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No Date

21 Dec 67

No Date

Blind Memo re Air Attacks on VC Base Areas in Cambodia

Attachment: Proposed Outline: VC/NVA Base Areas  
as a Air Traget System

No Date

Map of Cambodia showing enemy Base Areas

25X1 28 Feb 68

(and various) re time schedule for  
producing a study on The Status of Vietnamese Communist  
Use of Cambodian Territory (1 October 1967 - 31 March 1968  
(outline attached).

22 Mar 68

Current intelligence item re Cambodia-China-VC and  
Cambodia-China (report of Chinese shipment of arms to  
the VC via Cambodia)

7 May 68

Transmittal Manifest from [ ] forwarding piece  
on Use of Cambodia for Arms and Ammunition Resupply  
(attached)

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17 Jul 68

Transmittal sheet forwarding CICV study "VC/NVA Use of  
Cambodia as a Source for Arms and Ammunition" from  
[ ] (study not attached)

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28 Agu 68

[ ] to Ch/D/I memo re CICV report, VC/NVA Use of  
Cambodia as a source for arms and ammunition  
(evaluation of subject report)

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28 August 1968

MEMORANDUM FOR: Chief, D/I

FROM : I/TLC

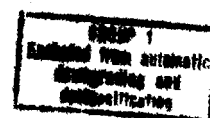
SUBJECT : CICV report, VC/NVA Use of Cambodia as a source for arms and ammunition

1. The attached CICV report on arms infiltration through Cambodia is a very good summary of reports on the location of probable routes used (see map). In fact, it is probably the best report we have received from the field on this subject. In general, much of the analysis used by CICV is similar to that of the CIA report (July 1968, ER IM 68-84), but, in our opinion, the conclusions reached in the CICV report often are too strong.

2. We would take issue primarily with the CICV conclusions on the volume of arms infiltration through Cambodia. It is impossible to conclude -- as does the CICV report (p.10) -- from the intelligence now available that large quantities of arms and ammunition unloaded in Sihanoukville are being diverted to VC/NVA forces in III and IV CTZ. The CICV report claims that an estimated 9,500 tons of war material (itemized in attached table) were delivered to Sihanoukville from December 1966 to March 1968, and concludes that, since this seems an excessive amount even considering ARK's shortage of military equipment, much of it is being transferred or smuggled to the VC/NVA. CIA, on the other hand, accepts only 911 tons as probable munitions. Flour and sugar are included in the 7,333 tons which remain, for the most part, unidentified. Moreover, one hundred and twenty tons of the material accepted as military goods by CICV have been identified by CIA as definitely non-military.

3. CIA also takes issue with the CICV conclusion that ARK involvement is extensive enough to provide a solid framework for supply activities (p.41). The precise role of ARK remains undetermined.

4. OER concurs with CICV's conclusions concerning the effectiveness of the enemy's logistical system and the gaps in allied intelligence which make interdiction more difficult (pp. 45-48).



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5. Two other reports, MACV of May 1968 and DIA-Navy of 18 May 1968 (both attached), also address the problems of arms infiltration through Cambodia. Both reports are good in their analysis of the routes used for arms infiltration, but their reasoning and conclusions as to the volume of arms infiltration are even more illogical than those of the CICV report. Low-level intelligence is too often accepted at face value.



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attachment:

table: Shipments into Sihanoukville

attachments with original copy:

map

MACV report, Use of Cambodia for arms and ammunition supply

DIA-Navy report, Viet Cong Use of Cambodia for Arms Infiltration

CICV report, VC/NVA Use of Cambodia as a source for arms and ammunition

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## SHIPMENTS INTO SIHANOUKVILLE

