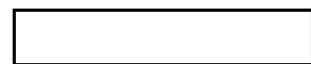


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103



25X1

19

CENTRAL INTELLIGENCE AGENCY

Memorandum

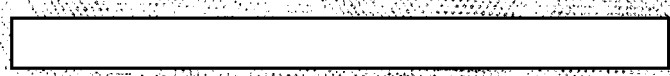


THE SITUATION IN VIETNAM

Information as of 1600
7 July 1966

State Dept. review completed

PREPARED FOR THE NATIONAL SECURITY COUNCIL
FURTHER DISSEMINATION OF INFORMATION
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7 July 1966

HIGHLIGHTS

North Vietnamese MIGs attacked two US Air Force Thunderchiefs about 30 miles north of Hanoi on 7 July. Neither side lost any planes, but the US pilots report that the MIGs fired air-to-air missiles. Bloc propaganda is again raising the specter of sending volunteers to Vietnam. The threat is still conditional on Hanoi's request, however. In South Vietnam, delays in announcing cabinet changes may be another indicator of some friction among South Vietnamese generals.

I. The Military Situation in South Vietnam:
South Vietnamese in Operation CUU LONG 32 killed 155 Viet Cong and captured a major medical and arms depot in Kien Hoa Province (Para. 1). A total of 166 Viet Cong have been killed as Operation BINH PHU 10 continues along Route 1 in Binh Dinh Province (Para. 2). Three-day Operation LONG PHI 977 ended in Vinh Long Province with a total of 113 Viet Cong killed (Para. 3). Five Americans were killed in a three-hour encounter 25 miles northwest of Saigon between units of the 25th Infantry Division and two enemy platoons (Para. 4). Operation MACON has been expanded into a multibattalion search-and-destroy operation in Quang Nam Province (Para. 5). Operation HOLT/LAM SON 280 ended yesterday in northern Thua Thien Province (Para. 6). Possible formation of a division size VC unit is indicated in the area of Phu Yen and Phu Bon provinces (Para. 7).

II. Political Developments in South Vietnam:
There have been no new significant developments regarding General Thi's future nor on the resulting friction among army factions but some additional background aspects have come to light (Para. 1). The announcement of Premier Ky's

new cabinet, scheduled for today, has again been postponed--another indicator that all possibly is not well among the ruling generals (Para. 2). Deputy Prime Minister Co is also said to be maneuvering against some Vietnamese officers with central Vietnamese origins (Para. 3). Buddhist Institute chairman Tam Chau appears to be exploring the limits of the government's announced policy of leniency toward the "strugglers" (Para. 4). Vietnamese police officials are reported to be considering a recommendation to move the Buddhist Institute compound out of Saigon (Para. 6). Notes on the September elections, including Buddhist and VNQDD attitudes, an antigovernment communiqué signed by a religious front, and Viet Cong plans in Tay Ninh Province (Paras. 7-10).

III. Military Developments in North Vietnam: US Air Force fighter bombers on 7 July encountered two MIG-21s which US pilots say fired air-to-air missiles (Paras. 1-4). Navy aircraft have struck the Haiphong POL Storage Facility for the second time in slightly over a week (Paras. 5-6). Navy aircraft also attacked and either destroyed or damaged four DRV PT/patrol boats (Paras. 7-8). The Chinese are apparently building a major support base in addition to the airfield at Yen Bai (Paras. 9-11).

