1. (C) This month's Intelligence Summary and Threat Analysis contains the following subjects:

- NVN Government Reorganization
- NVN Economic Problems
- Infiltration
- NVN Ammo Shipments
- NVN Transportation System
- Order of Battle
- RVN MR Activity
- Conclusion

2. (C) In North Vietnam, a government reorganization designed to facilitate reconstruction and development is currently underway. The following changes have brought about a fundamental restructuring of the government aimed at creating an institutional framework to direct economic reconstruction and development programs:

- Appointment of three new Vice-Premiers to direct economy-related ministries.

- Appointment of two "old" Vice-Premiers to economy-related ministerial positions.

- Grouping of economy-related ministries into "blocs" directly supervised by Vice-Premiers.

3. (C) The changes began in April 1974, with the naming of three new Vice-Premiers: Phan Trong Tue; Dang Viet Chau; Tran Huu Duc; and the appointment of two other Vice-Premiers: Le Thanh Nhi, Chairman, State Planning Commission; and Nguyen Con, Minister of Machinery and Metallurgy, to important ministerial positions, and the dismissal of Hoang Anh as Chairman of the Central Agricultural Commission.

Economy-related ministries have been grouped into "blocs" directed by Vice-Premiers. The three new Vice-Premiers, for example, have been given responsibility for these "super" ministries:
- Pham Trong Tue: Light industry, communications and transportation, power and coal, possibly materials.

- Dang Viet Chau: Foreign trade, international trade, finance and the National Bank.

- Tran Huu Duc: Public Security, interior, state inspection commission, possibly labor.

Other pre-April '74 DRV Vice-Premiers are: Vo Nguyen Giap, Defense Minister; Nguyen Duy Trinh, Foreign Affairs Minister; and Do Muoi, Construction Minister.

4. (C) Pham Trong Tue, a Central Committee Member and a Major General in the NVA specializing in logistics, was elevated from Minister of Communications to head his new "superministry". Dang Viet Chau was moved up from Minister of Finance and is not known to hold an important party position, suggesting, perhaps, that his expertise in financial affairs is more highly-valued than party credentials. Tran Huu Duc, a Central Committee Member and ministerial-level assistant to the Prime Minister, also directed the recent national census. Even before the public announcement of his elevation to head the so-called "Internal Block", he spoke out authoritatively against mismanagement, corruption and waste. The designation of a Vice-Premier to direct ministries charged with maintaining law and order underscores Hanoi's efforts to deal effectively with corruption and other disciplinary problems.

5. (C) In some cases, lines of authority are not clear, as the exact subordination of several ministries is uncertain. Additional appointments can be expected, as several ministerial positions were vacated by the recent personnel changes, and a more comprehensive and precise picture of the reorganization will probably appear. Nevertheless, the changes that have occurred clearly indicate an attempt to more closely control and manage the North's formidable reconstruction and development tasks. The new management system offers the following advantages:

- Economy-related ministries formed into groups directly under Vice-Premiers, who will have wide responsibility and authority in pursuing reconstruction and development goals resulting in greater centralized control and improved coordination between almost thirty ministerial-level agencies which, in the past, operated independently and often in conflict with each other.
6. (C) Hanoi's most serious immediate economic problem is agriculture, as can be seen in this Nhan Dan editorial (4 June 1974):

"Because the area of our cultivable land is small, our population density is high, and our need for grain is very great, we must highly value every inch of grain, considering it as an inch of gold. We must not let any piece of land remain uncultivated anywhere."

North Vietnam has never been self-sufficient in food production, but this perennial problem has been aggravated by an especially poor 10th-month rice harvest last year. The problem-plagued 5th-month crop now being harvested is expected to provide little relief, as also noted in a Nhan Dan editorial (4 June 1974):

"The plan for cultivating all the allotted area has not been fulfilled, because several tens of thousands of hectares of rice fields were not transplanted on schedule. Also, due to the unfavorable weather, the yield of secondary crops has failed to fulfill plan targets and is lower than in previous years. For this reason, although the rice in many areas has developed fairly well, the total yield of rice and secondary crops will surely not be very high."

Furthermore, the late harvest of this crop is interfering with preparations for the 10th-month crop, which normally accounts for 60 to 70 per cent of the total rice production. This situation was reported over Hanoi radio broadcasts:

Hanoi Radio (20 June 1974): "... as of 20 June provinces in the North had completed harvesting about half of the 5th-month spring rice crop cultivated area. By the same time last year, provinces in the North had basically completed the harvest."

