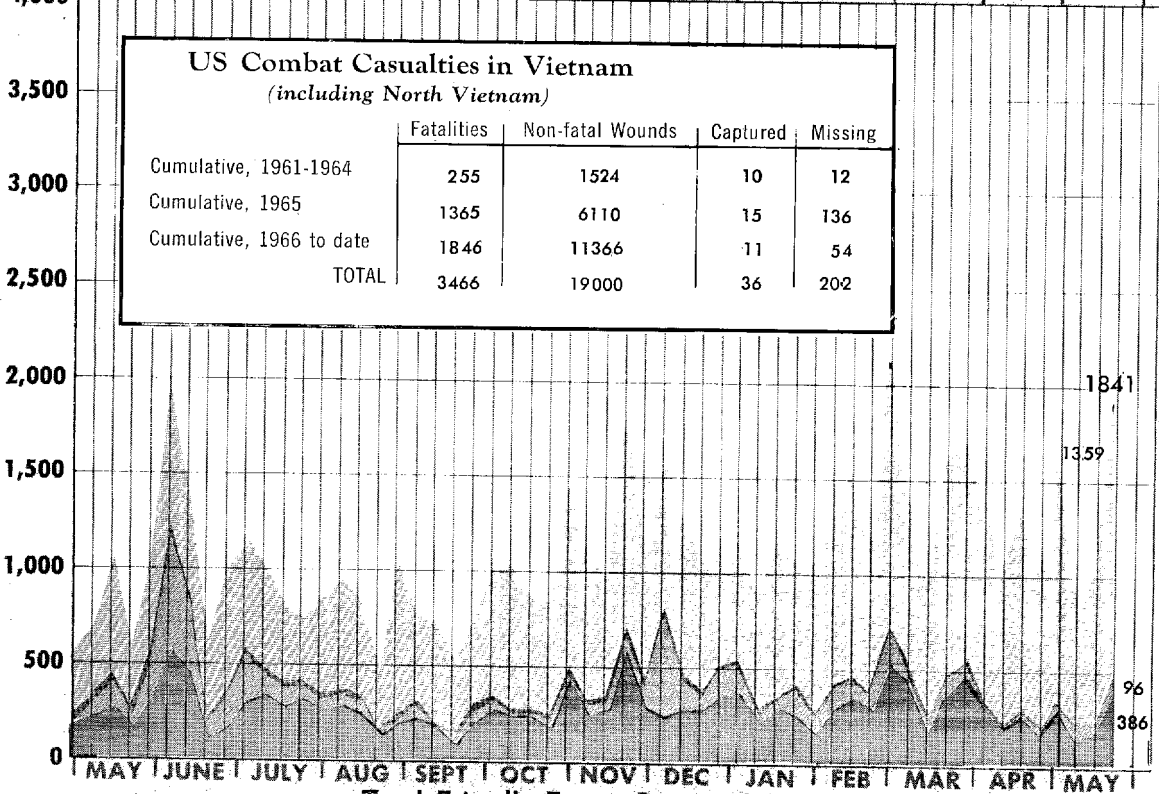
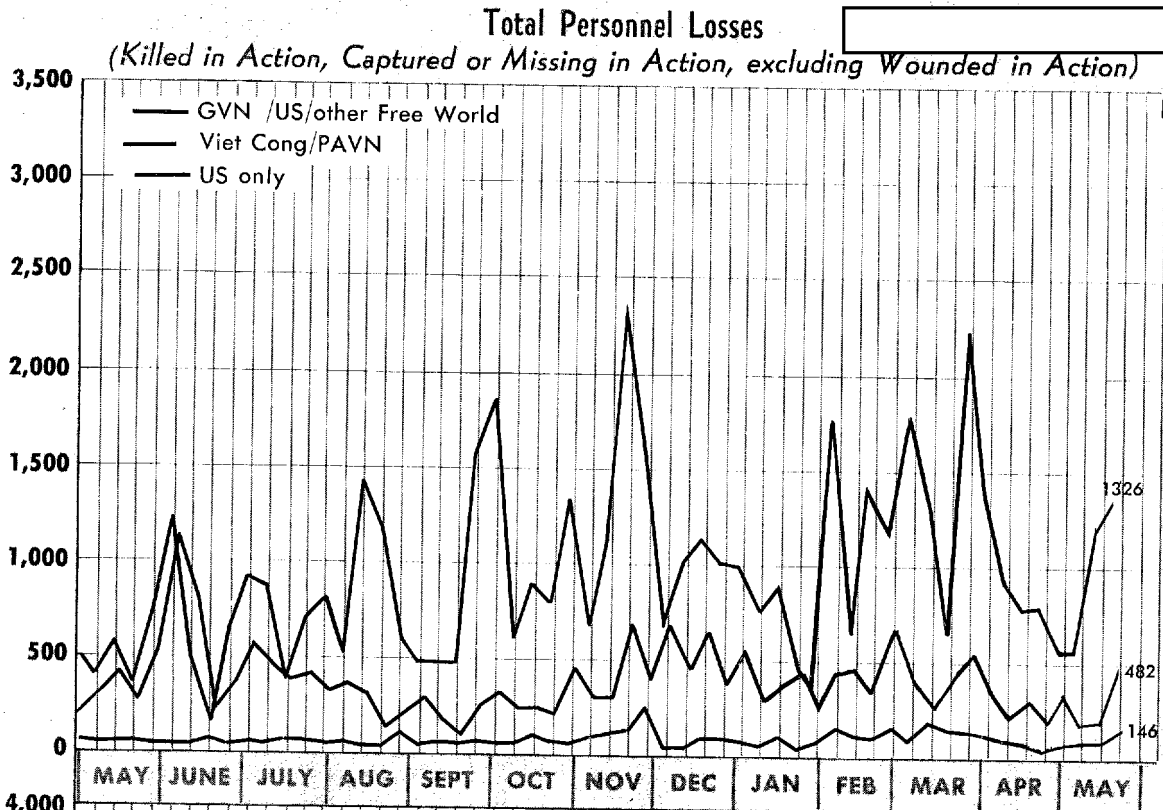
Arrangements are being made for the despatch of a 12-man civilian medical team to arrive in South Vietnam in early June. The team's expenses for one year are being underwritten by public subscription.