IV. Other Communist Military Developments: There is nothing of significance to report.

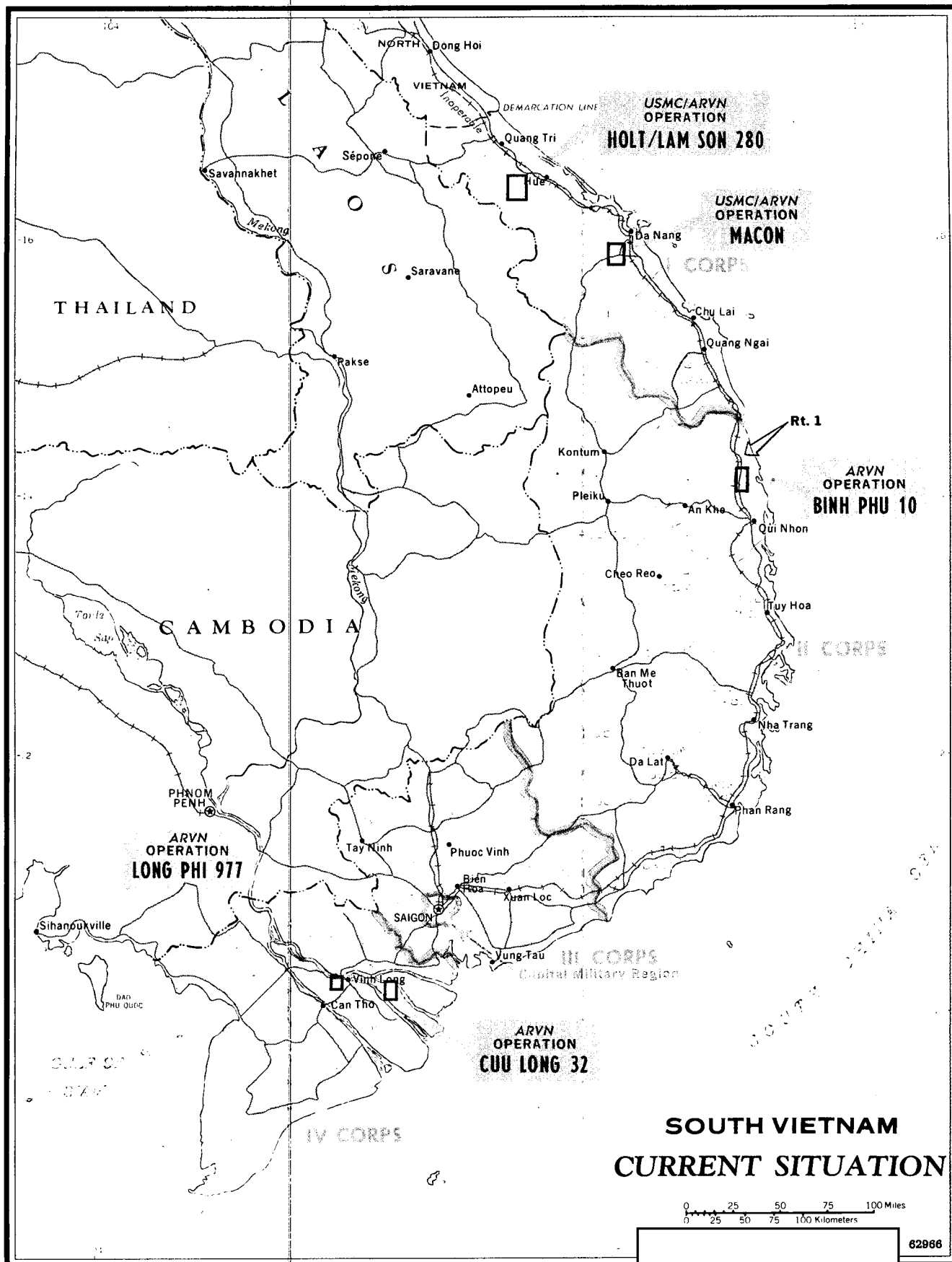
V. Communist Political Developments: Earlier press reports of new evacuation measures for the city of Hanoi are confirmed by Western observers (Paras. 1-4). The propaganda threat of sending volunteers to Vietnam is being raised again throughout the Communist bloc (Paras. 5-8). More on the Sainteny visit to Hanoi (Paras. 9-10).

25X1

7 July 1966

ii

25X1



25X1

I. THE MILITARY SITUATION IN SOUTH VIETNAM

1. Operation CUU LONG 32, a one-day search-and-destroy operation, was conducted yesterday by seven battalions of the South Vietnamese 7th Infantry Division about 50 miles south of Saigon in Kien Hoa Province. As the units were being withdrawn from the area of operations, a Viet Cong force of unknown size attacked the 7th Division command post with mortars, automatic weapons, and small-arms fire for approximately two hours. Total friendly casualties included 4 killed (2 US), and 11 wounded. Communist losses were 155 killed and 10 captured. One of the main Viet Cong medical and arms depots in the Mekong Delta area was destroyed in this operation. Nearly three tons of medical supplies were taken from a large and well concealed Viet Cong depot. An arms manufacturing plant was also captured.

