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VIETNAM

- I. The ceasefire for Buddha's birthday passed with a relatively small amount of enemy-initiated activity.
 - A. The only sizeable enemy action came in an attack, just a few minutes after the ceasefire began on 22 May, against a US Army company in a defensive position southwest of Pleiku City in the central highlands.
 - Twelve American were killed and 67 wounded in the exchange of fire and infantry contact which continued sporadically throughout the ceasefire.
 - B. There was no significant contact with enemy forces reported in the DMZ area during the ceasefire.

 Elsewhere, there were scattered minor incidents.
 - C. We have no reports as yet that the Communists attempted to take advantage of the ceasefire to move large amounts of supplies.
 - It takes a while for information of this type to come in, however, and later reports may indicate extensive Communist re-supply activities, most probably in southern North Vietnam.

State Derpartment review(s) completed.

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- II. Reports of the damage to the Manoi targets in the air strikes of 19 and 21 May are conflicting. However, it appears that substantial damage was done to the Hanoi thermal power plant in the 21 May strike.
 - A. The North Vietnamese have nonetheless managed to get electricity restored in some areas of the capital, possibly by drawing on other stations in their power grid.
 - B. US aircraft which have been in the vicinity during the last 24 hours report most areas of the city dark.
 - C. There is ho/confirmation of the reports of bomb damage to the embassy area or to the Hanoi water water works claimed by Western observers in Hanoi.
 - D. We believe it likely that there was some accidental damage to the embassy area of Hanoi, as reported by Western observers.
 - 1. US aircraft and spent ammunition apparently fell in the area.
 - E. There have been no reports of heavy civil casualties in the raids.



missile

IV. We have not detected any new bloc weapons in the DRV air defense arsenal lately, but some could be on the way. We are examining the evidence particularly for the following types:

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A. The SS-3 SHYSTER--this is a 650 NM ballistic

- B. The SCUD tactical ballistic missile with a range of 150 NM. This weapon has been deployed in some East European countries and would provide the DRV with an opportunity to attack off-shore shipping and some large fixed installations such as Da Nang Airfield from the southern DRV.
- C. The Salish is a 60 NM surface-to-surface version of an older naval cruise missile. It has been supplied to Cuba and Eastern European countries and would be used against shipping or tactical ground targets.

- D. The Shaddock is a 300 NM missile which would allow the DRV to attack fixed targets in the northern half of South Vietnam from the southern half of the DRV. It has not been made available to non-Soviet forces.
- E. The FROG surface-to-surface unguided rockets

 would be useful in a tactical situation such
 as that in the DMZ area. It has a range of up
 to 48 miles in its various models and has
 been deployed through the bloc and Cuba.
- F. COASTAL DEFENSE missiles such as the SAMLET,
 STYX, KENNEL are used primarily against shipping.
 - 1. In addition to the above offensive missile systems, we might expect to see continuing deliveries of late-model all-weather MIG-wls plus additional MIG-17 aircraft. We could also look for improved versions of Soviet air-to-mir missiles.
 - 2. In the ground forces we might expect larger rockets—up to 240mm—as well as heavier artillery and anti-aircraft weapons. We have already seen some of this equipment—field guns of 130mm for example, as well as 132mm and 140mm rockets.

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NORTH VIETNAMESE MIG LOSSES

l.V	The total number of North Vietnamese aircraft shot	
	down new stands at 69. The seriously degraded North	ı
•	Vietnamese fighter aircraft dwindled even further	
	over the past three days with the shootdown of ten-	-
	possibly llaircraft,	
:	and the possible destruction	ימ כ

25X1 of four others on the ground.

B. The North Vietnamese are known to have a considerable reserve of MIG intercentors

reserve of MIG interceptors

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Chinese Attitude

- VII. As for Peking's attitude, we believe that the Chinese Communists consider things are going reasonably well in Vietnam from their point of view.
 - A. As they see it, Hanoi remains steadfast, and Communists forces in South Vietnam continue fighting, at a comparatively modest cost to China.
 - B. The Chinese have repeatedly asserted, and probably still believe, that time is on the Communist side.
 - C. Their idea is that if the war can be kept going long enough, the political pressures in the United States and on the United States will become insupportable.
- VII. With this estimate of the situation, Peking also would agree on the immediate objective of a military stalemate, costly to the United States and to the Vietnamese but not to the Chinese.

Α.	To achieve this, the Chinese will continue to
	give the Vietnamese Communists war material,
	food, and "technical assistance"

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We think they would increase the level of such support if Hanoi asks for it.

