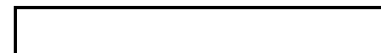


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CENTRAL INTELLIGENCE AGENCY

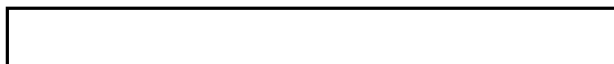
Memorandum



THE SITUATION IN VIETNAM

Information as of 1600
29 July 1966

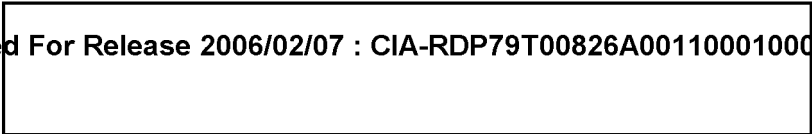
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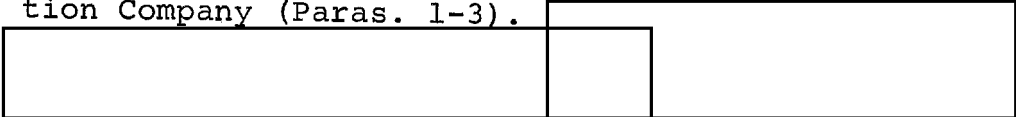
29 July 1966

HIGHLIGHTS

On the ground in South Vietnam, Viet Cong losses in Operation HASTINGS/LAM SON 289 "A" continue to climb. In the air, the US may have lost a C-47 and a Navy A-4E Skyhawk in North Vietnam.

I. The Military Situation in South Vietnam: US Marines and South Vietnamese Army regulars, supported by heavy tactical air strikes and artillery bombardment, continue to press a major offensive against the PAVN 324 "B" Division in northernmost Quang Tri Province (Para. 1). US 101st Airborne Division elements have recovered the body of a US AID official ambushed by the Viet Cong in coastal Khanh Hoa Province on 26 July (Para. 2).

II. Political Developments in South Vietnam: Renewed labor difficulties for RMK-BRJ Construction Company (Paras. 1-3).



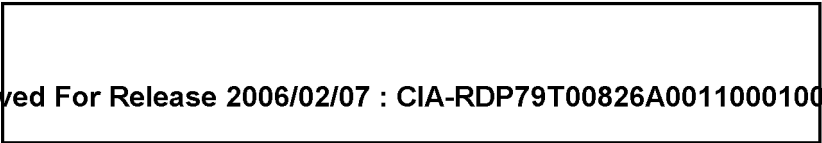
III. Military Developments in North Vietnam: A USAF C-47 on a mission over Laos has been reported down (paras. 1-2). A Navy A-4E Skyhawk was shot down by ground fire near Vinh (Para. 3). Soviet-delivered Hook helicopters now operational (Para. 4).



