

O/DCI

DATE: 2 August 66

TO: Mr. Robert Komer
Special Assistant to the President

FROM: G. A. Carver, Jr.

SUBJECT: NVN Coal Exports

REMARKS:

In response to your telephone request of 1 August, I asked our Office of Research and Reports (ORR) to prepare the attached memorandum on the points you raised. If you have additional questions or desire further details please let me know.

O - White House

1 - DCI

1 - DD/

✓ 1 - WH Liaison

1 - VAS Chrono

C
U
R
R
E
N
T

I
N
F
O
R
M
A
T
I
O
N

STAT

SECRET

66

STAT
25X1

Approved For Release 2004/08/30 : CIA-RDP80R01720R000500030016-3

NORTH VIETNAM: CURRENT EVALUATION OF
ANTHRACITE COAL EXPORTS

The Export Problem

U.S. airstrikes, carried out on Cam Pha in April 1966, caused very significant damage to the coal washing and grading plant at that port city. Virtually all of North Vietnam's anthracite exports are seaborne, and 90 percent of these normally flowed through the Cam Pha facilities. As a result of the strikes, seaborne exports, which averaged 127,000 tons a month in the first quarter of 1966, were cut to only 42,500 tons by June, even though coal processing facilities at Hon Gay, the location of the only other plant processing exports, have been used much more intensively. Hon Gay's capacity is severely limited by the shallow draft of its harbor. (See Table 1).

North Vietnam has attempted to maintain anthracite exports to Japan by virtually eliminating shipments to other consumers, particularly to Communist China. Even so, shipments to Japan have been erratic and well below the monthly average of 1965. (See Table 2). We believe reports of Japanese disquiet over their supplies of anthracite from North Vietnam are probably true. The primary source of this information is a Japanese businessman who has furnished reliable data for many years. The decline in shipments is

Also, aerial photography of Cam Pha taken in June 1966 showed that the plant may be in partial operation, but there were no signs of repairs being made to the extensively damaged parts of the facility. Hence, the quality of North Vietnamese anthracite has probably declined as stocks of washed and graded coal have dwindled toward exhaustion.

Alternate Sources of Anthracite for Japan

When properly processed, North Vietnam's anthracite meets the highest standards of quality in terms of heat value and low ash content. Much of the current export no longer meets these standards, and presumably would not in the future if the Cam Pha facility were to be kept neutralized. Alternate sources of high quality anthracite exist however, including South Africa, the United States, and the Soviet Union. North Vietnam traditionally is a favored source by Japan in part because of low shipping costs. In 1965, nine countries shipped significant quantities of anthracite to Japan, with North Vietnam accounting for about 37 percent of the total. (See Table 3). If Japan were to meet her import requirements entirely from suppliers other than North Vietnam, an increase in shipping costs would result. We have been unable to quantify the precise cost differential to Japan, but it could run \$5 a ton or more.

Approved For Release 2004/08/30 : CIA-RDP80R01720R000500030016-3

SECRET

GROUP 1
Excluded from automatic
downgrading and
declassification

25X1

STAT

~~SECRET~~ [REDACTED] Approved For Release 2004/08/30 : CIA-RDP80R01720R000500030016-3

Foreign Exchange Earnings from Anthracite Exports

In 1965, North Vietnam earned about \$6 million from its shipments of anthracite to Japan, and about \$1.3 million from other Free World sales, largely made to France. In 1966, earnings from anthracite exports to hard currency nations, will run between \$3 and \$4 million, and most of this will be from Japan.

North Vietnam uses its hard currency earnings to import capital and consumer goods. Our information on these shipments is relatively firm and is obtained from overt sources in Free World countries. Chemicals, foodstuffs and machinery and equipment are the largest three categories from a dollar value standpoint.

2 August 1966
CIA/DDI/ORR

- 2 -

~~SECRET~~ [REDACTED]

25X1

Approved For Release 2004/08/30 : CIA-RDP80R01720R000500030016-3

Table 1

North Vietnam: Seaborne Exports of
Anthracite Coal by Port a/

| | Thousand Metric Tons | | | | |
|---------|------------------------|---------------------------|--------------|------------|-------------|
| | <u>Monthly Average</u> | | | | |
| | <u>1965</u> | <u>First Quarter 1966</u> | <u>April</u> | <u>May</u> | <u>June</u> |
| Total | 95.8 | 127.1 | 82.9 | 56.6 | 42.5 |
| Cam Pha | 86.1 | 118.0 | 72.3 | 36.7 | 26.8 |
| Hon Gay | 9.7 | 9.1 | 10.6 | 19.9 | 15.7 |

a. Except for a very small quantity shipped by rail to Communist China, all of North Vietnam's exports of anthracite are seaborne.

Table 2

North Vietnam: Seaborne Exports of
Anthracite Coal by Destination

| <u>Importing Country</u> | Thousand Metric Tons | | | | |
|--------------------------|----------------------|---------------------------|--------------|------------|-------------|
| | <u>1965</u> | <u>First Quarter 1966</u> | <u>April</u> | <u>May</u> | <u>June</u> |
| Total | 1,150.1 | 381.3 | 82.9 | 56.6 | 42.5 |
| Communist China | 495.1 | 256.0 | 55.1 | 12.0 | 8.7 |
| Japan | 443.1 | 74.5 | 19.5 | 24.9 | 30.8 |
| Other | 211.9 | 50.8 | 8.3 | 19.7 | 3.0 |

Table 3

Japan: Sources of Anthracite Coal Imports in 1965 a/

| <u>Supplier</u> | <u>Percentage of Total</u> |
|-----------------|----------------------------|
| North Vietnam | 36.7 |
| South Korea | 18.5 |
| South Africa | 15.6 |
| Canada | 10.5 |
| Communist China | 9.9 |
| USSR | 5.4 |
| Australia | 1.4 |
| North Korea | 1.2 |
| Other | <u>0.7</u> |
| Total | 100.0 <u>b/</u> |

a. Total volume of imports of anthracite: 1,165,000 metric tons.

b. Components do not add to total because of rounding.