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CENTRAL INTELLIGENCE AGENCY

Memorandum



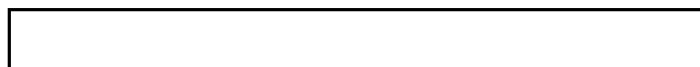
THE SITUATION IN VIETNAM

Information as of 1600
17 July 1966

State Dept. review completed

ARMY review(s) completed.

PREPARED FOR THE NATIONAL SECURITY COUNCIL
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HIGHLIGHTS

Ho Chi Minh has dramatized North Vietnam's determination to persist in its struggle with "US imperialism" by signing a decree calling for "partial mobilization" of the reserves. Allied forces are conducting two search-and-destroy operations close to the Demilitarized Zone in northern Quang Tri Province.

I. The Military Situation in South Vietnam: USMC and ARVN forces are conducting two search-and-destroy operations close to the Demilitarized Zone in northern Quang Tri Province (Paras. 1-2). Elements of the 173rd Airborne Brigade have begun a spoiling operation in Binh Tuy Province (Para. 3). The first instances of 20-mm. AA weapons being associated with VC/PAVN forces have been reported (Para. 4).

II. Political Developments in South Vietnam: The government is apparently taking steps to improve relations with the local Chinese community (Para. 1). Hoa Hao religious leader Luong Trong Tuong, reportedly upset by the exclusion of a Hoa Hao from Premier Ky's new cabinet, may be considering withdrawing Hoa Hao representatives from the ruling Directorate (Para. 2).

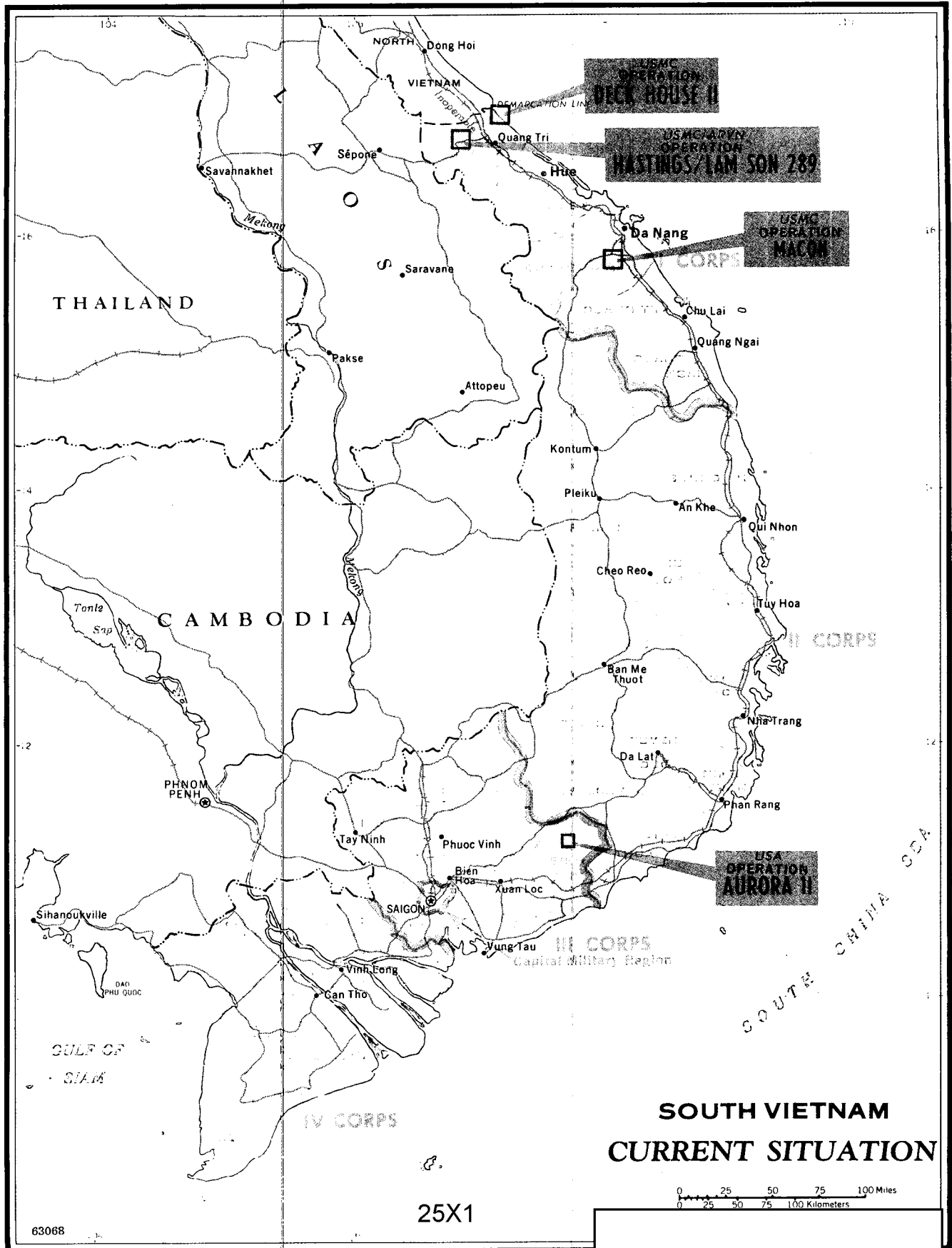
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V. Communist Political Developments: President Ho Chi Minh has dramatized North Vietnam's determination to persist in its struggle with "US imperialism" by signing a decree calling for "partial mobilization" of the reserves (Paras. 1-3). USSR Premier Kosygin reportedly reiterated the Soviet line in talks with India's Prime Minister Gandhi, claiming that negotiations were impossible while the bombing of North Vietnam continued (Para. 4).

