

Soviet and Chinese Aid to North Vietnam

1. Since 1968 the annual value of Soviet and Chinese military and economic aid to North Vietnam has ranged from about \$600 million to about \$950 million (see attached table). Although the 1972 figure was the second highest of the period, nearly two-thirds of this figure represents military goods. With reconstruction underway and the ports again open, economic aid should recover from its 1972 low.

2. Economic aid from the USSR exceeded \$300 million annually during the 1969-71 reconstruction period and could have been higher if North Vietnam's absorptive capacity were not so limited. Soviet aid fell sharply in 1972, however, as a result of the mining of North Vietnam's ports and the halt in reconstruction activity during the 1972 bombing. Deliveries from China fell only moderately as Hanoi shifted to a massive overland transportation effort in the latter part of 1972 to maintain the flow of essential supplies such as foodstuffs and petroleum.

3. China's relative importance as a source of economic aid exceeded that of the USSR in 1973 for the first time since before the war. Soviet shipments recovered only partially as mine clearing and dredging operations did not fully restore Haiphong's port capacity. Hanoi continued to rely heavily on overland transportation from China for essential imports.

4. Economic assistance to North Vietnam should rise again in 1974 and the USSR should regain its position as Hanoi's major supplier. North Vietnam's requirements for food, fertilizer, and petroleum remain high and the pace of reconstruction should pick up now that preliminary damage surveys have been completed and Hanoi has had time to prepare a comprehensive reconstruction program.

5. The military aid figures reflect the level and intensity of combat operations in Indochina. The high level in 1968 resulted both from replacement requirements for ground forces equipment following the 1968 Tet offensive and the delivery of substantial amounts of Soviet air defense equipment before the bombing halt that year. Combat levels were lower during the next two years and military aid declined. This trend was reversed in 1971 when Hanoi began preparations for the 1972 spring offensive. Military assistance jumped sharply again in 1972, reflecting an upsurge in deliveries of ground forces equipment and air defense equipment. Our preliminary estimates for 1973 indicate that shipments apparently turned down following the ceasefire agreement.

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	Million US Dollars						
	<u>1968</u>	<u>1969</u>	<u>1970</u>	<u>1971</u>	<u>1972</u>	<u>1973*</u>	<u>Cumulative</u>
Economic Aid	<u>425</u>	<u>475</u>	<u>405</u>	<u>425</u>	<u>300</u>	<u>425</u>	<u>2,455</u>
USSR	305	385	345	320	210	200	1,765
China	120	90	60	105	90	225	690
Military Aid	<u>530</u>	<u>315</u>	<u>190</u>	<u>280</u>	<u>605</u>	<u>290</u>	<u>2,210</u>
USSR	415	175	90	165	375	175	1,395
China	115	140	100	115	230	115	815

*Preliminary estimates