<u>Date</u>	<u>Ship</u>	<u>Amount (short tons)</u>		
		<u>CICV</u>	<u>MACV</u>	<u>CIA</u>
30 Dec 66	Heping	450 arms	450 arms	450 probably arms
30 Jan 67	Hang Shou	2300 arms	2300 arms	unidentified
Mar 67	Heping	450 arms	450 arms	450 arms
27 Aug 67	Jining	1000 arms	1000 prob. arms for FARK	1000 prob. arms for FARK 400 Unid., <u>not</u> for FARK
22 Oct 67	You Yi	805-1400 arms	805 arms	685 unidentified (120 ident. as non-military)
10 Dec 67	Fo Shan		11 arms	11 arms
10 Jan 68	You Yi	3348 arms	3348 prob. arms	unidentified, some flour & sugar
20 Mar 68	Xu Xi	1000 suspect arms	Unidentified	unidentified for FARK
		<u>9500</u>	<u>8500</u>	<u>8364</u> including some flour & sugar (90% unidentified)

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Next 7 Page(s) In Document Exempt

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<b>TRANSMITTAL SLIP</b>		DATE 16 May 68
TO: Chief, D/I		
ROOM NO.	BUILDING	
REMARKS:		
<p>We have asked IS/IT and I/L for oral appraisal of MAC-V case by 1000 Friday 17 May 68.</p> <p><i>1/TLC</i></p>		
FROM: Chief, OER/I/TLC		
ROOM NO. 3G19	BUILDING Hdq.	

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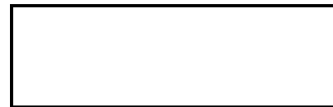
28 February 1968

STAT

MEMORANDUM FOR:



We should complete the project in the attachment outlined as soon as possible, but without overtime work. I would like to submit a draft to Chief, D/I by the end of March. With a bit of updating early in April we could put out a timely piece on developments during the just-completed six-month period. The outline is for research purposes. I realize that we do not have the desired information on all areas, but we can modify the organization of the finished report to fit the information in hand. I expect to get a big hand from NPIC/IAS, and additional contributions from I/L and IS/CST.



Chief, Thailand, Laos and Cambodia

STAT



The Status of Vietnamese Communist Use  
of Cambodian Territory  
(1 October 1967 - 31 March 1968)

I. Base Areas

A. Location of each

B. Description of each identified camp

1. types and numbers of structures
2. estimated number of troops that can be accommodated (or estimated maximum number detected there)
3. principal functions
  - a. hospitalization
  - b. training (cite evidence)
  - c. R & R
  - d. storage and supply

C. Extent of use

- a. forces detected at @
- b. length of stay
- c. estimated concentration in terms of man weeks
- d. apparent nature of use, i.e., used by units to prepare for action, or used by units to recover from action?

II. Infiltration Routes

A. Locations

1. routes connecting base areas
2. principal routes into South Vietnam

B. Nature of use

1. general information
2. specific information (actual unit movements detailed)
3. change in use over 6 months?

III. Cambodian Activities in Eastern Border Areas

(in proximity to Vietnamese bases)

A. Military

1. location and size of military units and sub-units
2. construction activities

B. Civilian

1. development projects
  - a. completed
  - b. in progress
  - c. planned
2. commercial