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

V. Communist Political Developments: There is nothing of significance to report.

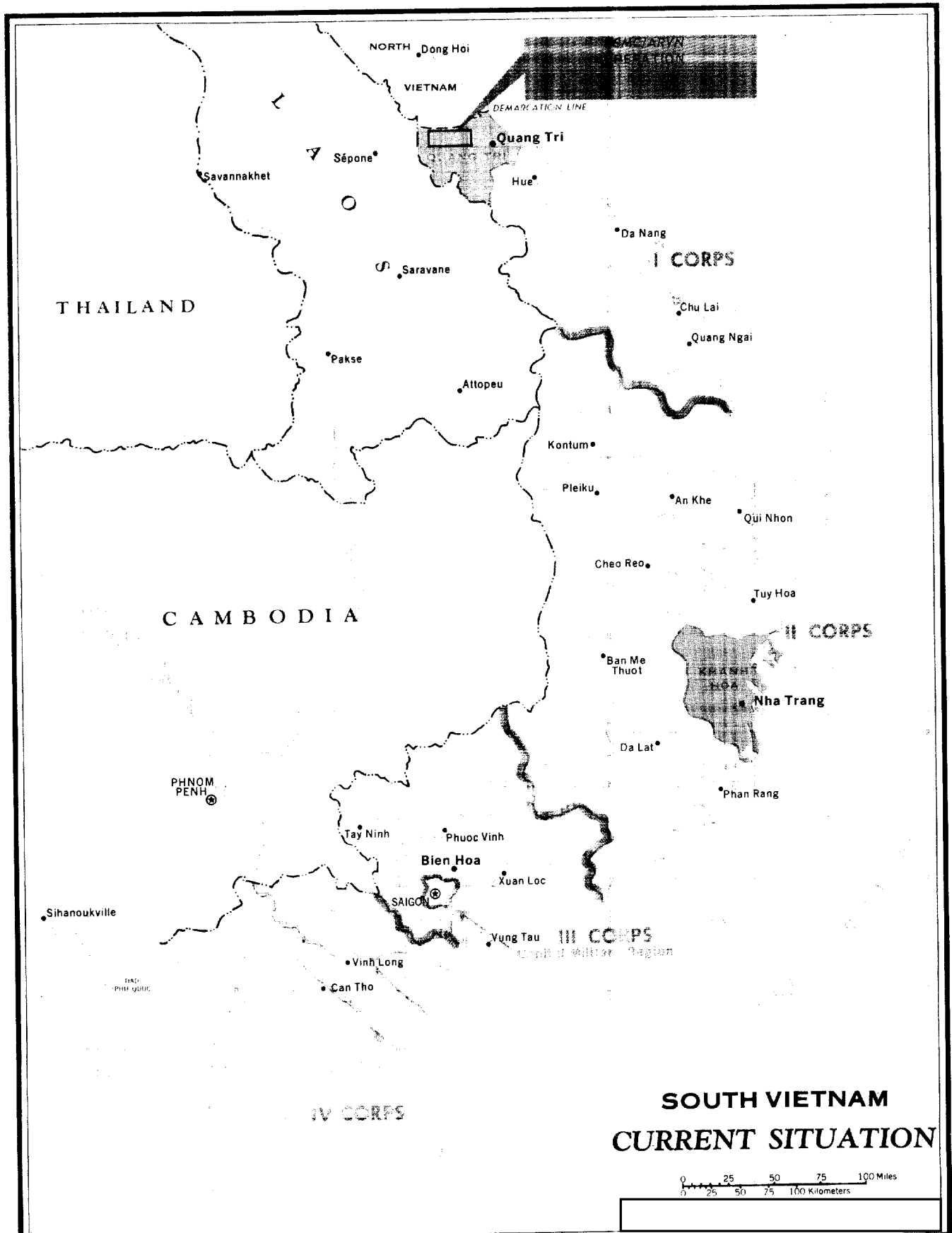
VI. Other Major Aspects: Japan losing interest in North Vietnamese exports of coal (Para. 1). Hanoi apparently with an adequate inventory is suspending imports of lubricants used to maintain truck fleet (Para. 2).



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I. THE MILITARY SITUATION IN SOUTH VIETNAM

1. Operation HASTINGS/LAM SON 289 "A"--the major USMC/ARVN offensive against the PAVN 324"B" Infantry Division--continues according to plan in South Vietnam's northernmost province, Quang Tri. On 28 July, a US Marine reconnaissance patrol sighted an estimated 200 Communist troops in an area approximately 25 miles west of Quang Tri city. Artillery and tactical air strikes were requested against the enemy position and resulted in 65 known Communist dead. Since its initiation on 7 July, the joint allied ground sweep has produced cumulative enemy losses of 818 killed (body count), 13 captured, and 239 weapons seized. Friendly casualties to date stand at 146 killed (125 US) and 471 wounded (445 US).