Hanoi Radio (21 June 1974): "... the time available for harvesting the 5th-month spring rice and preparing for the 10th-month crop is limited. Therefore, far more intensive efforts must be exerted than in the past."

Food supply problems already exist in the western provinces and the lower panhandle, and grain reserves are being depleted as evidenced in this Nhan Dan editorial (18 June 1974):
"In the recent period between two crops, only by using its grain reserves did our state succeed in giving timely and efficient assistance to the peasants."

7. (S) Hanoi is taking measures to deal with the problem, including reducing military rations, cracking down of waste and corruption, and increasing imports.

<table>
<thead>
<tr>
<th>Year</th>
<th>NVN FOOD IMPORTS (Thousand Metric Tons)</th>
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<tbody>
<tr>
<td>1968</td>
<td>798</td>
</tr>
<tr>
<td>1969</td>
<td>755</td>
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<td>745</td>
</tr>
<tr>
<td>1973</td>
<td>995</td>
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</table>

8. (S) NVN imported almost one million tons of food last year -- a record -- and food imports so far this year exceed last year's monthly average. The current measures initiated by Hanoi and the apparent willingness of its allied to supply additional food should prevent the development of a crisis.

9. (S) Concerning infiltration, the NVA is apparently continuing its Phase II Campaign by concentrating on the DMZ/MRTT and MR-5 areas. Only some 3,000 were detected this month bringing the total for 1974 to 77,800.

10. (S) In January, throughout South Vietnam, the enemy had enough ammunition and supplies to launch and support a major offensive similar to his 1972 effort for over a year. Throughout the first six months of this year, the NVN continued to move large quantities of supplies into SVN. Over 140,000 tons of supplies of all classes have entered SVN this year. The large input of supplies, coupled with low expenditures, has increased the stockpiles. It is estimated that since the first of the year, ammunition shipments into the NVN panhandle have averaged about 3,500 tons per month, or about 15% of the total tonnage of supplies shipped into RVN each month. We believe that if only 3% of the total goods shipped to SVN consists of ammunition, the stockpiles would be growing significantly.

11. (C) In summary, although a firm estimate is not possible, we believe that ammunition shipments into South Vietnam exceed current enemy expenditures and thereby augment existing stockpiles.
12. (U) North Vietnam's road, rail and waterway transportation systems, though concentrated in the Red River Delta region and along the southern coast, extend to all major population and economic areas.

13. (S) The most important international connections are by sea. Between 90% and 95% of import cargo moves through Haiphong, then via well-developed road, rail and inland waterway connections to Hanoi -- NVN's transportation center. Two other major ports -- Hon Gay and Cam Pha -- serve primarily as coal export ports. There are numerous minor ports and coastal transshipment points. The most important of these -- Ben Thuy, Quang Khe, Dong Hoi and Dong Ha -- are used to supply NVA forces in South Vietnam. Although some ocean-going international merchant ships call directly at these ports, most cargo is delivered from the Haiphong area by small NVN coastal freighters.

14. (C) Inland waterways constitute an important medium for short and long haul transport. The inland waterway network totals over 4,000 miles and is heavily travelled by over 30,000 barges, junks and sampans. Principal routes are concentrated in the delta region. These routes, with their tributaries, provide a dense waterway network which is connected to the southern panhandle by intra-coastal and coastal shipping routes.

15. (S) Hanoi is the hub of North Vietnam's rail system. From the capital city, main lines radiate NW, North, NE and South. The most densely populated regions, the most important industrial facilities, principal agricultural and mining areas, and the port of Haiphong are served by this system. The most important lines are the Northeast Line over which Chinese and Soviet aid goods are delivered, and the line running between Haiphong and Hanoi. Although severely damaged during U.S. air interdiction campaigns, and repair work continues, all major lines are operational. The line which once ran from Vinh to South Vietnam has been unserviceable since the war with the French in the 1950's; however, flange-wheeled trucks are used to pull rolling stock for short distances along portions of the track. The NVN are apparently intent on revitalizing the southern line, as they are constructing railroad facilities both north and south of Dong Hoi. Reconstruction of the line south from Vinh to the DMZ, or possibly even into Quang Tri Province, will enhance the North's all-weather logistic support of Communist-held areas in the South.
16. (S) The basic pattern of the NVN road system centers on the major cities of Hanoi and Haiphong, from which routes extend radially to remote areas and with China, Laos and SVN. The major N-3 Line (RTE 1A) extends from the China border to Quang Tri Province. The condition and maintenance of the system is uneven. Many roads are in poor condition, with movement and speed restricted by a variety of physical bottlenecks and by seasonal flooding. Roads, although a very important means of transportation, serve primarily as short-haul feeders to rail and water transport and, in this context, they are adequate. In effect NVN has a multimode transportation system which, though poorly developed, adequately supports the requirements of the economy and the war in the South.