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SOUTH VIETNAM BATTLE STATISTICS
WEEKLY REPORT 14 MAY - 21 MAY 1966

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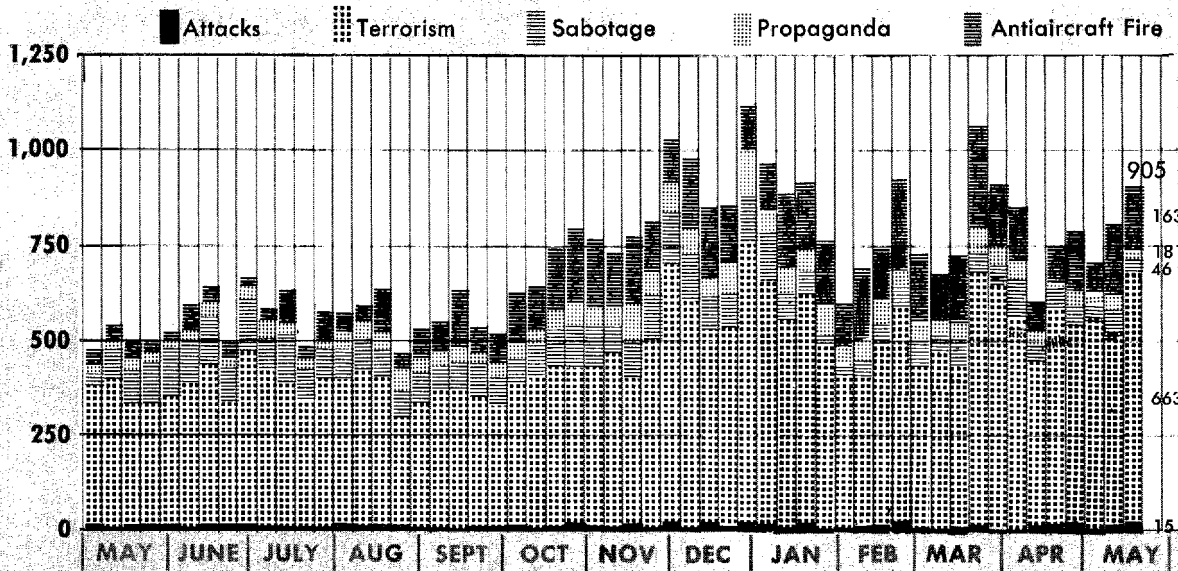
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Killed in action
 Missing or Captured in action
 Wounded in action

