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15 May 1974

MEMORANDUM FOR: Congressional Support Officer, OCI
THROUGH : Director of Economic Research
SUBJECT : Soviet and Chinese Aid to North Vietnam

1. The attached blind memorandum responds to Congressman Les Aspin's 3 May request to Mr. Colby for information on Soviet and Chinese aid to Indochina from 1968 through the present period. Both the text and data in this memorandum are consistent with other aid series used in higher classification materials we have presented to Executive and Legislative components in the past.

2. Please bear in mind that North Vietnam also receives a significant amount of economic assistance from Eastern Europe. Figures for this aid are not included because Congressman Aspin did not ask for them.

4. Neither the response from DIA nor our memorandum cover Communist assistance to Indochinese countries other than North Vietnam. Even at the highest level of classification, there are only fragmentary data on aid passed through to Laos and Cambodia. We would not be able to distinguish from available evidence what, if any, of the North Vietnamese receipts might be destined for these countries.

CIA HISTORICAL REVIEW PROGRAM
RELEASE AS SANITIZED

1998

Office of Economic Research

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. Fluctuations in aid levels generally have reflected the situation in Indochina and not shifts in the degree of support from Hanoi's allies. Economic aid from the USSR, for instance, 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

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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. Shipments apparently turned down in 1973 following the ceasefire agreement. Unless Hanoi plans another major offensive in 1974 or early 1975, military aid probably will fall again in 1974.

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Soviet and Chinese Aid to North Vietnam

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

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