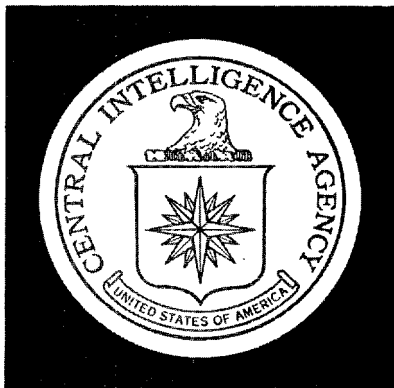


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MEMORANDUM

DIRECTORATE OF
INTELLIGENCE

The Situation in Vietnam

NSA review completed

State Dept. review completed

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19 December 1966



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Information as of 1600
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HIGHLIGHTS

US forces engaged Communist troops near Saigon on 18 December. The Saigon government is beginning to replace significant government officials in IV Corps.

I. The Military Situation in South Vietnam:

American forces engaged Communist troops in a five-hour battle seven miles from Saigon on 18 December; light casualties were reported (Para. 1). The enemy lost 131 soldiers killed over the weekend as Operation THAYER II continued to sweep Binh Dinh Province in search of elements of the 18th NVA Regiment (Para. 2).

II. Political Developments in South Vietnam: The first significant replacement of government officials in IV Corps since the removal of General Quang as corps commander in November reportedly will take place sometime this week (Paras. 1-2). US officials have reported increasing restiveness within the dissident tribal organization FULRO, and largely blame recent government inaction for this trend (Paras. 3-4). Supporters of moderate Buddhist leader Tam Chau are attempting to organize a new national Buddhist church with a revised charter (Paras. 5-6).

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III. Military Developments in North Vietnam:

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North Korean pilots continue flights in the Phuc Yen area and North Korean ground controllers have been detected at six different locations in North Vietnam (Para. 2).

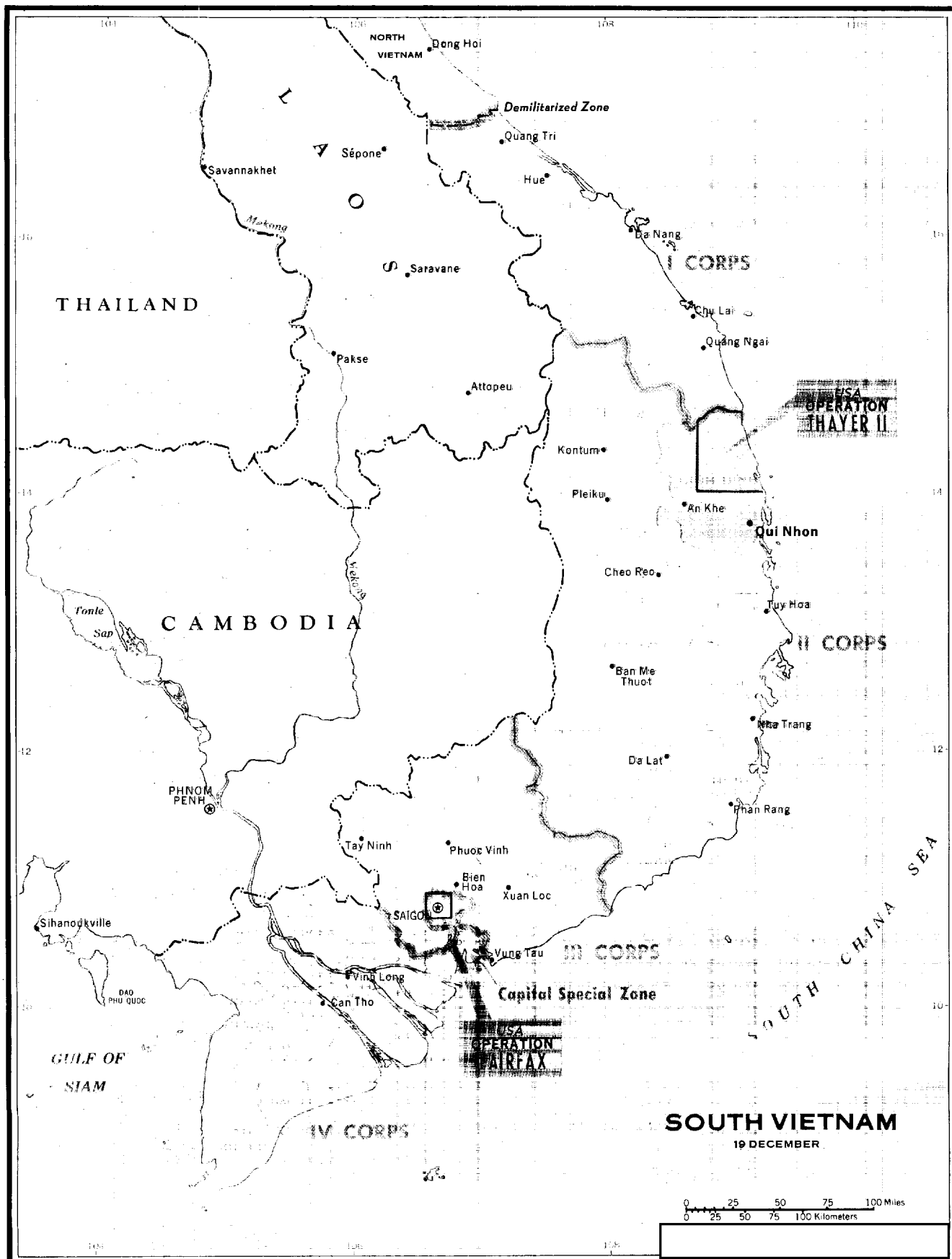
IV. Other Communist Military Developments: There is nothing of significance to report.