- IX. Peking would take another long, hard look at the cards, however, if a change in the overall situation required a more direct Chinese involvement and greater risk of war to keep the Vietnamese fighting.
 - A. The Chinese all along have tried to hold down the danger of a military confrontation with the United States, for all their uncompromising public stance and periodic pledges of support for Hanoi.
 - If anything, they are now less disposed to intervene directly than they were in 1965.
 - B. Peking's caution has increased in direct proportion to the level of the U.S. effort in Vietnam. Chinese propaganda has decreased steadily in volume and vehemence since the spring of 1966.
 - C. Chinese Communist spokesmen have indicated privately for two years that China would come into the war if U.S. aircraft attacked targets in China, or if there were a major U.S. invasion of North Vietnam.
 - These conditions probably still hold in general today, although it is unlikely that Peking's response to either situation would be automatic.
 - 2. The Chinese might also move to establish a buffer zone outside the Chinese frontier if North Vietnamese collapse looked imminent.

D. There are no indications, however, that Peking thinks any of these contingencies are likely in the near future—as a result of either U.S. or Chinese initiative.

HONG KONG

- X. To take a brief look at Hong Kong, the Chinese Communists are clearly out to undercut the position of the British government in the colony, and at the same time expand their own base of public support.
 - A. The success Peking had last winter in humiliating the Portuguese in Macao may have encouraged the Chinese to challenge the British when labor troubles in Hong Kong created the opportunity early in May.
 - B. The firm stand taken by London and the tough tactics of the Hong Kong police appear to have given Peking second thoughts.
 - C. I doubt that the Chinese are ready to jeopardize the \$550 million in foreign exchange which they obtained through Hong Kong last year.

There is, of course, room for misjudgment, and the Chinese may feel they can still put considerably more pressure on the British without serious risk to Peking's economic stake in a British Hong Kong.

THE MIDDLE EAST

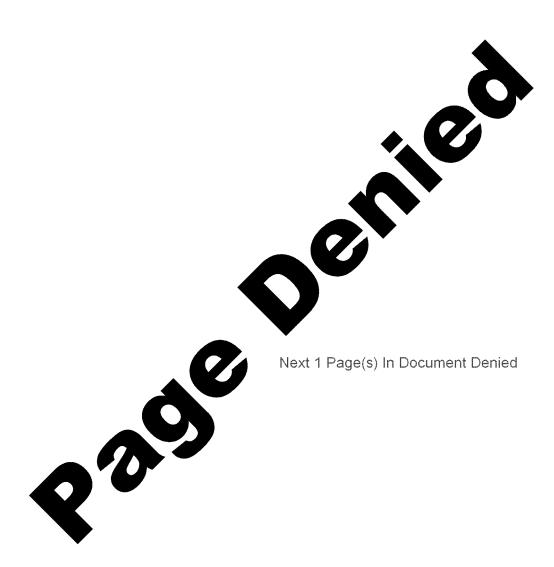
- I. The situation in the Middle East took a very serious turn last night, although there is no evidence that either Israel or the Arab nations really want a war.
 - A. The trouble is that--except for the smaller nations like Jordan and Lebanon--neither do they want peace very badly.
 - B. Now Nasir, who is not prepared for war with Israel, has announced that he is closing the Gulf of Aqaba to Israeli shipping, and he must know that to the Israelis, this ranks as a casus belli.

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II. The crisis has arisen from the persistent raids by Palestinian terrorists

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A. The Israelis trounced the Syrians in an air battle on April 7. There have been 14 terrorist incidents since then. The Israelis, concerned because the raids are showing growing capabilities, have renewed their standard warnings of retaliation.



- B. The Soviets face real difficulties; they
 don't want a full-blown war, particularly one
 which could well bring U.S. commitments into
 play, and yet they would rather stay "on the
 side of the Arabs" than come down unequivocally
 on the side of peace. Unrest and tension are
 and have been exceptionally useful to the
 Soviets in their attempt to erode Western
 influence in the Middle East.
 - C. The private Soviet line was probably given to Ambassador Thompson in Moscow last Friday when Thompson told Dobrynin he hoped that the Soviets were exerting as much pressure in Syria as we were in Israel. Dobrynin answered:

 "I think we can match you."
- V. Even with restraining Soviet pressures, the danger lies in the fact that the leaders on each side are being moved by the chain of events, rather than controling those events at this point.
 - A. The Israelis, for example, feel that they

 must now patrol by land and air into Sinai,

 and there is a hint of fatalism in the Arab

moves which is clearly expressed in Nasir's aggressive announcement about the Gulf of Aqaba.

B. Under the circumstances, war can now come from accident, incident, or miscalculation.