17. (C) Since the 1973 Ceasefire and bombing halt in Laos, the NVA has been expediting construction of strategic supply lines from NVN to COSVN in GVN MR-3 that would be free of effects of the monsoon seasons.

18. (C) During the Laotian dry season, from October to May, the NVA can concentrate movement of supplies and infiltration groups from NVN to the B-3 Front and COSVN via dual lane highways in southern Laos and in RVN. This route consists of portions of the old Laotian "Ho Chi Minh Trail" plus newly constructed segments and has been under development for over a year. Traffic then moves through the tri-border area to Route 14 and then South to COSVN. During the SW monsoon wet season, June to October, the NVA shifts most of its south-bound truck traffic through RVN on Route 14 between the DMZ and the tri-border area.

19. (S) Although the system does not yet have an all-weather year-round capability for throughput traffic, the use of shuttle system permits continued movement, albeit at a reduced level. The NVA has begun asphalt paving portions of Route 9 west of Dong Ha. Working from an asphalt mixing plant on Route 9, the NVA will probably attempt to pave much of its strategic road system.

20. (S) To support the logistic flow, the NVA is continuing to extend its POL pipeline system.

A new 4-mile segment was observed on photography 35 miles SW of Pleiku. If the NVA continues its current rate of construction, the pipeline should reach northern MR-3 by September or October. The NVA would then have two full months to build storage and distribution facilities before the start of the next dry season's expected logistical and infiltration push to the B-3 Front and COSVN. The
extension of the pipeline into MR-3 will facilitate refueling operations and reduce infiltration travel times. In addition, the NVA continues to construct major POL storage facilities in its rear areas. To support traffic along Route 14, the NVA is expected to complete the POL system inside RVN by connecting the pipeline from the A Shau Valley to the tri-border area, giving the NVA a POL system which complements both the S. Laos and Route 14 main logistic routes.

21. (S) At the time of the Ceasefire, men and materiel were moved into MR-1 via a number of infiltration routes from NVN and Laos. Since that time, the route structure has been greatly improved by construction of new roads and upgrading of existing trails and feeder routes. In developing an alternative in-country logistics system to complement the traditional Laos infiltration system, the enemy has constructed large logistics complexes along major arteries. The most important of these are at Dong Ha, Khe Sanh, the A Shau Valley, Ben Giang and Kham Duc. Large amounts of materiel are now funneled both by sea to the Port of Dong Ha and by overland routes to supply areas for further distribution to field units.

22. (S) In Quang Tri Province, the route system and base complexes support a force structure consisting of some 35 regiments (including AA) and 50-55,000 combat personnel. Farther South, Routes 547 and 5481, along with a recently constructed route, facilitate the flow of materiel from the A Shau Valley to the 324B Division and supporting elements totalling 15-17,000 combat personnel in nine regiments. In Quang Nam Province, Route 614, recently extended, along with two newly constructed and improved routes, provide logistic support for enemy Front 4 elements operating south of Danang. These forces consist of 1 AAA regiment and 17 infantry battalions with approximately 4-5,000 personnel. In Quang Tin Province, Route 534 and various branch routes provide a logistics corridor that connects both with the Laos Corridor and NVA Route 14. These routes serve the NVA 2nd Division, which operates primarily in the Que Son Valley. Supporting the regiment are independent armor, artillery and AA regiments and four independent battalions. Total enemy strength in the area is estimated at 12-15,000 personnel. Finally, Route 9662 constitutes the backbone of a series of routes leading into Quang Ngai (P) to support the 52nd Brigade and 8 independent battalions with some 7-8,000 personnel operating throughout
the Province. This system is also a primary corridor for materiel destined for the An Lao Valley in Binh Dinh Province.

23. (S) In MR-2, since the January 1973 Ceasefire, the enemy has relocated his logistics system almost completely in country from Cambodia, significantly upgraded his South Laos road system, and expanded his east-west corridors within the region. As an extension of this in-country development, the enemy has also constructed large open logistics complexes to support his forces in the principal threat areas.