2. South Vietnamese Operation BINH PHU 10 continues along Route 1 north of Qui Nhon in coastal Binh Dinh Province with sporadic contact with the Viet Cong reported. Updated casualty figures indicate a total of 166 Viet Cong killed and four captured in the action yesterday. South Vietnamese casualties are two killed, seven wounded and one missing.

3. A three-day search-and-destroy operation, LONG PHI 977, conducted by South Vietnamese Army units in Vinh Long Province ended yesterday. Final casualty figures included two Americans killed and four wounded; 19 South Vietnamese killed and 57 wounded; and 113 Viet Cong killed and four captured. Twelve tactical air sorties were flown in support of the operation.

4. Elements of a battalion of the US 25th Infantry Division on a local operation approximately 25 miles northwest of Saigon engaged an estimated two enemy platoons for nearly three

6 July 1966

I-1

hours yesterday. US losses were 5 killed and 14 wounded while Viet Cong losses were 2 killed.

5. Operation MACON, presently being conducted in an area about 17 miles southwest of Da Nang in northern Quang Nam Province, has been expanded to a multibattalion search-and-destroy operation scheduled to last for two weeks. Early this morning a platoon of US Marines observed a 200-man Viet Cong force moving in a column. Artillery fire was directed against the enemy resulting in 20 Viet Cong killed. Light contact is reported to be continuing.

6. Operation HOLT/LAM SON 280, a combined US Marine - South Vietnamese Army search-and-destroy operation conducted in northern Thua Thien Province, ended yesterday. Only light contact was made with enemy forces during the five-day operation. Final casualty figures indicate four Americans were wounded and 16 Communists were killed. A total of 24 tactical air strikes were flown in support of this operation.

Another NVA/VC Division May Be Forming

7. A series of recent reports suggest that major Communist units may be moving through the southern Pleiku - Darlac Province area en route to Phu Yen Province. The 18 "B" North Vietnamese regiment was recently noted moving through this area and a newly infiltrated unit--the 49th Regiment--may be following it. [redacted] incidents indicate the VC have increased their road interdiction efforts in this area. The focal point of this activity seems to be in Phu Yen and Phu Bon provinces, where Communist forces may be gathering to protect the infiltration corridor into these coastal provinces and to secure the coming rice harvest for the VC. A division-size unit in this area might comprise the 18 "B," 49th and the 95th Regiments.

25X1

6 July 1966

I-2

III. POLITICAL DEVELOPMENTS IN SOUTH VIETNAMGovernment Developments

1. There have been no significant new reports on the investigation and possible court-martial of General Thi, nor on the resulting friction among military factions. General Thi is being investigated by a specially appointed council of some 20 generals who plan to interrogate him personally on 9 July before deciding whether he should be court-martialed. Before his arrest on 5 July, Thi had been requested to supply written answers to a comprehensive and detailed set of 13 questions concerning the "struggle" movement. Thi's artfully worded reply, which also preceded his arrest, dodged the questions. It stressed that Thi's honor as a military man precluded his supplying any information which would damage the reputations of other Vietnamese military officers who would play an important role in Vietnam for a long time to come. Thi's memo was reportedly drafted by Colonel Pham Van Lieu, former national police director and close associate of Thi. Lieu also is reportedly attempting to appeal to Premier Ky, although realizing at the same time that moderation by Ky now on the issue of Thi's future may be used by Deputy Premier Co and others to discredit Ky.

2. Premier Ky's adviser, Bui Diem, today told a US Embassy official that the announcement of the new cabinet alignment scheduled for today would be postponed for a few more days. Diem implied that a few more details needed to be worked out, but emphasized that only a few ministries were involved. The repeated delays in the announcement of the new cabinet, however, could well be another indication that all is not going smoothly among the military leaders. Deputy Premier Co, who is also "super minister" for war in the cabinet, stands to lose the most in the reported organization of a "super ministry" for revolutionary development to be headed by General Thang. Co previously controlled most of the ministries which are now to be under revolutionary development.

7 July 1966

II-1

3. In addition to indications that he is maneuvering in regard to cabinet changes and playing a significant role in deciding General Thi's future, General Co is also said to be behind efforts to remove officers of central Vietnamese origin from significant posts in the armed forces.

25X1

[redacted] Co in his capacity of defense minister has arranged for the removal of two division commanders, one each from II and III Corps, and is now attempting to remove General Ton That Xung as commandant of the Vietnamese Command and General Staff College, General Xung is the uncle of dissident General Ton That Dinh, now under arrest and investigation in Saigon for his role in the "struggle" movement.

