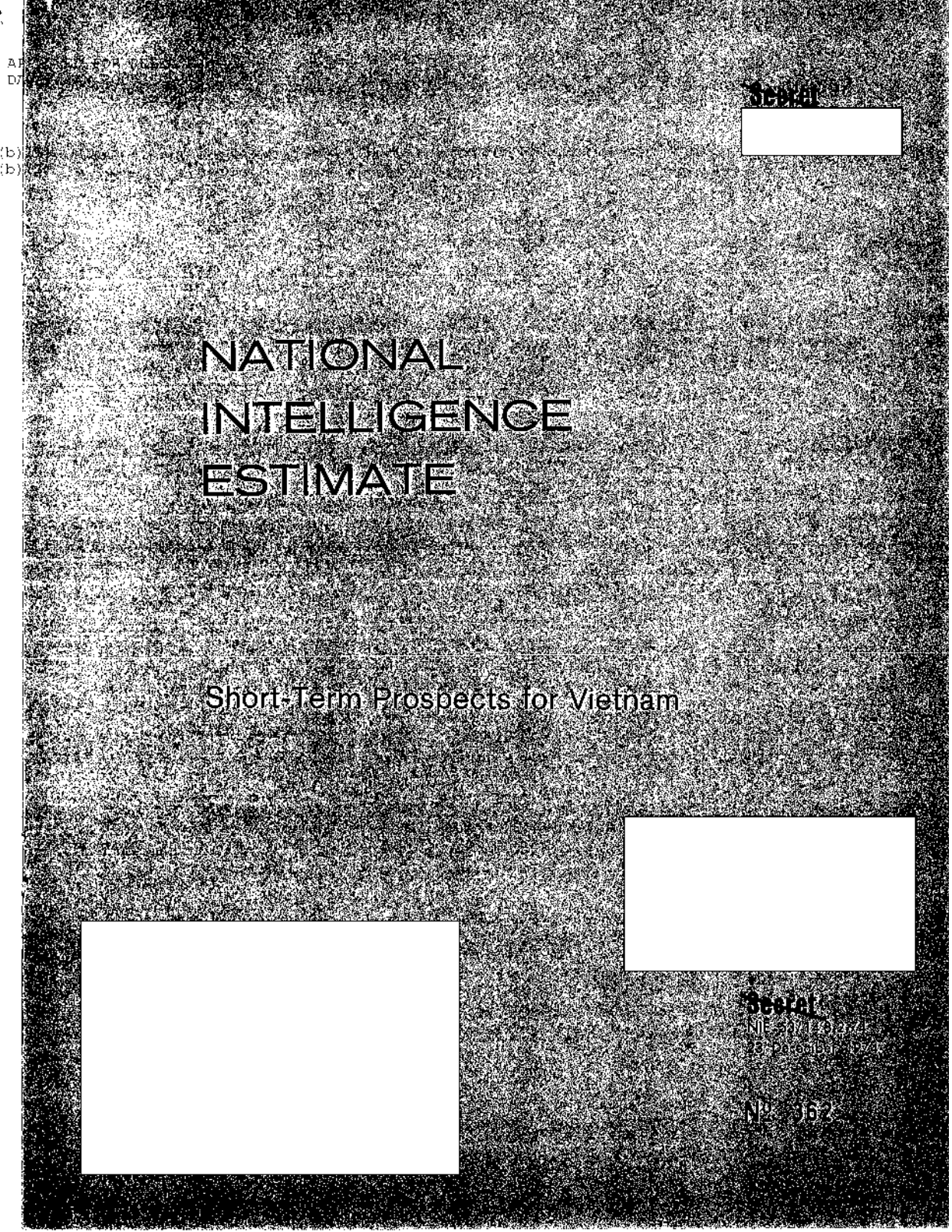


NIE 53/14.3-2-74

Short-Term Prospects for Vietnam

23 December 1974



NATIONAL
INTELLIGENCE
ESTIMATE

Short-Term Prospects for Vietnam

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SHORT-TERM PROSPECTS FOR VIETNAM

PRÉCIS

- Communist military forces in South Vietnam are more powerful than ever before.
- The South Vietnamese Armed Forces (RVNAF) are still strong and resilient and have generally acquitted themselves well since the ceasefire, but the decline to the present level of US military aid threatens to place them in a significantly weaker logistic posture than the Communists.
- Hanoi has a variety of military options, but the evidence points toward a marked increase in military action between now and mid-1975 designed to:
 - defeat the GVN pacification program;
 - inflict heavy casualties on the RVNAF;
 - gain control of many more South Vietnamese; and
 - force the GVN into new negotiations at disadvantage.