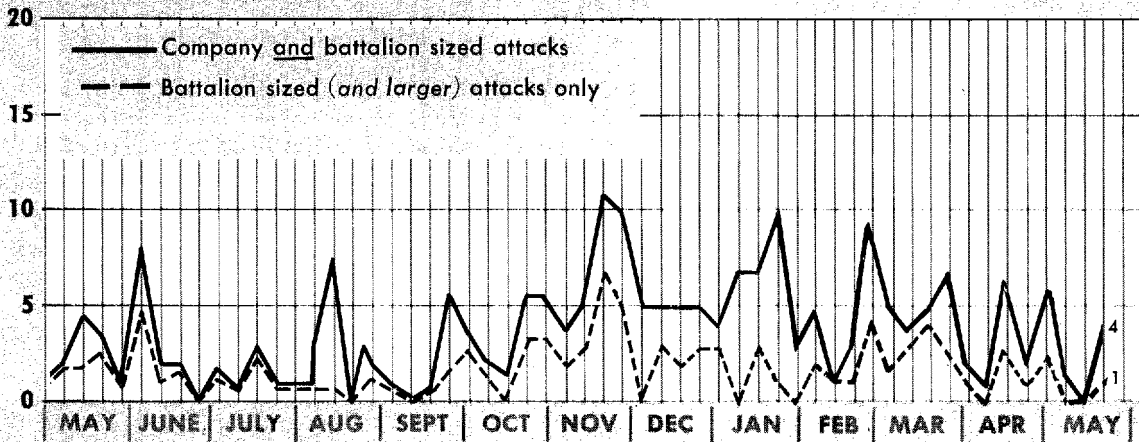
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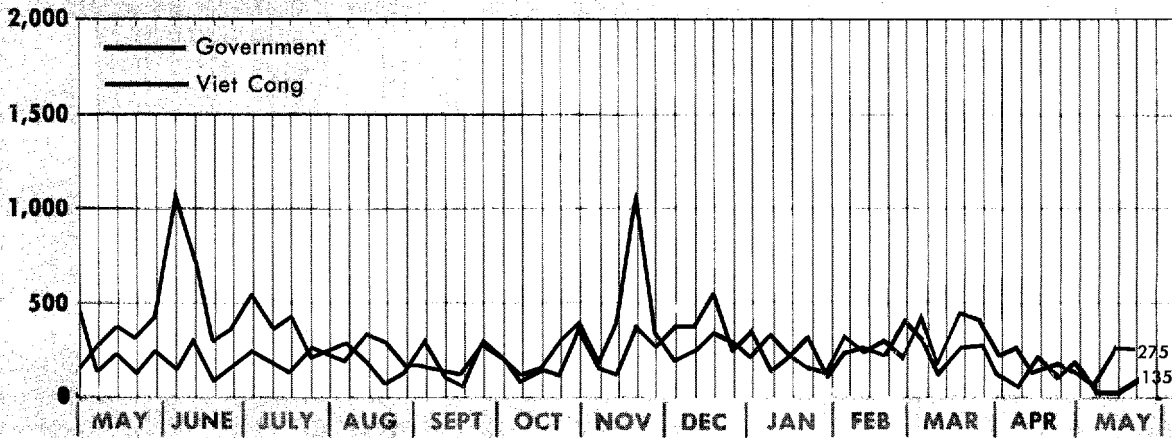
Viet Cong Incidents



Viet Cong Attacks



Weapons Losses



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Table 1

Weekly Retail Prices In Saigon a/

(In Piasters)

	3 Jan. 1966	18 Apr 1966	25 Apr 1966	3 May 1966	9 May 1966	% Change from Mo. Ago	% Change from Yr. Ago
Index for All Items <u>b/</u>	<u>160</u>	<u>151</u>	<u>152</u>	<u>154</u>	<u>156</u>	+ 1	+ 38
Index for Food Items <u>b/</u>	<u>169</u>	<u>157</u>	<u>157</u>	<u>160</u>	<u>164</u>	+ 2	+ 45
Of which:							
Rice/Soc Nau (100 kg.)	800	1,000	1,060	1,070	1,100	+ 4	+ 26
Pork Bellies (1 kg.)	70	70	70	70	70	0	+ 40
Fish/Ca Tre (1 kg.)	110	110	100	110	110	0	+ 69
Nuoc Mam (jar)	50	60	60	60	65	+ 8	+ 44
Index for Non-Food Items <u>b/</u>	<u>124</u>	<u>131</u>	<u>133</u>	<u>131</u>	<u>126</u>	- 3	+ 14
Of which:							
Charcoal (60 kg.)	440	480	490	490	450	- 8	+ 5
Cigarettes (pack)	10	10	10	10	10	0	+ 25
White Calico (meter)	28	27	29	27	27	0	+ 13
Laundry Soap (1 kg.)	30	34	35	32	32	- 6	+ 26

a/ Data are from USAID sources.b/ For all indexes, 1 January 1965 = 100.**SECRET**

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