25X1

Buddhist Developments:

4. Institute chairman Tam Chau now appears to be exploring the limits of the government's announced policy of leniency towards supporters of the "struggle" movement. Yesterday, Tam Chau publicly issued three letters to government officials asking that all oppressive actions against compatriots in central Vietnam be stopped, that he be allowed to visit all Buddhists now under detention, and that the government release all "strugglers" except for those few individuals as stated by Premier Ky. Chau also informed the government that the Institute has not yet chosen its representative for the military-civilian advisory council. The council, which was inaugurated on 5 July, contained 79 persons instead of the scheduled 80, with the one unfilled seat apparently set aside for a Buddhist Institute representative. Although Tam Chau's letters were generally mild in tone, the requests may add up to a little more than the government is willing to grant at present.

5. Yesterday, one of Tam Chau's moderate followers told a US Embassy official that Tam Chau had privately urged Police Director Loan to release some 150 Buddhists still under detention. Loan reportedly agreed to release some, but was determined to hold others for another two or three months.

6. [redacted] Loan is favorably considering a recommendation that the Buddhist Institute compound be moved from Saigon and relocated on the Saigon - Bien Hoa highway. However, Loan reportedly stated that such a decision would have to be presented to the cabinet for final approval.

25X1

[REDACTED]

Election Notes

7. The "Front of Citizens of Various Religions" issued a communiqué on 5 July which called for the resignation of Premier Ky and Chief of State Thieu, and for boycott of the September elections. The most prominent members of the Front are Roman Catholic Father Hoang Quynh and Buddhist Institute deputy chairman Thich Phap Tri. Father Quynh, however, has lost much of his previous influence among Catholics, and other Catholic groups are making plans to participate in the elections. Phap Tri, a well known Buddhist militant, is apparently a member of the Front in a personal capacity rather than as an Institute official. The US Embassy has commented that there does not appear to be any significant opposition developing to the elections. The Front's communiqué has been censored from Saigon newspapers.

8. [REDACTED] Institute chairman Tam Chau does not believe that he will be able to persuade the Institute to participate actively in the September elections. However, Chau reportedly feels confident that the Institute will not decide specifically to oppose elections.

25X1

9. Central and southern factions of the VNQDD (Nationalist) Party are apparently holding private talks in Saigon in an attempt to improve party unity. Thus far, the VNQDD faction in Da Nang has not made a final decision on its list of candidates, but is waiting to see who is being sponsored by other political groups. A spokesman from the Da Nang faction recently admitted to a US official that his party has a "spotty" image, and indicated the willingness of his group to form an alliance with other nationalists.