24. (S) The upgraded and improved main road system through South Laos is the principal artery supplying the western highlands through the tri-border area. In Kontum Province, the road system captured by the enemy during the 1972 offensive has been upgraded. The post-Ceasefire development of the Dak To open logistics site provides support for the 10th NVA Division and associated B-3 Front elements totaling 10-12,000 personnel, in seven regiments. Additionally, the in-country Route 14 complex is being upgraded and will probably play a greater role in supporting the forces in Kontum and Pleiku in the future.

25. (S) In Pleiku Province, the enemy continues to use and upgrade the traditional Route 615 complex along the RVN/Khmer border. This system, as well as the extended Route 14 complex, feeds the Duc Co open logistics site, which in turn supports the 320th NVA Division and associated B-3 Front elements in Pleiku, totaling 10-12,000 personnel in seven regiments.

26. (S) Farther South, the enemy has developed a new in-country extension of the Route 14 complex through Darlac and along the Quang Duc border into COSVN. An upgraded feeder line supports the 25th NVA Regiment in central Darlac. Total enemy combat personnel and 546th AAA Regiment strength in the area is estimated at 4-5,000 men.

27. (S) Enemy external logistics support for Binh Dinh Province is largely funneled through Route 514 from MR-1. New East-West links are being established between the highlands and the coastal provinces. In Binh Dinh, the An Lao open logistics site supports the 3rd NVA Division and associated province unit forces totaling 8-10,000 personnel. Virtually all major LOC's in the region, with the exception of some of the newer east-west links, will at least seasonally support vehicular traffic.
28. (S) In MR-3, the majority of personnel infiltration and logistics now enter the region via the Route 14 complex in Phuoc Long Province and are dispersed southward over branch routes to major storage areas in northern MR-3. These logistical centers directly support approximately 12,000 combat personnel in the northern areas. Lesser amounts of supplies, which are mainly procured in Cambodia, also enter Tay Ninh and Binh Long Provinces on Route 7 and 13.

29. (S) East of Route 13, a series of feeder routes originating from Bu Dop, Bu Gia Mop and Loc Ninh carries supplies primarily to the 7th NVA Division and forward base areas to support a total force of approximately 14,000 personnel.

30. (S) In Central MR-3, supplies are transported from the center of the enemy's logistical network at Loc Ninh and from storage areas in Katum and Thien Ngon to the Minh Thanh/Michelin Base, a major logistical and training center which serves as a rear base for the 9th NVA Division and other enemy units in central MR-3 which total 9,500-10,000 men. The area is a vital link in the continuous flow of supplies to front line units in Binh Duong, northern Hau Nghia and SW Tay Ninh Provinces.

31. (S) Enemy forces in central and southern Tay Ninh Province receive logistical support from base areas at Katum, Xa Mat, Thien Ngon and Lo Go, and from the Michelin Area.

32. (S) The nature of the Delta's terrain, with its inland waterways, necessitated the formation of a logistical system distinct from the other three military regions. The major logistics corridors generally follow inland waterways. Normally, only personnel and war materiel are moved down this system, since rice and other provisions are procured locally. From the major base areas in Northern MR-3, supplies are moved by water and road to Meas (WT7379), Cambodia, which is a major terminal station. From Meas, supplies are sent down two branch routes to the border areas.

33. (S) Communist forces in the Parrot's Beak feed off this line, although they also receive some supplies from routes running along the Tay Ninh/Cambodian border. In the upper delta, the major logistical networks are corridors 1-A and 1-B. These networks support a force of some 14,000 including the units in the Parrot's Beak. The desire to have secure infiltration routes into Dinh Tuong, and the
need to reestablish a new base area at the southern terminus, following RVNAF interdiction of Tri Phap, have been major causes for much of the activity in this area.

34. (S) In the western half of the Delta, the major route is corridor l-C. Although the GVN was successful in significantly reducing the major enemy base area in the Seven Mountains area last fall, elements of the 101st NVA Regiment have established a new base area to the west. Differences with their KC counterparts have often resulted in blocked supply lines in the past; however, a high level KC/NVA agreement has apparently been reached, giving the Vietnamese Communists rights of passage through south-eastern Cambodia. At this juncture, no significant problems disrupting the mutually profitable arrangement have been noted. If enemy intentions to expand territorial control succeed in the extreme lower delta, the Communists will be able to establish a much more secure logistical network and supply system. This would conveniently interface with seaborne offloading and greatly assist in ironing out periodic shortages.