V. Communist Political Developments: Communists continue propaganda protests over US bombings of the Hanoi area (Para. 1).

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I. THE MILITARY SITUATION IN SOUTH VIETNAM

1. US infantry elements participating in Operation FAIRFAX engaged an estimated company-size Viet Cong force about seven miles south of Saigon on 18 December. Allied air strikes and artillery fire were directed against enemy positions. Two Americans were killed and six wounded during a five-hour battle. Known enemy losses were one killed and one captured.

2. Units of the US 1st Air Cavalry Division have reported 131 Communist soldiers killed and three captured in three days of fighting in the jungle hills of coastal Binh Dinh Province. Only light contact with enemy forces was reported on 19 December however, as the four-battalion Operation THAYER II continued to sweep an area 37 miles northwest of Qui Nhon in search of elements of the 18th North Vietnamese Army Regiment. American losses reported over the weekend were 34 killed, 81 wounded, and one missing.

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II. POLITICAL DEVELOPMENTS IN SOUTH VIETNAM

1. The first significant replacement of government officials in IV Corps since the removal of General Quang as corps commander in November will reportedly take place sometime this week.

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[redacted] the Saigon government has approved the replacement of the province chiefs in Kien Giang and Phong Dinh.

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2. Corruption among Vietnamese officials in Kien Giang has been an important issue in the province for several months and was the subject of some Saigon press commentary even before General Quang's removal. The IV Corps chief of staff reportedly believes that Quang did not have a direct hand in the provincial administration, but that his failure to take corrective action damaged his reputation. The replacement of the Phong Dinh Province chief has been widely expected ever since Quang's departure, [redacted] because the incumbent province chief is a weak official who had depended upon his personal friendship with General Quang. General Nguyen Van Manh, the new corps commander, has reportedly stated that he does not now plan any changes within the corps staff itself.

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Little Recent Progress in GVN-FULRO Relations

3. US officials have reported increasing restiveness within FULRO--the dissident tribal autonomy organization which has significant influence among the montagnards in the central highlands. The US officials believe that the major cause of this trend is an almost complete lack of government follow-through since October in regard to a general GVN-FULRO agreement which was reached after many months of negotiations.

4. All US officials involved agree that II Corps commander General Vinh Loc exercises real control over government policy toward FULRO. Although Loc has at times exhibited a hard line toward FULRO, and the montagnards in general, US officials have reported that in a discussion on 14 December General Loc appeared receptive to various suggestions designed to improve the employment and resettlement of FULRO members who have agreed to return to government control. US officials also reported that they intend to work with appropriate government officials to speed up the implementation of programs upon which agreement has already been reached.

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Moderate Buddhists Plan New National Organization

5. Supporters of moderate Buddhist leader Thich Tam Chau reportedly are continuing their efforts to organize a "reformed" Buddhist church with a revised charter.

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[redacted] members of some 19 lay and clerical organizations agreed on 4 December to attempt to form a new Buddhist organization to include the broadest possible representation. They plan to present a new charter to the government, and they believe that the government will grant recognition, thus nullifying the charter of the present Buddhist Unified Church.

