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9 September 1969

Project No. 51.5567

Economic and Military Reconstruction in North Vietnam
During August 1969

Introduction

The reconstruction of military and economic facilities in North Vietnam is of continuing importance because of the implications for support of the war and conduct of negotiations for peace. Economic conditions become an increasingly important factor influencing regime policies as the war drags on, as output in all sectors continues to stagnate or decline, and as living conditions show little improvement. This monthly report summarizes significant reconstruction developments to highlight those factors that might be relevant to an analysis of the North Vietnamese bargaining position.

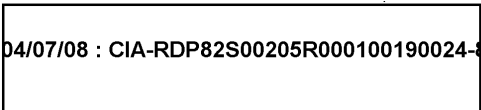


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Military Activities

Air Defense

1. North Vietnam continues to upgrade its electronic capability against low-flying aircraft. [redacted] confirmed for the first time the deployment of a modified Fan Song radar south of the 19th Parallel. The modification, which had previously been noted only in the Hanoi and Haiphong areas, has now apparently been deployed to all SAM-defended areas of North Vietnam. The function

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electronic countermeasures. It is estimated that at least 20 of the 35 to 40 SAM battalions currently in North Vietnam are equipped with the modified Fan Song radar.

2. Two types of Soviet electronic passive-intercept devices were observed in North Vietnam for the first time [redacted]

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[redacted]

[redacted] believed to be capable of locating aircraft on the basis of signals transmitted by the aircraft. Located in Haiphong and south of Hanoi, these devices will enhance North Vietnam's capability to acquire and track low altitude targets and will aid intercepts by aircraft and SAM's.

Airfields

3. [redacted] indicates the North Vietnamese have initiated construction of an airfield near Route 7, about 48 miles

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northwest of Vinh and only 18 miles from the Laotian border. The size of the runway suggests that the new field will be used as a jet fighter base, possibly for air operations over the strategic Plaine des Jarres region. It might also be used as a dispersal area for aircraft from Bai Thuong and the present Vinh airfield, the main runway of which was fully serviceable by 10 August although support facilities are not yet restored.

Economic Activities

Industry

4. Restoration of damaged industrial facilities continues at a slow and deliberate pace. During August a third kiln was placed in operation at the Haiphong Cement Plant, and work on an adjacent kiln appeared to be nearing completion. The addition of a third operating kiln increases North Vietnam's annual capacity for producing cement by nearly 100,000 tons to about 300,000 tons.

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[Redacted]

5. Repairs to other industrial facilities were restricted primarily to electric power facilities. At the Nam Dinh and Ben Thuy powerplants,

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it is likely that neither plant is yet capable of sustained operation.

In addition to work at the Nam Dinh powerplant, a new substation has been built at the site of the damaged Nam Dinh Transformer Substation.

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Power lines from both the national power distribution network and the Nam Dinh powerplant are tied into the facility. At the large Thac Ba hydroelectric powerplant high water levels on the Chay River have forced a temporary halt on construction. A portion of the coffer dam had been washed away and little activity was observed.

Weather Conditions

6. Heavy rains resulting from the Southwest Monsoon (from mid-May to mid-September) and seasonal tropical storms have disrupted transportation and possibly damaged the tenth month rice crop. So far flood conditions have not been as severe as last year, but the possibility of more storms during September, the month of peak storm activity, poses a serious threat.

7. [REDACTED]

[REDACTED] The swollen condition of these rivers has apparently been caused by extremely high rainfall in August in the northwest part of the country and in the portions of South China which drain into river basins in North Vietnam. August rainfall in Lao Cai was 10 inches above the 15-inch norm for the month. Although rainfall in Hanoi and Haiphong during August was actually below the monthly norm, water levels in the rivers which converge on the densely populated and intensely cultivated delta area rose to dangerous heights. Elsewhere, tropical storm "Doris" hit the coast of North Vietnam on 2 September, and preliminary reports indicate flooding

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in the panhandle area from about the 19th parallel southward.



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Agriculture

9. There has been little information concerning the extent of damage to the tenth month rice crop caused by the flooding and heavy rainfall but damage so far apparently has been minimal. There have been conflicting reports on whether the rice crop was transplanted on time this year. Even if it had been, however, continued heavy rains in September could wash out ricefields necessitating replanting and causing a possible reduction in yields and in planted acreage.



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12. Despite poor weather conditions, ship congestion at Haiphong eased slightly in August, probably due to the relatively low level of arrivals during the past three months. Although average layover times for dry cargo ships departing from Haiphong increased by one day to 22 days in August, the average number of dry cargo ships in Haiphong per day fell by one to 17 and the daily count ended the month at 13.

13. North Vietnam continued probing for economic assistance from both Communist and Free World countries. An aid delegation headed by Vice Premier Le Thanh Nghi arrived in Communist China in mid-August to discuss economic and military aid for 1970. Rail transit of Soviet military and related goods through China probably was on the agenda as well as the reconstruction of major bomb-damaged

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Chinese aid projects which have so far received only minor repairs. No agreement had been signed by the end of August and the delegation was apparently still in China. Other delegations consisting primarily of trade and industrial experts departed Hanoi for Moscow, Bucharest, and Warsaw to discuss specific aid projects and problems.

14. During the last half of August publicity was released on an early September visit to Sweden, Denmark, Norway, and Finland by a North Vietnamese delegation of trade and industrial experts. In contrast with the delegation that visited Sweden last May, this group contains a wide representation of Hanoi's planning, industry, and transportation experts, suggesting that discussions on economic reconstruction are intended rather than mere propagandizing. The announced purpose of the visit was to acquire information on the types of postwar assistance the Scandinavian countries could offer North Vietnam under the Nordic Plan. The amount of assistance to be given to North Vietnam has apparently not yet been decided. While sums ranging up to \$3 billion have been mentioned in Swedish newspapers, the more reasonable amount of \$20 million has been discussed in the Swedish parliament. Sweden has been the moving force behind the Nordic Plan and it is expected that the Swedish contribution will make up the bulk of the aid forthcoming. Sweden extended to Hanoi early in 1969 a grant of almost \$2 million for humanitarian aid, but no drawings on this extension are known to have been made. Private groups in the Nordic countries have regularly donated money and relief goods

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to North Vietnam since the start of the US bombing in 1965.

Conclusions

15. North Vietnam continued to improve its air defense capability by deploying additional modified Fan Song radars and new electronic equipment that appears to be designed to improve capabilities for tracking low-altitude aircraft. A new airfield under construction northwest of Vinh, near the Laos border, was just observed [Redacted]

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16. Little improvement was noted in the economy. Industrial reconstruction during August proceeded slowly, the only notable progress being made at the Haiphong Cement Plant. [Redacted]

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Repair activity at the large

Thac Ba hydroelectric powerplant has been hampered by heavy rains and severe tropical storms which are likely to continue during September. High water levels, if they continue, may cause some damage to the tenth month rice crop.

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Discussions concerning 1970 economic and military aid apparently were begun in Communist China by a delegation led by Le Thanh Nghi. Preliminary talks were also being held in the USSR and Europe by lesser North Vietnamese trade representatives.

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