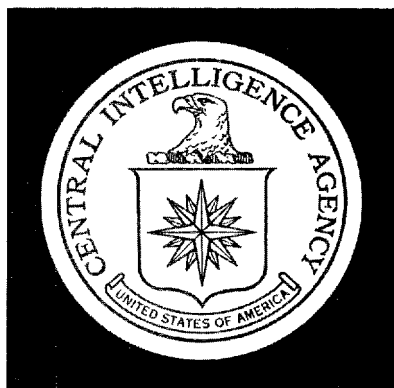


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DIRECTORATE OF  
INTELLIGENCE

## MEMORANDUM

### *The Situation in Vietnam*

NSA review completed

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29 December 1966

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### HIGHLIGHTS

Some 5,000 dock workers stayed off the job for the fourth day at the Saigon port. A call for a 12-hour general strike in Saigon has reportedly been issued. Approximately 120 different unions could go on strike.

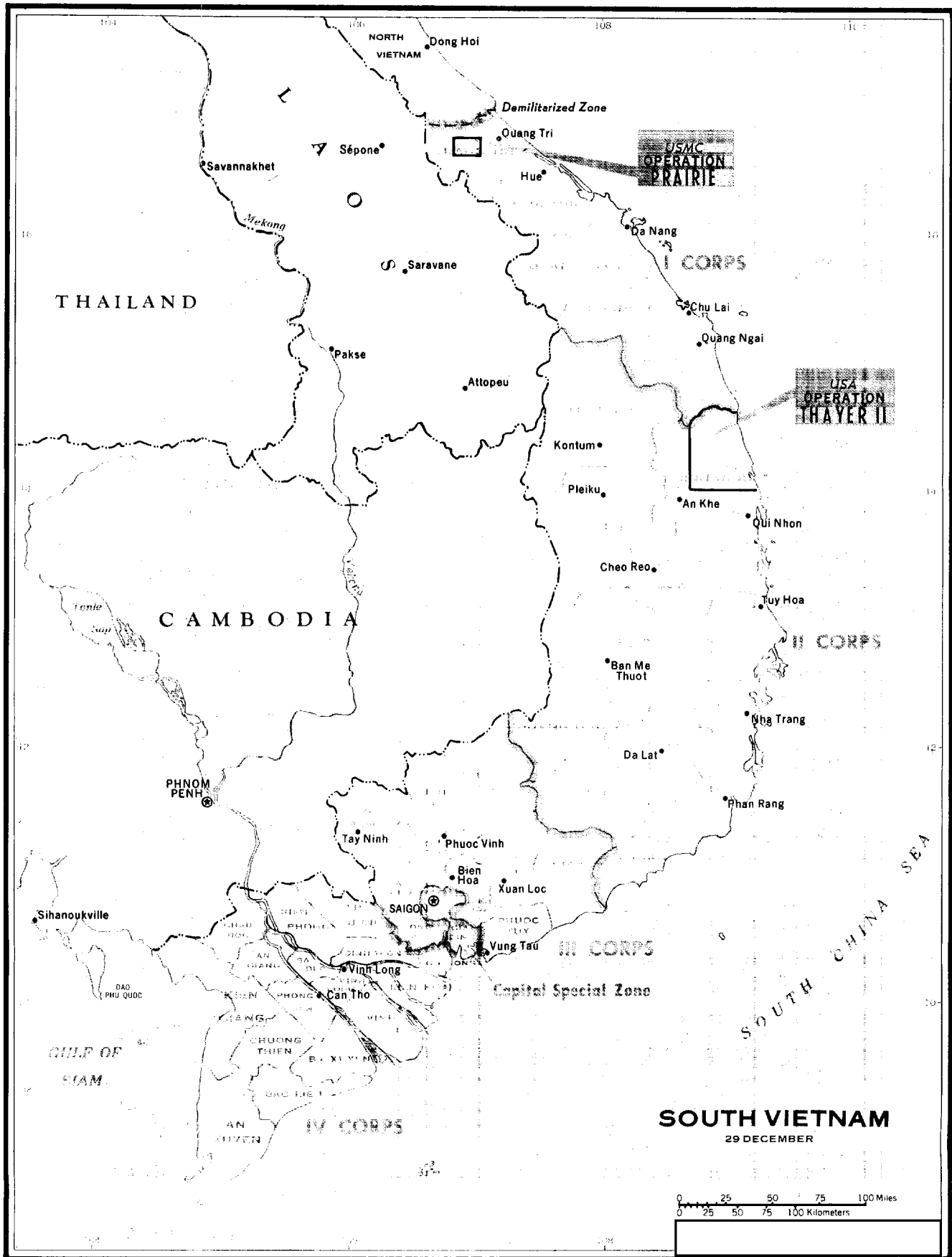
I. The Military Situation in South Vietnam:  
More than 400 Communist mortar shells were fired at allied positions just south of the DMZ in northernmost Quang Tri Province; six Americans were killed and 60 wounded (Para. 1). US soldiers conducting Operation THAYER II in Binh Dinh Province have located an enemy force near where a US artillery position was heavily attacked earlier this week (Para. 2). The Viet Cong appear to have reorganized several of their provincial organizations, according to several recently captured documents (Para. 3). A captured NVA officer provides interesting information on the 18th NVA Regiment. (Paras. 4-6).