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- At a minimum the Communists will sharply increase the tempo of fighting by making greater use of their in-country forces and fire-power.
- In this case, their gains would be limited, but RVNAF stockpiles of ammunition and other critical supplies would probably be depleted by April or May below the 30-day reserve required for intensive combat.
- We believe that the Communists will commit part of their strategic reserve to exploit major vulnerabilities in the South Vietnamese position or to maintain the momentum of their military effort.
- Such a commitment would carry a greater risk of major defeats for top RVNAF units and a further compounding of GVN manpower and logistic problems.
- Without an immediate increase in US military assistance, the GVN's military situation would be parlous, and Saigon might explore the possibility of new negotiations with the Communists.
- It is even possible—in response to a major opportunity—that the Communists would move to an all-out offensive by committing all or most of their strategic reserve. But our best judgment now is that they will not do so.
- Hanoi prefers to achieve its dry season goals through a military-political campaign that avoids the risks and losses of an all-out offensive.
- Hanoi probably hopes that by setting limits on its military operations there would be less likelihood of a strong reaction from Washington and that frictions with Moscow and Peking would be minimized.
- At currently appropriated levels of US military assistance, however, the level of combat that we do anticipate in the next six months will place the Communists in a position of significant advantage over RVNAF in subsequent fighting.

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DISCUSSION

I. INTRODUCTION

1. Our estimates on the Vietnam problem over the past year have focused on the probability of a Communist offensive against the South that involved the commitment of NVA/VC forces now in South Vietnam and a majority of Hanoi's strategic reserve divisions in North Vietnam. The principal judgment in our last full-dress review (made in May 1974) was that such an offensive was unlikely through June 1975, although the risk would grow as June 1975 approached.¹ We also judged that such an offensive would be the only thing that could produce a decisive Communist victory.

II. THE NORTH-SOUTH BALANCE

The Communists

3. *Military.* The Vietnamese Communists now have their strongest military force in

¹ NIE 53/14.3-1-74: "The Likelihood of a Major North Vietnamese Offensive Against South Vietnam Before June 30, 1975," dated 23 May 1974 (S).

This Estimate was updated by Interagency (CIA/DIA/State) Memorandum entitled "An Assessment of the Current Military Situation in Vietnam," dated 9 August 1974 (S). The key judgment, however, was unchanged.

South Vietnam in the history of the war. That force is better trained and equipped than it was at the time of the 1972 offensive. In North Vietnamese military writings the emphasis on preparing for renewed large-scale conventional warfare that appeared in 1973 has been followed in 1974 by an emphasis on those aspects of combined-arms tactics that were found wanting in 1972. Also in 1974, the training cycle for new North Vietnamese conscripts was extended by several months.

4. At the same time, NVA inventories and continuing military assistance from the USSR and China have proven adequate to replace expenditures and losses in the South. In addition, the receipt since 1972 of jet fighters, SAMs, AA guns, and associated radars, and the reconstruction and modernization of airfields in the North Vietnamese panhandle have given Hanoi a more than adequate air defense capability against the South Vietnamese air threat to North Vietnam and to Communist base areas in the South.

5. In South Vietnam, there has been little change in the numerical strength or composition of NVA/VC combat forces over the past

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year, but the rehabilitation and modernization of combat and support elements have continued apace. The NVA/VC's ability to adapt to changing situations is at an all-time high, and they can be resupplied and reinforced faster than ever. Enough replacements have been infiltrated from the North to offset the past year's combat losses. Armor levels have been kept essentially constant in the past year, and artillery levels have been increased. Sufficient supply stockpiles are available in-country to support country-wide combat operations at the 1972 offensive level for an extended period. Moreover, the Communists are sending additional large quantities of military supplies to the South. Infiltration thus far in the dry season has been heavier than last year, and we expect this pattern to continue.

6. Four new NVA corps headquarters have been identified since late 1973—one in central North Vietnam, two in South Vietnam's MR-1, and one in MR-3. Controlling several infantry division equivalents each, these headquarters are designed to give the NVA High Command greatly improved command and control. Also, during 1974 the capability of North Vietnamese MIGs to mount limited attacks against fixed installations was extended south of the principal South Vietnamese Air Force (VNAF) airbase at Danang. The presence of some 22,000 Communist air defense personnel in South Vietnam and the upgrading of equipment and weapons has resulted in an NVA SAM and AAA capability to defend base areas and key personnel infiltration and supply routes in the northern and western border regions from VNAF air strikes and reconnaissance.