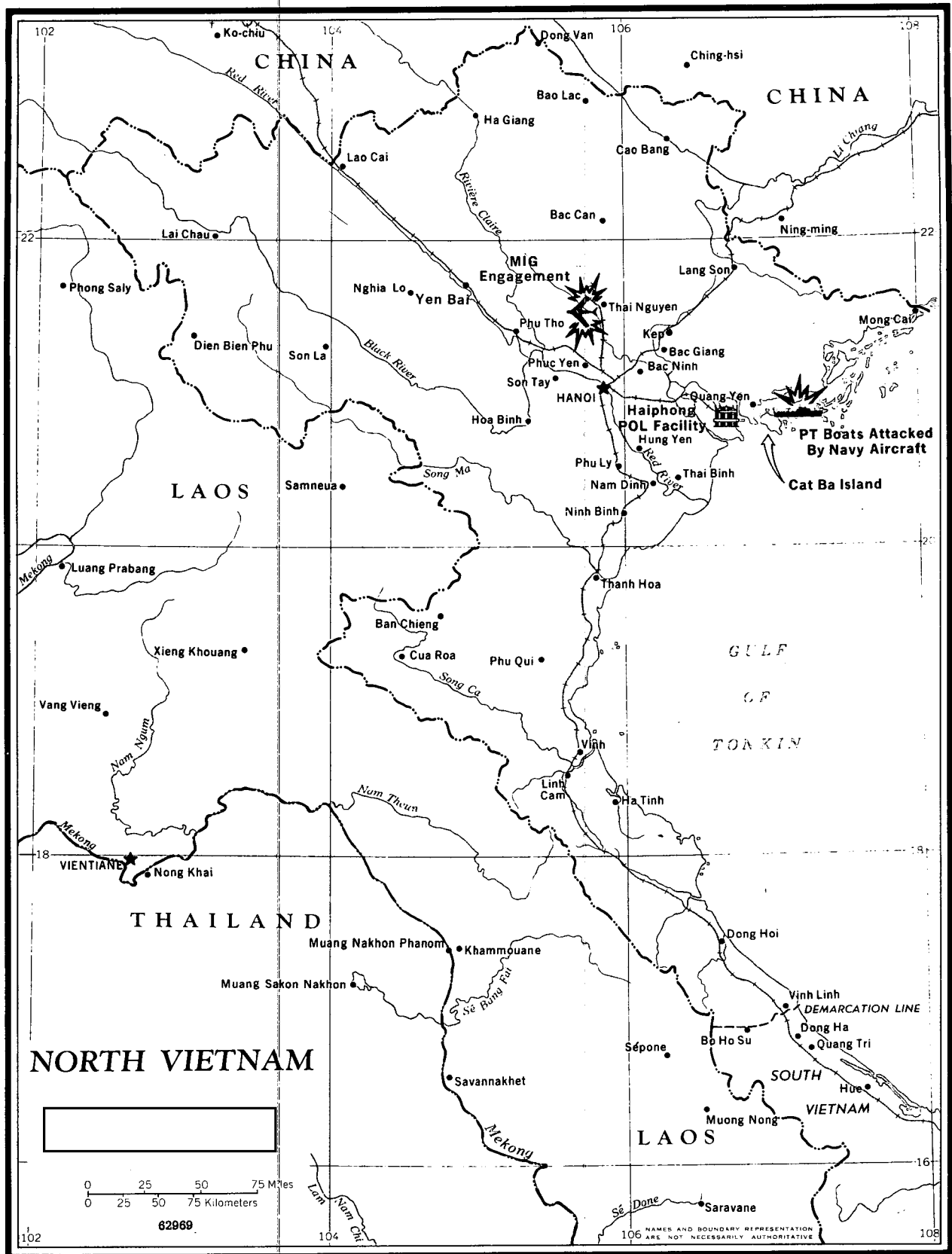
10. [REDACTED] Viet Cong cadre in Tay Ninh Province intend to carry out an anti-election campaign in September. Cadre there are also planning to spread antigovernment leaflets in new life hamlets as a means of organizing further political resistance to the government.

25X1

7 July 1966

II-3

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III. MILITARY DEVELOPMENTS IN NORTH VIETNAM

MIG Engagement

1. A flight of two air force F-105 Thunderchiefs encountered two North Vietnamese MIG-21 Fishbeds some 31 miles north of Hanoi during the afternoon of 7 July (Saigon time). The MIGs made two passes at the F-105s, reportedly firing two air-to-air missiles on the second pass. No damage was sustained by the US aircraft, which had no opportunity to attack the MIGs. We are awaiting further debriefing of the US pilots for more information on the air-to-air missiles (AAMs).

2. The last report of air-to-air weapons came in May, when US pilots were reported to have seen two Sidewinder-type heat-seeking missiles which had been fired at them by North Vietnamese MIG-17s. It turned out, however, that the US pilots had not sighted the missiles but had only seen cork-screw contrails which could have come from unguided rockets. The latter type of weapon is known to be in the DRV inventory.

3. Aside from the May incident, today's report of air-to-air missiles is the first since [redacted] [redacted] At that time a US U-2 reconnaissance aircraft photographed a North Vietnamese MIG-21 in flight with what appeared to be AAMs tucked under each wing. However, the quality of the photography was such that a definitive assessment of AAMs could not be made. In retrospect, it now seems improbable that the DRV would have had these weapons at this time and not used them before this.

25X1

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4. We have expected for some time to see air-to-air missiles introduced into North Vietnam by

7 July 1966

III-1

the Soviets. These weapons, together with an increased inventory of MIG-21 fighter aircraft, would help even the odds now faced by DRV pilots. In this regard, the preliminary field readout of a drone reconnaissance mission [Redacted] suggests that additional MIG-21s may now be based at Phuc Yen Airfield. US estimates had credited the North Vietnamese with 13 MIG-21s at Phuc Yen. The field readout suggests that 17 such aircraft may now be there. Still other MIG-21s may appear shortly, since there are a large number of aircraft crates which have appeared in photography that have not yet been accounted for.