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I. THE MILITARY SITUATION IN SOUTH VIETNAM

1. The only significant contact with VC/PAVN forces during the past 48 hours has centered in northern Quang Tri Province. These two operations involving at least three USMC and five ARVN battalions have engaged enemy troops within a few miles of the Demilitarized Zone.

2. In Operation HASTINGS/LAM SON 289 a USMC company fought a prolonged action on 16 July 1966 with an estimated 100-man VC force. Cumulative casualties in the operation which began 7 July include 29 US killed and 61 wounded. The enemy units are believed to have lost 128 dead. In conjunction with Operation HASTINGS, US Marines made helicopter and amphibious landings about 35 miles north of Hue in Operation DECK HOUSE II. Light contact has been reported with no friendly casualties. Naval gunfire support is being provided by units of the Seventh Fleet.

3. Operation MACON continues with light contact about 20 miles south of Da Nang. US Marines have suffered casualties of 8 dead and 38 wounded while killing an estimated 172 Viet Cong troops. Soldiers of the 173rd Airborne Brigade began a search-and-destroy/spoiling operation in Binh Tuy Province on 16 July 1966 to be known as AURORA II. No significant contact has yet been reported.

4. Two recent reports have been received which may indicate the presence of 20-mm. AA guns in the hands of VC/PAVN forces. On 16 July a unit of the 1st Infantry Division operating about 20 miles north of Saigon discovered three of these anti-aircraft weapons at a VC base camp. On the same day US Marines operating close to the Demilitarized Zone killed a Viet Cong who had

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been carrying two boxes of 20-mm. AA ammunition. MACV reports that these are the first known instances of AA weapons heavier than 12.7-mm. being associated with enemy units. The findings may serve to confirm pilot reports of AA fire over South Vietnam at altitudes of 10 to 12,000 feet.

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II. POLITICAL DEVELOPMENTS IN SOUTH VIETNAM

1. The Ky government may be in the process of abandoning the "hard-line" approach of all former governments toward the Chinese minority in Vietnam, and trying instead to win their support and cooperation. The mayor of Saigon underscored this trend in a recent conversation with a US Embassy officer, pointing to a number of steps which have been or will be taken by the government to improve relations with the local Chinese community. The low point in the present government's relations with the Chinese probably was reached several months ago when a Chinese merchant was publicly executed for profiteering. In view of the importance of the Chinese in the economic sphere, the elimination of hard feelings toward the government by the Chinese could in time have a favorable impact on current government difficulties in managing the economy.

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2. [REDACTED]

[REDACTED] Hoa Hao religious leader Luong Trong Tuong is highly upset by the exclusion from Premier Ky's new cabinet of a Hoa Hao member whom Ky had earlier promised to appoint. As a result, Tuong is now considering withdrawing the two Hoa Hao members from the civilian side of the ruling Directorate. Moreover, Deputy Premier Co, who lost a good part of his administrative authority as a result of the cabinet change, reportedly is urging Hoa Hao leaders to "turn against" Ky.

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V. COMMUNIST POLITICAL DEVELOPMENTS

1. President Ho Chi Minh has dramatized North Vietnam's determination to persist in its struggle with "US imperialism" by signing a decree calling for "partial mobilization" of the reserves. However, in view of the high degree of mobilization already existing in North Vietnam, coupled with the fact that substantial numbers of reserves have already been recalled to active duty, it would appear that this decree was promulgated primarily for propaganda purposes.

2. In a concurrent statement published on 17 July, Ho warned that although the US might send "500,000 troops, a million, or even more," they could "never" break the "iron will of the heroic Vietnamese people." Although conceding that "the war may last five, ten, or twenty years or longer" and that Hanoi and Haiphong might be destroyed, Ho insisted that the Vietnamese people would not be intimidated. The North Vietnamese leader reiterated the long-standing Communist contention that a settlement in South Vietnam could only be achieved on the basis of North Vietnam's "four-point" and the Liberation Front's "five-point" programs.

3. Ho's stiff line was echoed in a National Defense Council communiqué of 17 July which claimed that although the "US imperialists had hoped to shake the morale of our people" with the recent bombing near Hanoi and Haiphong, these actions only served "to promote our determination to fight until final victory." Without explicitly threatening North Vietnamese military intervention in South Vietnam, the communiqué called upon the army and the people of the North to extend "all-out" support to their "southern compatriots" in view of "the glorious obligation of the Great Rear to the Great Front Line."

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4. India's external affairs secretary told US Ambassador Kohler in Moscow on 16 July that Premier Kosygin took the same line in his private talks with Prime Minister Gandhi that he took in public--that a request from Hanoi was a prerequisite for any move by Moscow on the Vietnam problem, and that talks were impossible while the bombing of North Vietnam continued. He also claimed that Kosygin had said that any movement of US forces across the 17th Parallel would mean war, although in line with Indian efforts to point up the risks of further escalation the Indian official may have embellished the statement for Kohler's benefit.

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