II. Political Developments in South Vietnam:  
The dock worker strike at the Saigon port continues and a general strike in the city is imminent (Paras. 1-3). Negotiations between the GVN and FULRO are continuing (Para. 4). The government recently authorized the reorganization of village and hamlet governments (Para. 5).

III. North Vietnamese Military Developments:  
The possibility of a return of major North Vietnamese units in the DMZ area to North Vietnam has been further strengthened by recent communications intercepts (Paras. 1-3).

IV. Other Communist Military Developments: There is nothing of significance to report.

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I. THE MILITARY SITUATION IN SOUTH VIETNAM

1. Communist troops fired more than 400 mortar shells at US and South Vietnamese marine positions just south of the Demilitarized Zone (DMZ) in northernmost Quang Tri Province late on 28 December. These positions include US Marine batteries, a US Marine command post, and a South Vietnamese Marine base--all within the perimeter of Operation PRAIRIE, the multibattalion search-and-destroy operation which began on 3 August. Allied forces were unable to retaliate with air strikes because of the heavy monsoon rains, but they did use artillery to return fire. Initial reports indicate friendly casualties were heavy with six Americans killed and 60 wounded. Enemy losses are unknown. This mortar attack was the first Communist initiative in this area in several weeks. (See Section III for the status of NVA forces in the DMZ area.)

2. Elements of the US 1st Air Cavalry Division participating in Operation THAYER II skirmished with Communist troops in coastal Binh Dinh Province on 29 December. The enemy force is believed to be an element of the 22nd North Vietnamese Army (NVA) Regiment of the 1st NVA Division. Sporadic fighting was reported near where US artillery positions were heavily assaulted earlier this week. Air strikes and artillery have been supporting the American troops. Preliminary reports show four Americans killed and three wounded in this engagement. Communist losses are unknown.

3. A captured personal letter dated 8 December 1966 and a captured circular dated 9 December 1966 have provided a second indication that the Viet Cong have reorganized several of their provincial organizations. It appears that Bien Hoa and Ba Ria provinces, generally equivalent to the government of Vietnam's Bien Hoa and Phuc Tuy provinces, have been merged and redesignated Ba Bien Province. These documents also provide the first indication that Nhon Trach and Long Thanh districts of Bien Hoa Province have been reorganized.

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Captured Prisoner Reports on 18th NVA Regiment

4. A North Vietnamese [ ] captured on 26 December by South Vietnamese forces in Binh Dinh Province has provided interesting information on the [ ] NVA Regiment. The source stated that the three battalions of the regiment had approximately 200 men each, figures that would place the regiment far below its estimated strength of 1,300. The lieutenant stated, in addition, that the regiment's heavy weapons companies were being disbanded to furnish personnel for the infantry companies.

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5. The source stated that the entire regiment was very short of food. The reserve rice ration for each man, he reported, is supposed to be a month's supply and additional rice is supposed to be made available by local province committee chiefs in northern Binh Dinh and southern Quang Ngai provinces. He said, however, that there were no rice depots left in the area since they had all been destroyed by allied forces.

6. The lieutenant also reported on a recent political indoctrination program which had stressed among other things that NVA and VC soldiers had to accept the fact that the war was going to be a long one. The program also tried to convince the troops that NVA/VC forces would be victorious in the end.