7. Viet Cong guerrilla forces contribute very little to the overall Communist military strength in South Vietnam. The Viet Cong guerrillas and guerrilla support structure have

been in a weakened state since the Tet 1968 offensive, and they have not regained much strength since January 1973. Today more than ever NVA main forces are the principal threat to the RVNAF.

8. *Other Considerations.* We know of no opposition on the part of the North Vietnamese people that is strong enough to affect Hanoi's ability to continue its quest to gain control over South Vietnam or that would require any significant modification of its strategy. North Vietnam basically remains a unified state run by a tightly knit party and technical elite with the dedication to pursue chosen options even in the face of great adversity.

9. There are domestic factors which could impact on Hanoi's freedom of action in the South, but we know little about their relative weight. The regime places a high priority on economic reconstruction and development, and there is a vocal element within the leadership that wishes to concentrate on these matters at the expense of the struggle in the South. The limited intelligence available on this subject, however, does not allow us to determine the depth and extent of debate over national priorities, or its probable future course and consequence.

10. Other areas of uncertainty are the weight carried by the counsels of the USSR and China in Hanoi and the degree to which either Moscow or Peking is willing to press Hanoi on the question of military action in the South. The USSR and China may see their larger interests in detente advanced by a period of relative peace in Indochina, but there is no convincing evidence that they view detente with the US as necessarily requiring them to take major steps to keep Hanoi in line. There is similarly no convincing evidence that the Soviets and Chinese have withheld or tailored their aid to North Vietnam in an effort to influence North Vietnamese strategy.

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In any event, whatever Moscow's and Peking's intentions, they could not restrict North Vietnam's short-term military options, although Hanoi would have to consider the longer-range implications of a Soviet and Chinese unwillingness to replace equipment and supplies lost in combat.

11. A final factor affecting Hanoi's calculations is its assessment of the US position. On the one hand, Hanoi must be encouraged that the Paris agreements not only ended direct US participation in the war, but also brought about a further reduction in the American military presence throughout Southeast Asia. In addition, the North Vietnamese leadership probably interprets recent political developments in the US as further reducing Washington's support for Saigon. On the other hand, Hanoi probably considers President Ford something of an unknown quantity on the Vietnam issue and is unsure about how he would react to a dramatic Communist military effort to upset the balance in Vietnam. There is almost certainly still some concern in Hanoi that as long as the US retains military forces in Southeast Asia, Washington would intervene to prevent a South Vietnamese military collapse.

The South Vietnamese

12. *Military.* The military performance of the RVNAF has been reasonably effective since the ceasefire agreement. At present, South Vietnamese military forces are capable of providing security sufficient to protect the bulk of the populace, despite ammunition, fuel, and equipment stringencies. Throughout this period, government forces demonstrated sophisticated command and control procedures and a high degree of tactical flexibility. This competence was evident in such diverse operations as the May 1974 MR-3 cross-border operation into Cambodia and the six-hour de-

ployment in the late summer of 1974 of a division headquarters and a regiment from the central highlands to coastal Binh Dinh Province, where the regiment was immediately committed to open an interdicted section of Route 1.

13. Nevertheless, the quality of many RVNAF commanders is still marginal, especially at company and field-grade levels. This failing was especially evident in several units of the 1st Division in the fighting southeast of Hue in August. In addition, the RVNAF is plagued by the perennial problems of reduced manning levels in many units, a problem aggravated by high casualties, a slow replacement process, and in many cases poor quality replacements.

14. South Vietnamese military shortcomings are most apparent within the territorial forces—about half of the troops under arms. In some areas of the country the Regional Forces (RF) have performed creditably—in coastal MR-2, MR-3, and the northern delta. In southern MR-1 and in the northern highlands of MR-2, however, the territorials have performed poorly as a result of inadequate leadership, discipline, and unit manning. In the southern delta provinces of MR-4, mainly defended by territorial forces, security has deteriorated markedly since early this year, in large part because of the interplay of two major factors—increased Communist aggressiveness and a sharp rise in South Vietnamese desertions from the territorial forces and a decline in recruitment. In the delta as a whole, there was a 30 percent decline in the present-for-duty strength of RF battalion line companies during the first ten months of 1974. Another factor contributing to the spotty performance of the territorials is that they have in recent years been confronted with main force Communist units and not just VC guerrillas. The GVN is implementing plans to re-

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train and upgrade the territorial forces, but it remains to be seen whether the action will be effective.