35. (S) All available evidence indicates that offshore offloading is taking place, albeit a distinct second to overland routes as an avenue of supply. Despite numerous reports, this activity is almost impossible to detect, and VNN counter-measures are limited due to the thousands of coastal fishing craft and relative paucity of VNN patrol and search craft. In summary, the NVN have developed a highly effective all-weather supply system using rail, trucks, boats and manpower to move goods, primarily of Russian and Chinese origins, from Hanoi to Ca Mau.

36. (S) In MR-2, recent reporting indicates that an element operating in support of the 320th NVA Division in Pleiku Province has been identified as the suspected 54TH Artillery Regiment. The regimental headquarters, located SW of Pleiku City, is subordinate to the B-3 Front. A possible 54th Arty Regiment was initially identified in March '72 in Kontum Province, but was only recently confirmed. Recent sources have referenced a "Lam Dong" Arty Regiment supporting the 320th Division. DAO Saigon accepts the 54th Arty Regiment, with a possible cover designator of "Lam Dong".
37. (S) Further South, reporting in early June indicated the 205th Regiment had redeployed to GVN MR-3 from Quang Duc Province. Ralliers and PW's on 4 and 7 June reported the movement of the 205th to either Binh Long or Tay Ninh, confirming earlier reports that elements of the regiment have moved back to northern MR-3, after more than six months duty in Quang Duc.

38. (S) The only significant change in the MR-3 OB has been the recent arrival of the 262nd Air Defense Regiment to the Bu Dop Area. This regiment operated in the Hanoi/ Haiphong area prior to its deployment to MR-3 and is equipped with radar-controlled 57MM weapons. Recent photography confirms a new AA site in the Bu Dop area, probably belonging to the 262nd AA Regiment. The deployment of the 262nd Anti-aircraft Regiment to MR-3 now provides the enemy with three air defense regiments (71st, 210th and 262nd) plus four or five independent air defense battalions in MR-3.

39. (S) In MR-4, there have been no OB changes during the month. The current estimate of the enemy OB within SVN is as shown:

<table>
<thead>
<tr>
<th>DIVS</th>
<th>MR-1</th>
<th>MR-2</th>
<th>MR-3</th>
<th>MR-4</th>
<th>COUNTRY WIDE</th>
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<tbody>
<tr>
<td></td>
<td>5</td>
<td>3</td>
<td>6</td>
<td>0</td>
<td>14</td>
</tr>
<tr>
<td>REGTS</td>
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<tr>
<td></td>
<td>(+ 21AA)</td>
<td>(+ 4AA)</td>
<td>(+ 3AA)</td>
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<tr>
<td>PERS</td>
<td>95-105,000</td>
<td>40-45,000</td>
<td>40-45,000</td>
<td>20-25,000</td>
<td>195-220,000</td>
</tr>
<tr>
<td>GUERRILLA</td>
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<td>5-5,000</td>
<td>13-15,000</td>
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<tr>
<td>TOTAL</td>
<td>130-150,000</td>
<td>60-75,000</td>
<td>75-85,000</td>
<td>45-55,000</td>
<td>310-365,000</td>
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The above totals represent an increase of almost 100,000 in enemy strength since March 1972.

40. (S) Throughout the Republic of Vietnam, the enemy continues phased military and political actions designed to exacerbate GVN political, economic and military problems.

41. (S) Scattered fighting continued throughout MR-1 during the past month and there are indications of increased activity in the future. The fighting around Hill 300 and, more recently, along the Song Bo is related to NVA attempts to extend LOC's to...
the GVN lowlands. The enemy is attempting to reestablish its infrastructure in GVN areas as well as to establish observation posts close to GVN population and military centers. Farther South the GVN pacification and resettlement program has been the primary target in the Ky Tra/Tien Phuoc areas of Quang Tin Province as well as Binh Son District of Quang Ngai. Increased activity can be expected during the coming weeks as the NVA/VC realign their forces to meet these problems and exploit RVNAF troop redeployments. Rallier statements and a recently captured document indicate near term intensification of attacks. Outposts on LOC’s leading to the coastal Delta, choke points on GVN LOC’s and logistical installations will receive the brunt of enemy efforts.

42. (S) Enemy activity in MR-2 during the past month decreased somewhat from the previous period in the three principal threat areas. In the highlands, anticipated attacks against GVN outposts in Kontum and Pleiku Provinces have not materialized. In Kontum Province the threat to the isolated outposts at Mang Buk and Chuong Nghia seems to have receded for the present. NVA 10th Division and associated B-3 Front elements continue to oppose RVNAF South of Vo Dinh. Recent suspected movement by the 26th and 95B Regimental elements and proposed shifts in RVNAF forces and tactics in this area may presage an increase in enemy activity during the next month. In Pleiku Province, attacks by the 320th NVA Division elements against GVN outposts SW of Pleiku City have been expected since mid-May. Although low-level reporting continues to indicate attacks in the near future, indicators such as forward deployment of major headquarters have not been noted. The planned redeployment of the 22nd ARVN Division to Binh Dinh could set the stage for new enemy initiatives in both Kontum and Pleiku.