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II. POLITICAL DEVELOPMENTS IN SOUTH VIETNAM

1. Some 5,000 Saigon dock workers stayed off the job for the 4th day. US military officials offered to hire 280 of the 600 stevedores who were laid off at the New Port, but this concession was apparently not sufficient to satisfy the union leaders who are masterminding the strike. In spite of the labor minister's attempts to reach a compromise with the unions, the situation continues to deteriorate. American troops continued to handle essential military cargo.

2. The latest union move is a reported call for a general strike by affiliates of the CVT's Saigon Council of Trade Unions. There are approximately 120 different affiliated unions. The strike is to last 12 hours beginning at 6:00 a.m. Vietnam time on 30 December. It is not clear whether just public utilities and transportation service workers will strike or whether all unions associated with the council will comply with the strike call. In any event, if the utility workers do strike, South Vietnamese troops will reportedly be used to operate the facilities most crucial to the functioning of the city. The general strike call should provide a test of strength for the opposing parties within the national Vietnamese Confederation of Labor (CVT) and the local unions, since the dock workers' walk-out thus far has not been sanctioned by more than a few CVT leaders.

3. The government has taken no steps to end the strike aside from the unsuccessful talks by the labor minister with rebel union leaders.

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GVN - FULRO Negotiations

4. General Vinh Loc, the commander of II Corps, and several ethnic highland officials met recently to plan the future integration of troops still loyal to the FULRO organization, a dissident montagnard autonomy movement into the GVN force structure. As an act of good faith, General Loc has agreed to furnish arms to 250 FULRO troops who have already rallied to the government and to include them in one of the highland paramilitary units. In return, the chief FULRO negotiator will arrange for the return of over 2,000 other FULRO troops to the government in late January. The GVN also plans to release about 100 FULRO prisoners from jail at that time. This phase of the GVN/FULRO accord, if successful, would then prepare the way for the return of the FULRO leader; his return is also reportedly dependent, however, on the inclusion of articles in the constitution benefiting the highlanders.

Recent GVN Decrees on Local Government

5. On 24 December, the government issued decrees authorizing the reorganization of village and hamlet governments. The election of the local officials, usually the chief and the council, are expected to take place in mid-1967. The governmental administrative units at these levels have been traditionally unresponsive to the central government as well as to their own local inhabitants. The reorganization is aimed in part at creating a popular base within which the people can identify with their nation.

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III. NORTH VIETNAMESE MILITARY DEVELOPMENTS

1. Additional evidence which has become available from intercepted communications further strengthens the probability that major North Vietnamese units which have been active in northern South Vietnam and the Demilitarized Zone (DMZ) have returned to North Vietnam. On 17 December, the NVA High Command at Hanoi began communicating with terminals believed to represent the headquarters elements of the 324th Division, the "mid-65" Division, the 341st Division, and the DMZ front [redacted]

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[redacted] These same units began using [redacted] in communications with their subordinates on about 25 November. All of this activity suggests that these units may have established semipermanent base areas in the southern part of North Vietnam.

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2. Reports from US Marine elements in this area suggest that the enemy is attempting to avoid US forces while at the same time probing and harassing South Vietnamese positions in eastern Quang Tri Province. The ARVN has reported several engagements with battalion-size forces in this area. [redacted] however, continue to report the infiltration of small size units into central and western Quang Tri Province, possibly for logistic, reconnaissance or intelligence gathering operations. In addition, the enemy is believed to be stockpiling supplies along known infiltration routes north of the DMZ and in northwest Quang Tri.

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3. The return of the bulk of the North Vietnamese force to the DRV is similar to the VC/NVA tactic used in the central highlands. Enemy forces in the highlands move into Cambodia in order to regroup and rest. In some cases, Cambodia is used as a sanctuary when US sweep operations are under way. As in the Cambodian border area, it is probable that NVA forces will re-enter northern South Vietnam when

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the Communists feel that a favorable tactical situation exists. In the meantime, the presence of a sizable NVA force just north of the DMZ helps the Communists to obtain one of their goals--that of tying down as many allied troops as possible without giving them a suitable target at which to strike.

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IV. OTHER COMMUNIST MILITARY DEVELOPMENTS

1. There is nothing of significance to report.

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