15. The most unsettling development affecting the RVNAF, however, derives from the decline in US military aid available to the GVN. In FY 1974, the RVNAF received about \$1.2 billion in US military assistance, as compared with \$2.3 billion in FY 1973. Funding at the \$1.2 billion level was insufficient to replace all RVNAF consumption and losses of supplies and equipment.

16. Barring a supplemental appropriation, no more than \$700 million in US military aid will be available to the GVN in FY 1975. In the best case, that is, combat at an overall level no greater than the average for 1974, the RVNAF could prevent Communist gains in vital population areas over the next six months or so only at the cost of drawdowns of ammunition, POL, spare parts stocks, and equipment inventories. Even at the 1974 level of combat, we would thus expect the RVNAF to be in a significantly weaker logistical position by the end of the dry season (and the Communists relatively stronger). The RVNAF's ability to cope with a subsequent sustained increase in the tempo of fighting would depend increasingly on whether the GVN received timely and large-scale US logistic support beyond presently programed levels.

17. RVNAF combat capabilities appear in retrospect to have peaked in the year or so following the ceasefire. There has been some decline in RVNAF effectiveness in recent months, but this decline has not yet reached significant proportions. The RVNAF has been forced into an increasingly defensive and reactive posture, however, and even now RVNAF shortages are limiting combat oper-

ations in some areas. It is likely that heavier combat would force the GVN to dilute further the strategy and tactics that have stood it in good stead since the ceasefire. These have included an aggressive forward posture and generous employment of air and artillery fire to break up Communist military formations and to blunt attacks.

18. As important as the current level of US assistance is the GVN's faith in a continuing US commitment to provide military assistance in the future when it is needed. A loss of confidence in the US commitment to South Vietnam would seriously affect the GVN's morale and will to continue the struggle regardless of the actual level of stocks on hand.

19. *Other Considerations.* Within the GVN there is firm commitment to maintaining South Vietnamese independence. President Thieu has used his power base—the military and the bureaucracy—to retain a strong hold on the governmental apparatus, and this apparatus has relatively little trouble in countering Communist political and clandestine subversion efforts. Moreover, the vast majority of the Vietnamese people are aware that they would fare badly under the Communist alternative.

20. But Thieu's hold on power may be somewhat less secure now than it was a year ago for three major reasons:

- The South Vietnamese reading of the US political situation, especially with regard to what is seen in Saigon as a declining US commitment to Vietnam.
- The escalation of the fighting and attendant higher casualties.
- The economic reverses since the 1972 offensive and the concomitant increases in urban unemployment and declines in living standards.

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21. Political opposition groups have attempted to harness these popular frustrations in their intensified attacks against the GVN for high-level corruption, press censorship, and Thieu's and the army's monopoly of real political power. Although active political dissension is now largely limited to small groups, these issues could spur more widespread popular opposition, particularly in the upcoming election year.

22. The economic problems facing South Vietnam are not likely to lead to acute pressures on the government over the next year or so, unless the security situation markedly deteriorates. Since mid-1972, for a variety of reasons, the urban industrial and services sectors of the economy have been stalled at well below capacity, and rapid inflation has severely eroded real incomes of military personnel, civil servants, and city dwellers in general. In particular industries, such as cement and electricity, output has remained high, but the overall unemployment rate of the urban work force is at 15 to 20 percent. On the other hand, particularly in agriculture, which is the heart of the South Vietnamese economy, there have been some positive signs over the past few months. The rice crop now being harvested appears larger than last year's bumper crop because of good weather conditions and a fairly high overall use of chemical fertilizers. Stocks are large enough to assure adequate supplies without US PL-480 rice shipments for the first time in about ten years. Foreign exchange reserves are up \$55 million over the start of the year to \$218 million, although export growth is diminishing.² Reflecting the improved supply conditions, the consumer price level has held steady since August 1974, reduc-

² The most important factors in the reserve increase have been a \$30 million inflow from oil exploration fees and reduced import payments as a result of the urban recession.

ing the annual rate of inflation to about 40 percent. Over the longer term, the economic pressures on Thieu clearly will depend heavily on the availability of foreign aid. But they will also depend in part on how effectively the government can shift additional manpower and resources to agriculture and other industries which will, over time, make the country less dependent on foreign aid.