25X1

New Air Strike Against the Haiphong POL Facility

5. US Navy carrier-based A-4 Skyhawks struck the Haiphong POL storage facility on 7 July for the second time in little over a week. Preliminary estimates of the results of the first strike indicated that the installation had been 38 percent destroyed. Today's strike was apparently effective although no photographic results are yet available.

6. US pilots reported that all of their bombs fell within the target area causing multiple fires, secondary explosions, and heavy smoke to at least 20,000 feet. Three large freighters were observed in the outer Haiphong harbor, but no ships were observed near the POL piers. One A-4E was downed as a result of ground fire while approaching the target--the only loss during the strike--but the pilot successfully ejected over water and was picked up by helicopter.

Navy Aircraft Attack North Vietnamese PT/Patrol Craft

7. Three separate flights of US Navy aircraft found and attacked four North Vietnamese PT/patrol boats on 7 July. Final results of the attacks were two boats confirmed sunk, one boat beached and on fire, and the fourth boat heavily damaged and seeking refuge in a narrow cove.

7 July 1966

25X1

III-2

[REDACTED]

8. Pilots reported the boats were very well camouflaged against the side of an island with colored netting that matched the adjacent terrain. However, their presence was given away by their regular geometric outline which set them off from the irregular outline of the island. The pilots also reported that they encountered intense, accurate antiaircraft artillery fire from well-disciplined gun crews who returned to their guns after each attack to resume firing. The attacking aircraft also caused numerous slides, fires, and at least one secondary explosion from near misses on the island to which the boats were moored.

Chinese Building Large Military Complex at Yen Bai

9. [REDACTED] photography reveals that since last fall at least 775 buildings have been erected in the vicinity of the airfield under construction at Yen Bai in northwest North Vietnam. About 490 of these have been constructed since [REDACTED]

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10. The new buildings appear to be made of wood and are clearly distinguishable from local native buildings which are primarily thatched huts. The new structures include storage buildings, vehicle sheds, and living quarters. Every effort has been made to keep the buildings dispersed and concealed from overhead view.

11. There appear to be more buildings at Yen Bai than would be required for support of airfield construction alone. Apparently the Chinese are establishing a major support base here which may be intended to serve as the primary forward support base for the Chinese logistic and security units deployed in the northwest region of North Vietnam.

7 July 1966

III-3

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25X1

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IV. OTHER COMMUNIST MILITARY DEVELOPMENTS

1. There is nothing of significance to report.

7 July 1966

IV-1

25X1

Approved For Release 2007/03/07 : CIA-RDP79T00826A001000010019-4

V. COMMUNIST POLITICAL DEVELOPMENTS

25X1

1. Press reports of new evacuation measures in Hanoi have been confirmed [redacted]

25X1

[redacted] French news agency reports that the evacuation actually got under way on the night of 1 July have not been verified.

2. New government instructions were apparently issued to the Hanoi population on 2 July stipulating that only "production and combat personnel have the right to remain" in Hanoi. All the elderly and the very young, together with workers in nonessential jobs, must be ready to evacuate "unconditionally" whenever the local authority gives the word. The managers of all state enterprises are made personally responsible for the evacuation of employees under their control. The Foreign Affairs Ministry gave the diplomatic community advance warning of the new evacuation plans on 30 June. Those foreign missions with large staffs have apparently been asked to cooperate by reducing the number of employees stationed in Hanoi.

3. In contrast to earlier evacuation measures which depended largely on persuasion, the new instructions appear to have some authority. They provide specific responsibilities for execution and imply that penalties will be applied for nonconformity.

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4. [redacted]

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[redacted] the North Vietnamese were genuinely concerned over the possibility of US air strikes against dikes on the Red River as well as against the city and were making preparations now in case parts of the city are inundated. This concern over the bombing of dikes has also been reflected in DRV propaganda in the past few months. The fact that the North Vietnamese are preparing to evacuate Hanoi suggests that the regime is not now considering any move in the diplomatic field which could be expected to lessen the danger of stepped-up US air strikes.

7 July 1966

V-1

25X1

Entire Communist Bloc Raising Propaganda Threat of Volunteers

5. The 7 July Warsaw Pact statement on Vietnam generally reaffirmed the common Soviet and East European position in support of the DRV and condemned "American aggression." In addition to noting the "new and dangerous stage" in the war and "warning" the US of the "responsibility it has assumed," the declaration asserted that the Pact allies are ready at the request of the DRV "to allow their volunteers to go to Vietnam...."