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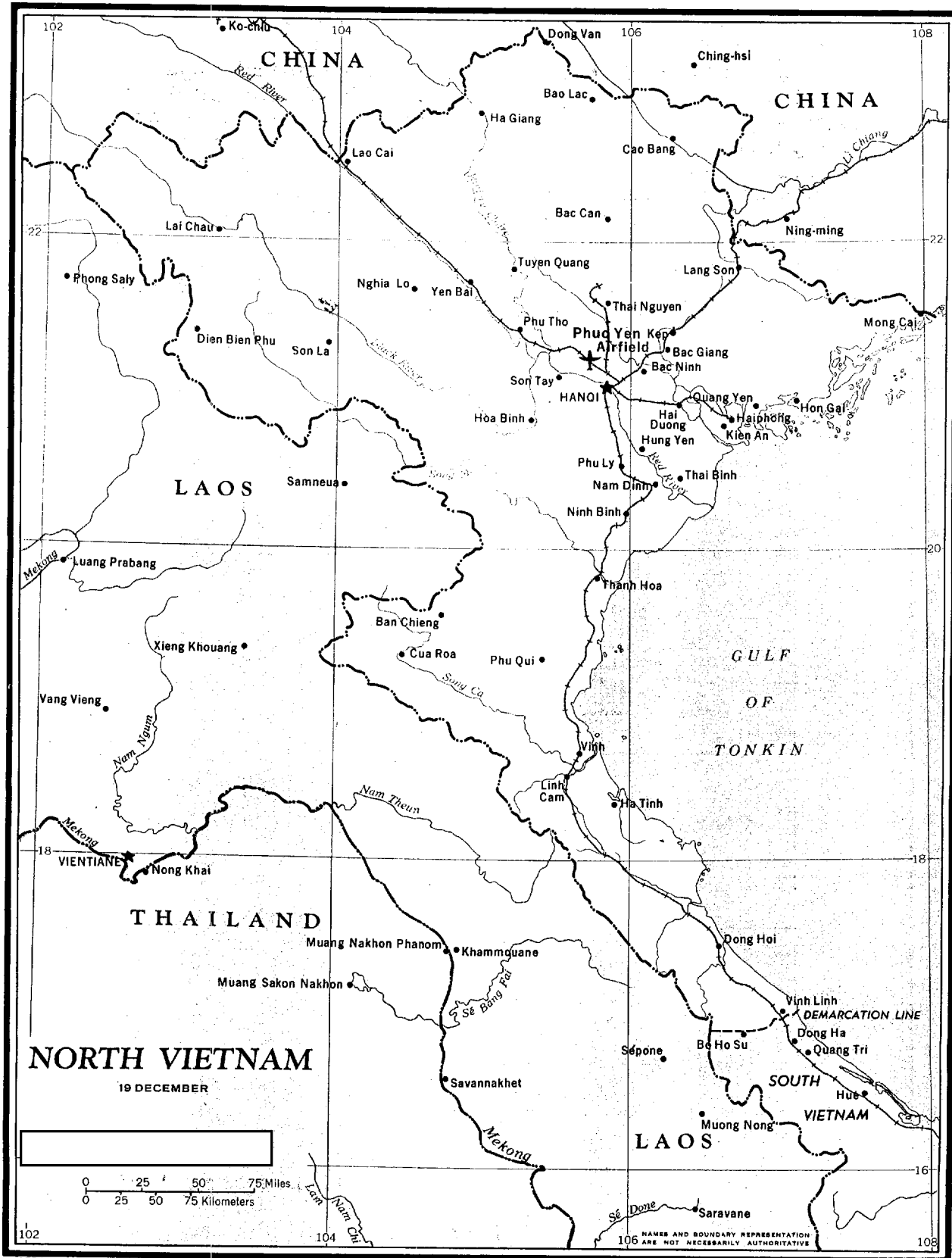
6. The major difference between the old and new charters evidently would involve the basis of constituent membership. The current charter is drawn primarily on the basis of regional representation, while the new charter would be based on various Buddhist sects and associations. Tam Chau apparently hopes to use this new approach to consolidate his leadership over the Buddhist movement and to isolate the Tri Quang faction. There has been and continues to be, however, a significant regional aspect to Vietnamese Buddhist organizations. Tri Quang's central Vietnamese supporters have already reportedly criticized Chau's actions, and it is uncertain whether Chau can garner the support necessary to make his new movement a success.

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III. MILITARY DEVELOPMENTS IN NORTH VIETNAM

2. North Korean pilots on 17 December again flew area familiarization flights out of Phuc Yen Airfield. Twelve North Korean pilots were noted in intercepted communications on that date. This is the seventh time North Korean pilots have been detected flying since they were first noted in North Vietnam on 22 November. North Korean ground controllers have now been detected at six different facilities in North Vietnam.

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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. A high level of Communist propaganda continues to protest the American bombings of the Hanoi area. On 17 December, the Havana-based "Tri-Continental Anti-Imperialist Organization," a Communist-dominated group claiming to represent 70 countries in Africa, Asia, and Latin America, issued an appeal for world-wide harassment of US embassies to protest the bombings. Several Communist countries, including China and North Korea, have already staged public protest rallies, and the Havana appeal indicates that the Communists would like to stage demonstrations in free world areas also.

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