III. WHAT NEXT?

Hanoi's Options

23. There has been little change in Hanoi's options from those of a year ago. Broadly speaking they include:

- Maintaining the 1974 strategy and level of activity in the South, in the hope that such activity would be sufficient to erode the GVN's military and political base.
- Sharply increasing military action in the South, but to a level below that of an all-out offensive.
- Launching an all-out "general" offensive in an effort to win an immediate "total" victory.

24. The GVN has demonstrated a capability to cope with the first option, and evidence of Hanoi's intentions points primarily to the second option. Reliable reports over the past 12 months or so indicated that neither North Vietnam nor its fighting forces were confident of their ability to defeat the GVN militarily. Much of the evidence, however, reflected a view in Hanoi that the stage for Thieu's ouster could be set by increasing the level of military pressure on the GVN while exploiting internal dissension.

25. More recently, a considerable volume of reliable reporting has provided details on Communist dry season intentions; these were

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outlined in a COSVN resolution which laid out Communist goals for 1975. According to the resolution the Communists hope to achieve their political goals primarily by military means. In so doing, the Communists hope to use their forces to gain such objectives as:

- defeating the GVN pacification program;
- inflicting heavy casualties on RVNAF;
- gaining control of large numbers of South Vietnamese in contested or government-controlled territory; and
- forcing the GVN into new negotiations under circumstances favorable to the Communists.

As would be expected in any COSVN document, Communist plans for the northern half of South Vietnam were not detailed. Nevertheless, enough reliable reports have been received from other areas to indicate that a country-wide effort is planned. Any GVN vulnerabilities that are exposed will be exploited in follow-up action.

26. There are various levels of military pressure the Communists could apply under Option 2 within the guidelines of the COSVN resolution for 1975. At the lower end of the spectrum the Communists could rely exclusively on their in-country units. Under this scenario, GVN vulnerabilities would be most acute in the northern half of SVN and in portions of the delta. Specifically, RVNAF forces are spread thinly along Route 1—the vital supply line for Hue and other major cities near or on the coast. The road could be interdicted, and the GVN would be hard-pressed to keep it open. The central highlands would be an area in which at least initial Communist successes would be almost assured. Kontum City, for example, remains especially vulnerable to an NVA strangulation campaign. Communist gains in the southern part of the coun-

try—vital to the survival of the GVN—would probably be more limited. Some additional expansion of Communist control, however, would likely occur in the provinces north and northwest of Saigon and particularly in the southern delta where an erosion in security has already occurred.

27. Even so, under this scenario, we would expect Communist gains this dry season to be limited. The RVNAF retains sufficient strength and resiliency to contend with Communist military activity that depends only on the force structure now in-country. Both sides would be hurt, however, and the key question would then be the regenerative capability of the opposing forces. The RVNAF would be in an extremely precarious logistic position, and its ability to bounce back would depend principally on the level and timeliness of US assistance. At the level of combat called for under this scenario and at current levels of US assistance, RVNAF consumption of ammunition and other critical supplies would probably result by April or May in a depletion of stockpiles below the 30-day reserve required for intensive combat. In addition, RVNAF capabilities would doubtless be further degraded by shortages of spare parts and replacement equipment.

28. The Communists, on the other hand, would be in a far better relative logistic position. They would also still have their strategic reserve—or most of it at least—from which to draw new personnel if they so choose. Thus, by the end of this dry season a situation would be created in which the Communists would have a significant advantage over RVNAF for subsequent fighting.

29. At the upper range of military action under Option 2, Hanoi could choose during the dry season to deploy some units from its strategic reserve to the South in response to new opportunities or difficulties encountered

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during the fighting. For example, up to a division might be sent to MR-1 from the reserve to exploit local successes there. A similar opportunity could emerge in the central highlands.³ The objective of such reinforcement, however, would be limited and consistent with present Communist strategy as expressed in the COSVN resolution for 1975. Even so, there would be a risk that once embarked on this course, particularly if RVNAF appeared highly vulnerable, Hanoi might decide to commit most of its reserve forces in an effort to achieve a decisive victory over the GVN.

30. A limited commitment of the North Vietnamese strategic reserve of itself would not make the GVN's situation untenable, but it would result in greater strains on RVNAF. For example, there would be a greater danger that top RVNAF combat units might suffer major defeats, particularly since the South Vietnamese strategic reserve is already committed. Moreover, by utilizing part of their reserve force, the North Vietnamese would be in a better position to maintain a high level of combat throughout the dry season, thereby compounding RVNAF's logistic and manpower problems. In such a situation, the GVN would probably look to the US for an immediate increase in assistance. If this were not forthcoming, the GVN's military situation would be parlous, and Saigon might explore the possibility of new negotiations with the Communists.