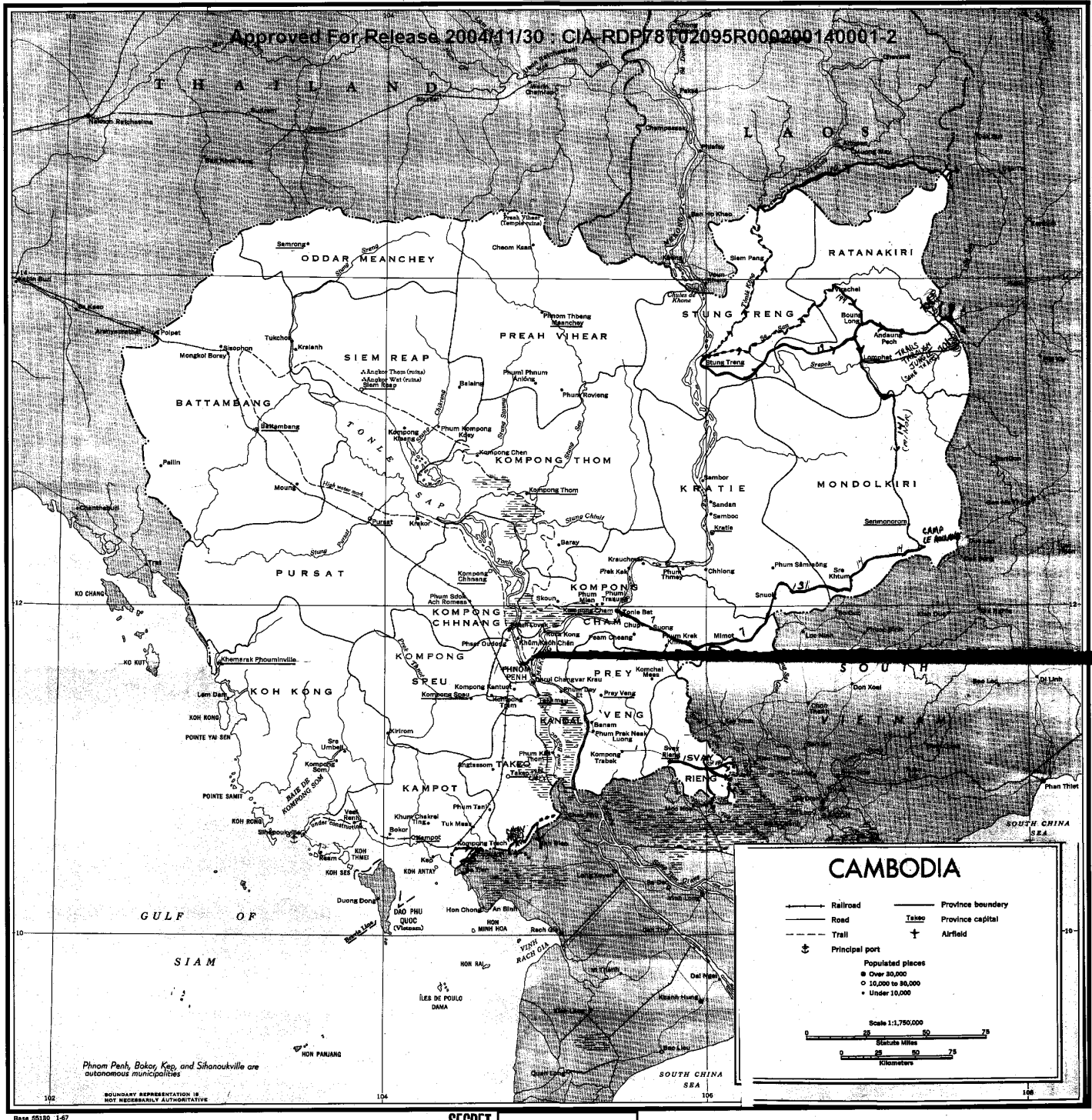
SENDER WILL CHECK CLASSIFICATION TOP AND BOTTOM			
UNCLASSIFIED		CONFIDENTIAL	<input checked="" type="checkbox"/> SECRET
<b>OFFICIAL ROUTING SLIP</b>			
TO	NAME AND ADDRESS	DATE	INITIALS
1	Ch D/I		
2			
3	File. 1/TLC <div style="border: 1px solid black; width: 100px; height: 30px; margin: 10px auto;"></div>		
4			
5			
6			
ACTION		DIRECT REPLY	PREPARE REPLY
APPROVAL		DISPATCH	RECOMMENDATION
<input checked="" type="checkbox"/> COMMENT		FILE	RETURN
CONCURRENCE	<input checked="" type="checkbox"/>	INFORMATION	SIGNATURE
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		AND PHONE NO.	DATE
		28 Feb 68	
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KEY

- Parrot's Beak Axis
  - Bassac-Mekong Corridor  
(Base Area 704)
  - Seven Mountains Area  
(Base Area 705)
  - Ha Tien Route
  - Mimot/Snuol/Fishhook Axis
  - Tonle San/Route 19/Bo Kheo/  
Lomphat Area
  - Tonle Kong River/Route 110/  
Base Area 609 - Tri Border  
Area
- [--- waterway, — town]

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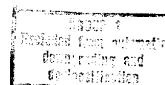
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Air Attacks on VC Base Areas in CambodiaProblem:

