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DIRECTORATE OF  
INTELLIGENCE

# Intelligence Report

## *The Economic Situation in South Vietnam* (Weekly)

State Dept. review completed

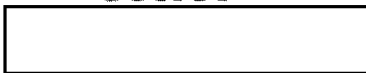
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3 February 1969  
No. 0479/69

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CENTRAL INTELLIGENCE AGENCY  
Directorate of Intelligence

The Economic Situation in South Vietnam

Summary

Minister of Economy Ho has charged that collusion between importers and stevedore companies is causing congestion at the Saigon port. Delays in unloading ships apparently are largely responsible for a sharp rise in the price of cloth since early December.

Sales of fertilizer increased considerably during 1968 when imports and distribution were handled entirely by the private sector.

After declining for two weeks retail prices in Saigon rose three percent during the week ending 20 January. Free market dollar and gold prices were down slightly.

ANNEX: Weekly Retail Prices in Saigon  
(table)  
Monthly and Weekly Currency and  
Gold Prices (graph)

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### Port Congestion

1. According to Saigon press reports, a slow-down by two stevedore companies is causing congestion at the port of Saigon. This congestion, however, is minor compared with that which existed during most of 1966 and early 1967. On 17 January there reportedly were five ships waiting at Vung Tau, nine ships at the Saigon docks, and 12 ships in the Saigon River which had to be unloaded onto barges. A senior port official told the Saigon Post that the 3,000 dockers employed by two French-operated stevedore companies have been working "inefficiently," making it difficult for unloaded goods to be sorted out and picked up by importers. He also alleged that many businessmen do not have enough money for the customs duties which must be paid before goods can be removed from the port warehouses. Minister of Economy Ho, however, has charged that businessmen have been conniving with the stevedore firms to cause an "artificial bottleneck" in the port so that they would have a pretext for raising prices of imported goods. According to Ho, the ships being held at Vung Tau are loaded mostly with textiles and other goods in great demand for Tet. None of the charges has been proven, but it is true that the retail price of cloth in Saigon has increased 73 percent since early December compared with an increase of 13 percent during the corresponding pre-Tet period last year. The delay in unloading ships is the only reasonable explanation for a price increase of this magnitude.

### Fertilizer Sales

2. Imports and distribution of fertilizer increased in 1968 when these activities were handled entirely by the private sector. In addition, fertilizer prices were relatively stable throughout the year. According to data reported by USAID, 215,700 metric tons of fertilizer were distributed during the ten-month period from March through December 1968, or slightly more than was distributed during the preceding 12 months. In general, prices for most types of fertilizer increased less than ten percent during the year, although transportation difficulties may have caused greater increases in some areas of the

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country. No data are available to show the end use of the fertilizer, but most probably was used on rice, especially the new "miracle" strains, and vegetables.

3. In early 1968 USAID and the Vietnamese Government agreed that fertilizer would be imported by commercial importers rather than by the government's Agricultural Development Bank (ADB). In addition, it was agreed that prices would be set by free competition among distributors, whereas they formerly were set by the government. In April 1968 four private organizations, which combined to form the Fertilizer Distribution Center (FDC), purchased the existing stock (115,000 metric tons) of the ADB and later imported an additional 70,000 tons. The FDC, which acts as a national fertilizer supply pool, is composed of three farmers' organizations and a group of 60 private wholesalers. The private wholesalers provide the experience in import procedures, and the farmers' associations provide a sales network through their local organizations.

#### Prices

4. After declining for two weeks Saigon retail prices increased three percent during the week ending 20 January. Food prices rose three percent as the result of higher prices for chicken, sugar, and most vegetables. Prices of high quality domestic rice also increased slightly, but prices of lower quality and imported rice did not change. Nonfood prices were unchanged except for those of charcoal and calico which continued to increase. According to the embassy, the supply of charcoal in Saigon has been cut by labor and transportation problems in the border provinces where much of it is produced. The rising price of calico partly reflects the heavy demand for new clothing which almost everyone makes for Tet. The USAID price index for imported commodities continued steady for the third consecutive week. (A table of weekly retail prices in Saigon is included in the Annex.)

#### Currency and Gold

5. Free market dollar and gold prices declined slightly during the week ending 20 January, while the

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price of MPC (scrip) was unchanged at 148 piasters per dollar. The price of a dollar's worth of gold leaf declined two piasters to 287 piasters, and the rate for dollars fell three piasters to 195 piasters per dollar. Since September 1968 the price of dollars has not changed significantly, ranging between 190 and 205 piasters per dollar. (A graph on monthly and weekly currency and gold prices is included in the Annex.)