31. Under either variant of Option 2, much will turn on RVNAF's morale and willingness to persevere. Not only will South Vietnamese forces be faced with heightened Communist aggressiveness, but they will also face the possibility that supply stringencies will constrain

³ These particular deployment scenarios are illustrative only and are not meant to place arbitrary restrictions on North Vietnamese military flexibility.

their ability to counter the Communist effort. Initial RVNAF successes in fending off the Communists despite these adversities would buoy morale and give the South Vietnamese increased confidence that they could stay the course. On the other hand, a series of battlefield setbacks—even if not strategically important—could set in train a feeling of defeatism which would adversely affect the RVNAF's future performance.

The Forecast

32. We expect at a minimum a sharp escalation in the fighting this dry season, with the Communists making greater use of their in-country forces and firepower than in 1974. They clearly have the flexibility to commit a portion of their strategic reserve, and we believe that they are likely to base their decisions on how the fighting evolves during the dry season. We believe that they will make such a commitment to exploit major vulnerabilities in the South Vietnamese position or to maintain the momentum of their military effort.

33. *An All-Out Offensive.* We estimate that an all-out offensive is unlikely this dry season, although there is a risk that Hanoi might move in this direction if it perceived an opportunity where it could score a decisive victory. If the Communists should choose this option there would be a major increase in Communist infiltration and most of the strategic reserve would be deployed to the South. The offensive would probably begin in the spring of the year when weather favors combined-arms operations throughout most of the country, with the major effort once again occurring in MR-1 and secondary actions elsewhere to keep the GVN from redeploying forces to meet the threat in the north. The fighting would be characterized by intense artillery duels and conventional set-piece battles extending into populated areas.

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34. The South Vietnamese would be able to withstand the initial impact of an all-out Communist offensive only by trading space for time. They would probably lose all of MR-1 north of Danang, Pleiku and Kontum provinces in MR-2, and some territory in MR-3 and MR-4. The RVNAF would be unable to contain a sustained Communist offensive unless the US provided early and large-scale logistic assistance. Casualties and equipment losses would run high on both sides, and the RVNAF would doubtless lose more than they did during the 1972 offensive. The final outcome of a Communist general offensive, even with extensive US logistic support to the South, would hinge on such intangibles as the resourcefulness and effectiveness of ARVN unit leaders and the psychological impact of the probable early Communist successes.

35. The adverse psychological impact of Communist successes in the initial stages of the offensive might be more significant than the actual effect on the military balance. Therefore, in the worst case, a situation could develop in which the Saigon government would be unable to stabilize the situation or regain the initiative without the reintroduction of US air and naval support. If this were only a symbolic commitment, e.g., using only a small number of carrier-based aircraft, it would not have a significant impact on the Communists, but might stiffen RVNAF sufficiently to prevent a collapse in their morale and willingness to keep fighting. But a massive commitment of US airpower in the South during the early stages of the fighting would probably blunt the offensive.

IV. IN SUM

36. We believe that Hanoi prefers to achieve its goals through a political-military

campaign which avoids the risks and losses of an all-out offensive. We nonetheless believe that the RVNAF will be severely tested over the next six months. Moreover, at currently appropriated levels of US military assistance, the level of combat we anticipate this dry season will place the Communists in a position of significant advantage over RVNAF in subsequent fighting.

37. Hanoi probably sees much to be gained by stepping up its efforts to inflict punishment on the RVNAF whenever and wherever it can in hope of overcoming the present military deadlock and pushing Saigon into renewed negotiations at a disadvantage. At the same time, however, Hanoi may estimate that internal problems in South Vietnam portend increasing trouble for President Thieu and therefore be reluctant to jeopardize this trend by the application of too high a level of military pressure too soon. Finally, Hanoi may calculate that by setting certain limits on its military operations in the South this dry season there would be less likelihood of a strong reaction from Washington. This course of action would also minimize friction with Moscow and Peking.

38. If the Communists were later to become dissatisfied with the results of such a course of action, they could always step up the pressure. An all-out offensive, however, would probably not occur at least until early 1976, in part because Hanoi would likely need time to gear up for such action following heightened combat in 1975 and in part because Hanoi would probably regard a US presidential year as a particularly favorable time to launch an offensive.

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