2. On 27 July, elements of the US 101st Airborne Division were paradropped into a heavily Viet Cong - infested area along Coastal Route 1 about 29 miles north of Nha Trang and recovered the body of a US AID official ambushed some 24 hours earlier. Airborne recovery units received heavy automatic weapons fire both during landing and take off. Investigations conducted during the hour-long operation indicated that the ambush of the official--Public Safety Adviser Norman Clowers--had been deliberate and well planned. The incident is significant in that it represents a further attempt by the Viet Cong to intimidate by means of harassment and terrorism American civilians engaged in nonmilitary activities in the Vietnamese countryside.

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II. POLITICAL DEVELOPMENTS IN SOUTH VIETNAM

Labor Troubles at Bien Hoa

1. The American construction consortium in South Vietnam, RMK-BRJ, recently was sent a written demand by its workers at Bien Hoa Airfield for a redemption of oral promises, allegedly made on 23 June, to grant a full 30-percent wage increase. A smaller increase, retroactive to 3 July and amounting to a 16- to 17-percent wage increase plus family benefits, recently went into effect. The letter established a 72-hour deadline, which elapsed on 28 July, but contained no specific threat of a walkout.

2.

worker sentiment is to walk off the job unless demands are met. The management position is that present US-GVN policy decisions preclude the granting of any wage increases.

3. The RMK-BRJ workers at Bien Hoa were part of the 16,000 company laborers who went on strike on 23 June. Unlike the bulk of the Saigon-area workers, those at Bien Hoa did not stay on strike for eight days, but returned to work the same day, largely in response to the negotiating efforts of the company's labor relations director. The latter's oral promises are what the workers now maintain the company is renegeing on.

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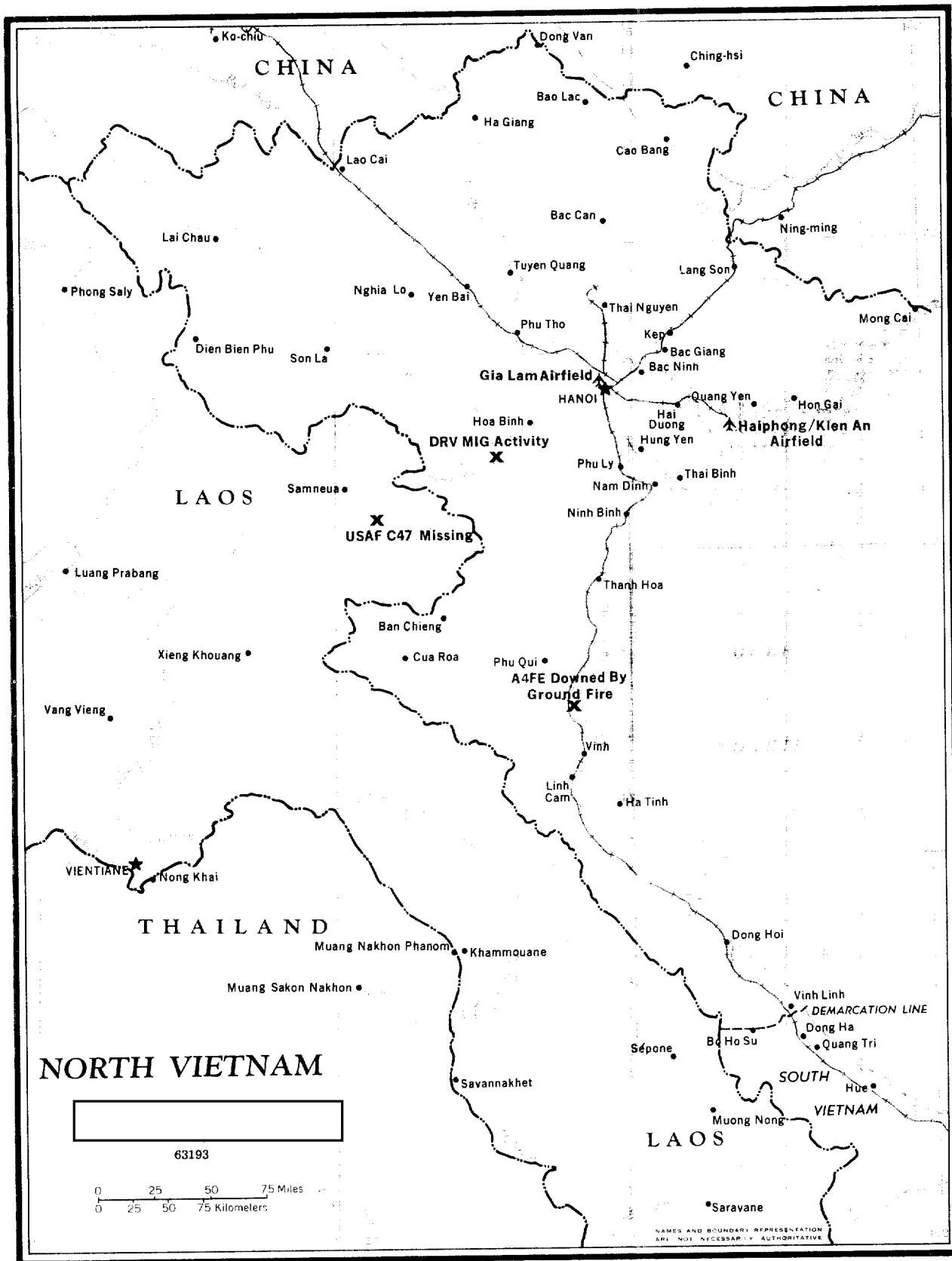
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III. MILITARY DEVELOPMENTS IN NORTH VIETNAM