6. Although the declaration is Moscow's most authoritative reference to "volunteers" since Brezhnev first mentioned the subject in March 1965, the Soviets have occasionally repeated such cautious and vague allusions during the intervening 15 months. Most recently on 11 June prior to the bombings near Hanoi and Haiphong Soviet Komsomol General Secretary Pavlov used almost the same words in his speech before the 7th Congress of the World Federation of Democratic Youth.

7. Moscow probably hopes such propaganda will be instrumental in bringing third-country pressures to bear upon the United States to end its bombing raids against the north. In addition, Moscow finds this forum of East European leaders quite useful in attempting to demonstrate far-reaching support for Soviet policy in Vietnam, in the face of repeated Chinese charges of a Soviet sellout to "US imperialism." Well-hedged, conditional offers of volunteers cost little, and the Soviet and East European leaders are intent on giving the impression of full and active support for the Vietnamese Communists. For example, Rumanian party chief Ceausescu, in a major policy pronouncement last May, somewhat gratuitously noted that "numerous Rumanian citizens, particularly young ones, have expressed their desire to go and fight as volunteers in Vietnam." Ceausescu hastened to add, however, that "of course this problem will be raised only when the Vietnamese people ask for it." The unified approach of the Pact members in support of the DRV and the NFLSV positions and their reiteration of their intent to continue rendering the Vietnamese increasing support also serves to underscore the isolation of Peking, which has refused to participate in any such joint actions.

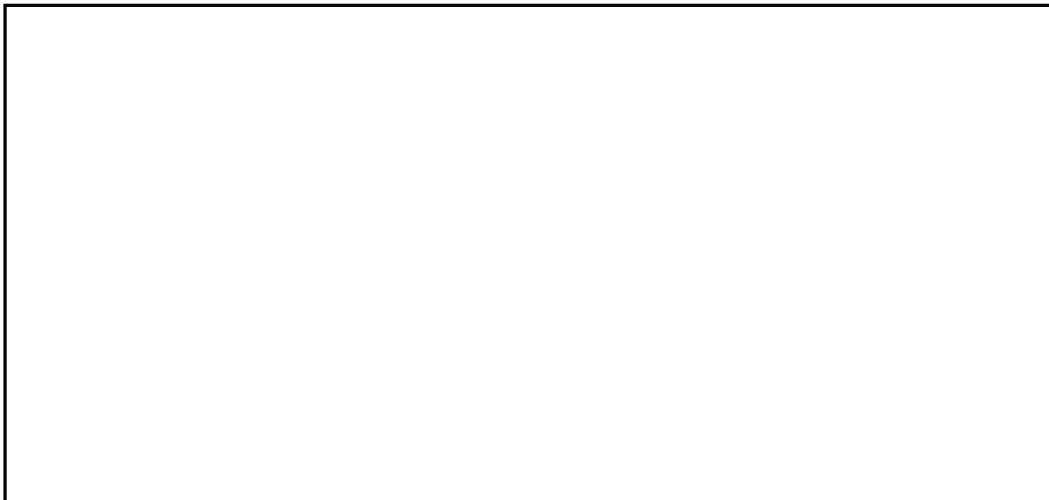
7 July 1966

V-2

8. Chinese broadcasts of 5-7 July made reference for the first time since last fall to Peking's willingness to send troops to Vietnam if they are called for. Statements by individual Chinese stating they would "fight shoulder to shoulder" alongside the Vietnamese were probably designed to lend some credibility to recent tough Chinese talk denouncing the US bombing of Hanoi and Haiphong. The broadcasts were concerned primarily with meetings held in various parts of China denouncing the US bombings. The Chinese repeated assertions that "once the war breaks out, it will have no boundaries."

Sainteny in Hanoi

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10. There is no good reporting yet available on the outcome of Sainteny's talks in Hanoi. Sainteny reportedly signed a communiqué with the North Vietnamese leaders on 7 July. According to the AFP report of the communiqué--the only source available at this time--it merely acknowledges Sainteny's presence in the DRV capital and his "friendly conversations" with Ho Chi Minh and Pham Van Dong.

25X1



7 July 1966

25X1

V-3

25X1

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