1. Sudden, intensive, and widescale attacks by B-52's and tactical aircraft against VC base areas in Cambodia could under optimum conditions result in inflicting significant, although not major, military losses upon the Communists. The amount of damage would be dependent upon the timing of the attacks and the selection of targets. Thorough pre-strike targeting/BDA studies would be a pre-requisite to effective air attacks for the following reasons:

- a. The specific areas to be attacked would have to be carefully and precisely defined if significant damage is to be inflicted on the enemy;
- b. An indiscriminate selection of targets would result in an significant number of Cambodian civilians being killed, especially if air attacks were made against enemy base areas in the heavily populated areas along the Cambodian-South Vietnam border;
- c. Unless attacks were made against base areas that are presently active -- contain large numbers of enemy troops -- there would be little likelihood of air attacks causing significant military losses;

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d. Without a thorough study of specific targets it would not be clear to what extent the enemy's logistical system would be damaged. It is possible that US policymakers might expect air attacks against supply depots in the base areas to be more effective than can be realistically expected.

2. The final targeting for air attacks against enemy base areas in Cambodia would have to be done in the field because of the need to have the most recent available intelligence on enemy activity in these areas, as gleaned from COMINT, DF, aerial photography, and ground reconnaissance. A CIA/OER study of the problem would be useful, however, in that it would, 1) establish the criterion for target selection, -- e.g. base areas away from populated areas, 2) and give a non-exaggerated appraisal of the probable effectiveness of such attacks. It is possible that research on the potential of base areas as a target system would, in view of the attendant political and propaganda risks, suggest that such attacks are infeasible at this time.

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Proposed Outline:VC/NVA Base Areas as a Air Target SystemI. Target DescriptionA. Location of Base Areas

The term base area is an Allied concept used to refer to a large loosely defined area, frequently used for short periods by Communist forces for refuge, regrouping and resupply. In most cases we can define and locate such areas and indicate the extent and nature of their use. The base areas cover large territories, however, and it is difficult to pin-point the areas of most intensive activity.

B. Fixed Facilities

Fixed facilities in Cambodian base areas are largely limited to small, dispersed caches of supplies. Troops usually bivouac under temporary shelters that often are dismantled upon departure from the area. Reconnaissance teams have pin-pointed few such facilities.

C. Troop Concentrations

Combat units using the Cambodian base areas normally move every few days. Tentative information on their locations is provided by RDF fixes, but reconnaissance penetrations are essential to current, comprehensive information. Permanent



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cadre consists only of enough men to handle security, guidance and liaison functions.

D. Proximity to Cambodian Military Posts

In some instances Cambodian military outposts are located near, and apparently assist in the logistical support of, Communist base areas. We can demonstrate this in several cases.

E. Proximity to Civilian Population Centers

Several base areas are located so close to villages that it is difficult to distinguish between Communist and Cambodian facilities. In other cases, Communist activities are clearly distinguishable.

II. Probable Effect

A. Personnel

Based on experience in Laos it would be very difficult to estimate the enemy KIA resulting from air strikes against enemy base areas. If there were follow-up ground reconnaissance the effectiveness of the air attacks in causing casualties could be estimated.

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B. Logistic Supplies

Without ground reconnaissance it would be very difficult to estimate the volume of enemy supplies destroyed. Rough estimates would be dependent upon unreliable indicators such as secondary explosions and fires. The relatively small volume of munitions that are required by the enemy forces in South Vietnam and the large areas in Cambodia over which supplies could be readily dispersed suggests that air attacks alone could not be expected to seriously affect the enemy supply position in South Vietnam.

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File - 1/TLC

Pre-emptive Buying — The Competitive Art of DenialConditions for Success

As a weapon of economic warfare, the sole purpose of preclusive or pre-emptive buying is to prevent the enemy from obtaining a critical war good by continued efforts to purchase most or all of the outstanding supply of the good in question.\* Pre-emptive purchases seldom, if ever, deny all of the supply of a good to the enemy. Further, pre-emptive buying is very expensive to the nation or nations which initiate it. But, it can, in addition to limiting the supply, make those imports which the enemy does receive a great deal more expensive as well.