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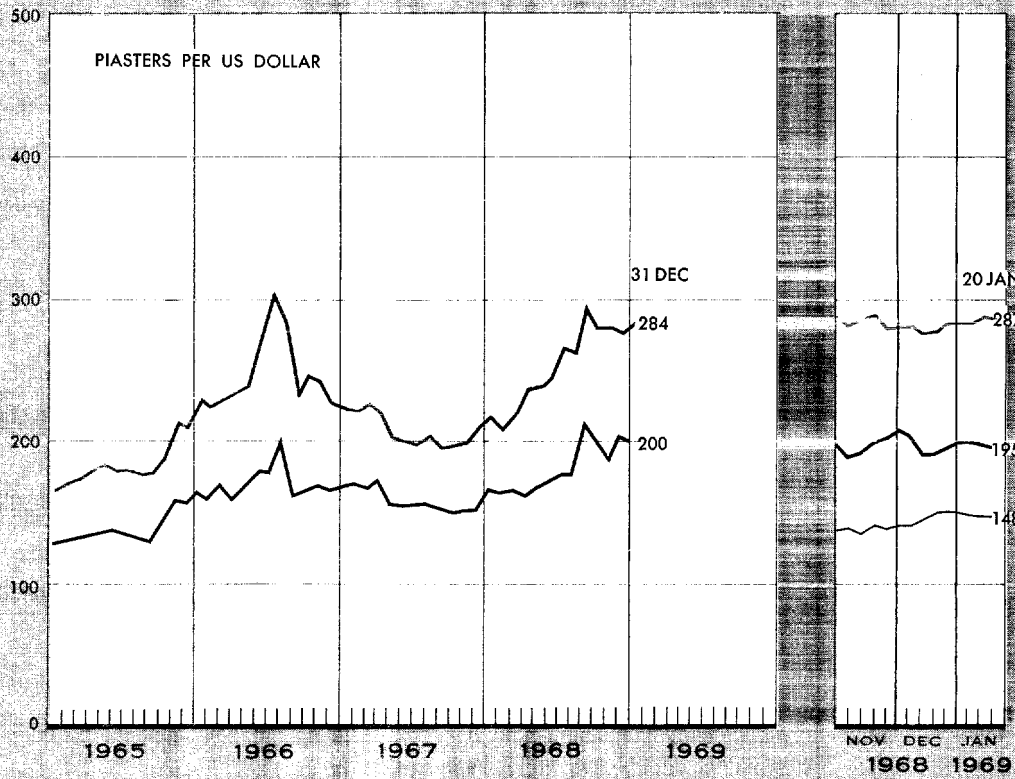
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TABLE  
Weekly Retail Prices in Saigon<sup>a/</sup>

	3 Jan 1967	2 Jan 1968	30 Dec 1968	6 Jan 1969	13 Jan 1969	20 Jan 1969
Index for All Items	<u>225</u>	<u>308</u>	<u>408</u>	<u>400</u>	<u>394</u>	<u>405</u>
Index for Food Items	<u>242</u>	<u>344</u>	<u>458</u>	<u>443</u>	<u>434</u>	<u>448</u>
Of Which: (In Piasters)						
Rice-Soc Nau (100 kg.)	1,700	2,500	3,100	3,100	3,200	3,250
Pork Bellies (1 kg.)	130	220	280	260	230	220
Fish-Ca Tre (1 kg.)	150	230	320	310	300	340
Nuoc Mam (jar)	90	150	220	220	220	220
Index for Nonfood Items	<u>195</u>	<u>241</u>	<u>315</u>	<u>319</u>	<u>321</u>	<u>325</u>
Of Which: (In Piasters)						
Firewood (cu. meter)	560	600	780	800	800	800
Cigarettes (pack)	14	14	22	22	22	22
White Calico (meter)	33	52	80	82	85	90
Kerosene (liter)	10.5	9	10	10	10	10

a. Data are from USAID sources. For indexes 1 Jan 1965 = 100.

### Saigon Free Market Gold and Currency Prices



— GOLD Basis gold leaf worth \$35 per troy ounce  
— US \$10 GREEN  
— US \$10 MPC Military Payment Certificates (scrip)