1. A USAF C-47

[redacted] has been reported missing after the pilot broadcast that he was being attacked by fighters. The crew of eight had been briefed to orbit a point 15 n.m. southeast of Samneua. Search efforts have so far produced no trace of the aircraft or the crew.

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3. A US Navy A-4E Skyhawk was reported downed by ground fire approximately 20 miles north of Vinh today. The aircraft was one of two performing an armed reconnaissance mission over the southern coast of the DRV. The missing pilot was apparently hit by automatic weapons fire as he was making an attack on some barges near the coastline.

4. [redacted] photography indicates that at least three of the four MI-6 Hook helicopters being assembled at Haiphong's Kien An Airfield are now operational. Four of the Russian-built aircraft were delivered to the DRV [redacted] bringing to six the number of heavy transport helicopters available to the North Vietnamese.

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IV. OTHER COMMUNIST MILITARY DEVELOPMENTS

1. There is nothing of significance to report.

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V. COMMUNIST POLITICAL DEVELOPMENTS

1. There is nothing of significance to report.

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V-1

VI. OTHER MAJOR ASPECTS

1. Japanese consumers of North Vietnamese anthracite coal are reportedly seeking other suppliers because of the poor quality and the unreliable shipping schedules of coal from Hon Gay since February of this year. The permanent loss of Japan as a coal customer could cost North Vietnam as much as \$6 million annually in hard currency earnings, or about 50 percent of total hard currency earnings in 1965. Despite economic and military aid from Communist countries, North Vietnam has continued to buy both industrial and consumer goods from free world countries, especially Japan.

2. Hanoi, apparently with an adequate inventory of lubricants and greases, has requested its bloc suppliers--the USSR, Rumania, and Hungary --to suspend shipments until further notice. Imports of lubricants had been running at an increased rate since mid-1965, matching the greatly stepped up flow of motor vehicles last year, and planned imports of lubricants for 1966 may have been scheduled to keep pace with a continuing increase in truck imports this year. Available information, however, indicates the Vietnamese truck inventory has not kept pace with the plan, and North Vietnam is apparently now cutting back on the maintenance lubricants.

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