Pre-emptive buying is a successful economic warfare weapon, however, only under certain rather limited conditions. First, the enemy requirement of the good must be critical and unavailable domestically or from conquered territories. Second, the supply of the good should be limited and incapable of increasing substantially despite rapidly rising prices, i.e., supply should, in the short run, be price inelastic. Third, the government(s) of the country or countries who supply the critical good must not actively interfere with pre-emptive buying attempts. In addition, pre-emptive buying is used only where other more drastic economic, political, or military warfare measures are not feasible. In such circumstances pre-emptive buying is one of the more gentle measures used during war.

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\* The use of pre-emptive buying as a weapon of economic warfare was first used by the Allies in World War II and was under the direction of UKCC (United Kingdom Commercial Corporation) and the USCC (United States Commercial Companies).

World War II Examples -- Spain and Portugal

Although several commodities produced in Spain and Portugal were at various time targets of pre-emptive buying, by far the most important good -- especially to Nazi Germany -- was wolfram or tungsten ore. Germany's need was crucial and Spain and Portugal were their only suppliers. In the first stages of the war, having Spanish and Portuguese sources of wolfram was an advantage to Germany as both the Franco and Salazar regimes were sympathetic to the Germans. By contrast, by 1942 the Allied need for wolfram from Spain and Portugal was negligible. Therefore, Allied purchases from Spain and Portugal were purely matters of pre-emptive buying. This choice from among harsher economic policies by the Allies was dictated by the political closeness of Spain and Portugal to Germany.

Allied pre-emptive buying proved to be more successful in Spain than Portugal because while Franco remained uninvolved in the wolfram market, Salazar imposed price controls and attempted to "equitably" parcel out shares between the Germans and the Allies. In Spain the only limit on the market was supply. And because of the skyrocketing price per ton of wolfram, Spanish workers poured into the wolfram mining business. A business which, in many cases, required little more than a basket, pick, and shovel.

In Portugal Allied efforts were hampered by Salazar's control over the production and export of wolfram. At time the pre-emptive buying efforts were neutralized by Salazar's policy of doling out wolfram between the Germans and Allies. Eventually, however, Salazar yielded to increased Allied economic pressure to reduce the German share of Portuguese wolfram.

It was a terribly expensive Allied campaign. By the end of the war, 6,000 tons of wolfram had been purchased from Spain and 9,000 tons from Portugal for a total cost (to the US and UK) of \$170 million. The same amount under normal market conditions would have cost only about \$15 million.

The German war effort was injured, however. From 1943 on, German imports of wolfram -- hence, their use of tungsten -- was reduced to practically nothing and they were forced to drastically reduce the use of tungsten in carbide tool tips from the normal 10 to 18 percent to 2 or 3 percent.

The effectiveness of pre-emptive buying is well stated by Gordon and Dangerfield who participated in this kind of program during World War II.

"... preventing the export of goods by outbidding the enemy in the open market -- was a blunt and uncertain weapon at best, to be used only where reasons of high policy excluded other methods. Where no open competition was possible, however -- where the output of strategic materials was controlled by interests friendly to the enemy or was allocated to the enemy by the neutral government -- pre-emption was doomed to failure in advance. Fortunately, such cases were not so numerous as to destroy our program. . . . In its most important and perhaps most successful aspects, pre-emption was a harassing action rather than a decisive battle on the economic front."

#### Sources

1. Gordon, David L. and Dangerfield, Roydon, The Hidden Weapon, Harper and Brothers, New York, 1st Edition, 1947.
2. Wu, Yuan-li, Economic Warfare, Prentice-Hall, Inc., New York, 1952.
3. Industrial College of the Armed Forces, Economic Warfare and Economic Intelligence, Volume XV, Washington, D. C., 1954.

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4. For other examples as well as additional in depth discussion of pre-emptive buying, also see, Medlicott, W. M., The Economic Blockage, Vol. I and II, Longmans, Green and Co., London, 1952.
5. In addition all Western economic journals from 1925-1954 were scanned as listed (by subject) in the Index of Economic Journals. Based on titles, 10 articles were selected but none have been read.

