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Current Support Brief

CIA/RR CB 62-77

No. Pages 6
17 November 1962

ECONOMIC IMPACT ON COMMUNIST CHINA
OF ALTERNATIVE LEVELS OF MILITARY ACTIVITY
IN THE SINO-INDIAN CONFLICT



CENTRAL INTELLIGENCE AGENCY

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FOREWORD

Alternative levels of military operations in the Sino-Indian conflict and their probable impact on the Chinese Communist economy are considered in this paper. A second paper is in preparation that will examine in more detail the logistic and operational problems involved for China in the conflict and provide a more adequate basis for estimating some of the limitations on the feasible size and scope of the Chinese military effort.

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The economic impact on Communist China of the Sino-Indian border conflict depends, of course, on the extent of acceleration in the level of military activity. This paper therefore indicates, in broad terms, the probable range of the economic costs to China on the basis of three alternatives: (1) that China will not increase the size of its military forces now in the Tibet Military Region (about 100,000 men); (2) that China will increase its military force in the Tibet Region to about 170,000 troops in combat units and about 130,000 garrison troops, a level believed to be feasible with existing transport facilities in the area; and (3) that China will increase transport facilities within 1 year sufficiently to support about 300,000 troops in combat units and about an equal number of garrison troops in the Tibet Region. In estimating the size of the combat forces that can be supported in Tibet, it has been assumed that the troops actually fighting are supplied each day with the tonnages that would be required under full combat conditions. From available reports it is clear that full-scale combat is not taking place daily. Under present conditions, therefore, this assumption overstates the supply requirements.

Under the first two alternatives the military equipment, supplies, and support facilities required could be provided by the Chinese Communists without external assistance (apart from normal trade), and the drain on the Chinese economy would be relatively small. If under the second alternative, however, increased petroleum imports were not obtained from the USSR or other foreign sources, serious shortages would appear in domestic POL supplies. The third alternative would require a considerable diversion of military forces from other areas; would involve nearly one-third of the total truck inventory in China; would require a large increase in imports of motor gasoline, spare parts, and perhaps some types of military equipment; and would involve a road-building effort of major proportions. This third alternative would not

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stop the present efforts of the Chinese to stimulate economic recovery but would make the efforts to achieve economic recovery considerably more difficult.

1. Maintenance of Present Strength

If the Chinese Communists contain the conflict within the limits of their troop strength now in the Tibet Region, the economy would have no major difficulty in supplying their present military operations. The 30,000 troops in combat units* and the 73,000 garrison troops could continue to be furnished with equipment, ammunition, food, clothing, and POL from domestic sources without diverting more than minimal resources presently used by the civilian economy. This military force requires about 7,500 trucks for logistic support and an additional small number for operational use, or a total of less than 10 percent of the present military truck park in China. The requirements for motor gasoline are 370 tons** per day for logistic support and a maximum of 90 tons for operational use by combat and garrison units, or a total annual requirement of about 170,000 tons,*** representing about 10 to 15 percent of the availability of motor gasoline for both military and civilian uses in China in 1962. (Aviation fuel requirements for air transport, which are believed to be very small, are discussed in 4, below.)

2. Increase to 170,000 Troops in Combat Units

It is tentatively estimated that Chinese transport capabilities in the Tibet Region are adequate to support about 170,000 troops in combat

* The term "troops in combat units" in this paper refers to standard Communist Chinese infantry divisions or elements thereof engaged in continuous operations. The supply requirements for combat and garrison units presented in this paper are tentative estimates made by this Office and are based on material prepared by the Office of the Assistant Chief of Staff, Intelligence, Department of the Army.

** Tonnages are given in short tons throughout this paper.

*** The environmental factors in Tibet (terrain, altitude, and weather) have been taken into account in estimating both the capability of the transport routes and the gasoline requirements.

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units and 130,000 garrison troops. The Chinese would require about 36,000 trucks to supply these troops and would need an additional number of trucks for operational purposes. The total number of trucks required would be less than one-half of the Chinese military truck park and less than one-fourth of their total serviceable military and civilian truck inventory. The consumption of motor gasoline for operational and support uses would be about 2,200 tons per day, or an annual rate of about 800,000 tons, representing 55 percent of the availability of motor gasoline in China for all purposes in 1962. The Chinese would be required to increase their imports of POL and of spare parts for transport equipment; the value of these increased imports is tentatively estimated at \$30 million, representing about 2 percent of total Chinese imports in 1961. If the Soviet Union should refuse to increase exports of motor gasoline to China, it is likely that the Chinese -- in order to avoid serious POL shortages -- would try to obtain at least a part of their requirements from other sources, such as Indonesia, and also would make some adjustments in their civilian economy to meet the increased military demand.

3. Increase to 300,000 Troops in Combat Units

It is possible that the Chinese Communists, with a major priority effort, could increase the size of their military force on the Sino-Indian border to about 300,000 troops in combat units and approximately the same number of garrison troops after 1 year by increasing logistic capabilities in the area. About 2,400 miles of road would have to be improved or newly constructed, at a cost of approximately \$120 million, which would represent a major construction effort in the Tibet Region and would require priority allocation of labor and supplies. More than 5,000 miles of road would have to receive augmented maintenance, including improved and newly constructed roads, at a cost of at least \$5 million. Construction equipment, as well as some construction materials, would need to be diverted to Tibet from road-building projects in other parts of China, although this diversion would not prevent the Chinese transport system from meeting the essential requirements of the civilian sector. At least 300,000 workers would be required for the road construction and for the augmented road maintenance, and it is

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believed that the Chinese Communists would try to obtain a large part of this labor force from Tibetan and Chinese civilians already in Tibet and also would use garrison troops for construction work as much as possible.

After completion of the improved road system it is possible that about 300,000 combat troops could be supported in the border regions and that about the same number of garrison troops could be supported elsewhere in the Tibet Region. This military force would require nearly one-third of the total truck park in China. The requirements for motor gasoline would be more than 1 million tons annually, an amount nearly equal to the total motor gasoline available in China in 1962, including imports. A large increase in ammunition, small arms, and military equipment would be required to supply the combat troops. At the present time, there is ample unused capacity in the Chinese economy that could be used to meet most of the demands of this increased military force over the next year or two (except for POL), although some restrictions on the civilian economy would be necessary as a result of the added military effort. It would be necessary for the Chinese to increase substantially their imports of POL and spare parts and, to a lesser extent, of military equipment. It is believed that these increased imports may cost about \$100 million annually and that if the Chinese were to finance these increased imports through regular trade, they might be forced to reduce other imports by as much as 10 percent. In addition, the increased activity -- military, road-building, and industrial -- necessary to support this third alternative would require increased expenditures of human energy and presumably some increase in the consumption of food.

Although it is believed that the Chinese may have the capability to increase their military force in the Tibet Region to the size indicated in this third alternative, the strains that would be encountered in supplying the necessary POL and in maintaining the transportation facilities would argue against it. Furthermore, if the Chinese should deploy 300,000 troops in combat units against India, it is probable that they also would use combat aircraft, which would add greatly to the cost of the military effort and create difficulties throughout the economy.

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4. Requirements for Aviation Fuel

It is assumed in this paper that combat aircraft would not be involved, except perhaps in isolated instances and in very small numbers. If the Chinese use their civil-military air transport fleet to carry supplies to Lhasa, they could deliver by air about 240 tons per day over a period of 1 month, requiring about 5,600 tons of aviation gasoline and 560 tons of jet fuel (all of which must be imported). Over a sustained period beyond 1 month, however, the air transport capability into Tibet probably would drop by about one-half because of the difficulties that would arise in maintenance of aircraft.

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