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The Probable Effectiveness of a Pre-emptive Buying  
Program to Deny Cambodian Rice to VC/NVA Forces

1. Prince Sihanouk's recent revelation of a Cambodian agreement to provide rice to the Viet Cong in exchange for dollars precludes any possibility of draining off this flow of rice through a pre-emptive purchasing program.\* Furthermore, even if the Cambodian government were to cooperate, it is doubtful that such a program could effectively deny VC/NVA forces in South Vietnam the relatively small amounts of rice now acquired from Cambodia. A year old government purchase program to channel the country's entire surplus of rice through government agencies has had only limited success. Rice production declined (partly due to natural causes), some illegal cross-border trade continued despite favorable government prices, and the government has been unable to obtain sufficient rice to meet the demand of a strong foreign market.

2. VC/NVA purchases have accounted for a relatively small portion -- probably less than 1 percent -- of Cambodian rice crops that have ranged from 2.1 to 2.8 million tons a year since 1960. Vietnamese communist purchases of Cambodian rice are estimated to have

\* In a press conference in Phnom Penh on 26 November 1967, Sihanouk was quoted as follows:

"We have made a verbal agreement with the Viet Cong concerning trade. The Viet Cong buy our rice, medicines, and other goods and pay with dollars. There is no reason for us to refrain from trading with them, since we have commercial dealings even with the Saigon government, North Vietnam, and everybody."

The agreement referred to probably was made late in 1965. Sihanouk implies that it is still effective.



totaled about 5,000 tons in 1965 and to have reached a peak of 20,000 to 30,000 tons in 1966. This year's total probably will not exceed 20,000 tons.\* Cambodian rice markets are so fragmented, and the governments' administration is so weak, that VC/NVA purchasing agents probably could maintain the flow of essential rice supplies even in the face of a large scale pre-emptive buying program.

3. The current rice crop appears to be larger than that of 1966. If current expectations are realized, Cambodia's exports of rice and rice derivatives -- all government controlled -- should increase to between 300,000 and 400,000 tons in 1968, compared with an estimated volume of approximately 250,000 tons in 1967. Existing commitments to foreign buyers probably cover a large share of the crop now being harvested and Cambodian officials in all probability would feel that their best interests would lie in honoring these commitments rather than risk losing established customers in favor of short term gains.

4. A pre-emptive buying program in the domestic market that raised the price of rice sufficiently to draw rice from normal trade channels would raise Vietnamese communist procurement costs, but would be unlikely to deprive them of rice. Huge purchases would be required to make any appreciable effect on the large domestic supplies of rice. Without the active cooperation of the Cambodian government it is hard to see how such a program could be administered.

\* In addition small volumes of rice are known to be smuggled across the border, particularly in the Delta region.

Furthermore, rice acquired on the domestic market could not be legally exported except through government channels. A significant increase in the domestic price of rice would probably have the counter-productive effect of attracting illegal rice imports from neighboring Thailand and South Vietnam.

5. Principal importers of Cambodian rice are listed in the following tabulation.

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Principal Purchasers of Cambodian Rice and its Derivatives,  
1966 and January - June 1967

	Jan - Dec 1966		Jan - June 1967	
	{ thousand metric tons }	{ \$ US (millions) }	{ thousand metric tons }	{ \$ US (millions) }
Total	<u>190</u>	<u>24.2</u>	<u>121</u>	<u>19.9</u>
French Colonial Area	67	9.5	23	4.2
Singapore	44	3.7	19	2.3
Communist China	22	2.8	10	1.7
Hong Kong	14	1.7	24	4.0
Poland	12	1.7	0	0
East Germany	8	1.0	0	0
Czechoslovakia	7	1.1	9	1.7
France	4	0.5	1	0.1
Other European Countries	8	1.4	4	0.7
India	Neg.	0.1	11	1.8
Phillipines	0	0	15	2.4
Indonesia	3	0.4	2	0.3
Other Countries	1	0.3	3	0.7

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