43. (S) In the coastal lowlands, the enemy highpoint evident during May has subsided. Binh Dinh Provincial Units continue to resist RVNAF clearing operations in Phu My and Phu Cat Districts, but have relinquished control of most of the populated areas seized during May. Most NVA 3rd Division elements have pulled back from Tam Quan and Binh Khe Districts; however, the 141st Regiment has been confirmed in contact recently in Hoai Nhon District for the first time since its return to Binh Dinh.

44. (S) During the next month, enemy activity in the region will probably continue at current levels. Major attacks against Kontum and Pleiku City are not expected. The pattern of contacts and ABF's evident North of Kontum City and West and SW of Pleiku City is likely to continue. In Binh Dinh
Province, the enemy is expected to continue to resist RVNAF clearing operations and to harass LOC's and populated areas in an effort to challenge GVN territorial and population control.

45. (S) In MR-3, the focus of attention remained west of Ben Cat where elements of the 9th NVA Division, supported by the 141st Regiment/7th NVA Division, continued to defend successfully against ARVN attempts to move back to Base 82 and Rach Bap. Enemy forces at Base 82 have been able to conduct a successful defense for these reasons:

- Strong, well-prepared enemy defensive positions
- Accurate, heavy indirect fire against ARVN
- Enemy minefields
- Unfavorable terrain has limited ARVN's use of armor
- Weather has limited VNAF operations

46. (S) ARVN was forced to halt the operation temporarily on 20 June in order to regroup, refit and redeploy forces. This enabled the enemy to improve defensive positions, while also striking ARVN troop formations with accurate indirect fire. With this fire support, we estimate that a relatively small enemy force, perhaps three or four battalions, could put up a very strong defense. Indicators suggest that the 9th NVA Division will continue to defend Route 7, as long as the enemy believes that he is having a favorable psychological impact on RVNAF by inflicting high personnel and materiel losses.

47. (S) Elsewhere, enemy forces in SE MR-3, taking advantage of a shift in the balance of power caused by the continued deployment of the 18th ARVN Division to Binh Duong Province, were fairly successful in implementing COSVN guidance to harass key LOC's and resettlement sites and to strike important GVN installations. The enemy successfully interdicted QL-1 near the Rung La Resettlement area for six days and established temporary road blocks along other portions of QL-1 and QL-20. Route 2 south of the Phuoc Tuy/Long Khanh border remains closed. Elements of the 274th NVA Regiment have occupied two hamlets SE of Xuan Loc for the past three weeks and elements of the 445th LF Battalion were successful in occupying the Tam Phuoc Resettlement site in southern Phuoc Tuy for two days. The early June rocket attack against Bien Hoa Air Base highlighted attacks
against GVN installations. Additionally, however, sappers attempted to enter both Long Binh and the Thanh Thuy Ha ammo depots and successfully attacked a training center near Bear Cat. A specialized urban area sapper command has reportedly been organized to strike the cities and major installations. By striking these types of targets, the Communists touch very sensitive political nerves of the GVN. Attacks on GVN installations, especially ammo and storage areas, can be expected to continue as the Communists try to exacerbate GVN problems.

48. (S) The Communists may feel that losses suffered in recent fighting were warranted. The increasing ARVN momentum of May has dissipated and the wear on ARVN is becoming evident. For example, in early April, infantry battalions in the 18th ARVN Division had nearly 600 men, whereas now these battalions have approximately 400 men. We estimate that enemy forces in MR-3 can continue the present level of action for two to three months without additional replacements from NVN.

49. (S) Activity in MR-4 was at its lowest level this year. In the northern Delta, Communist units were primarily concerned with blocking RVNAF probes near the Elephant's Foot while attempting to improve the 5th NVA Division's combat capabilities.

50. (S) Visible results were not overly favorable for the enemy, with VC/NVA taking moderate casualties and realizing no corresponding gains. The Communists have not yet been able to deal with main force RVNAF units and have limited their initiatives to probes and shellings in the Elephant's Foot region and scattered activity in Dinh Tuong/Kien Phong Provinces. Despite the relative lull, the enemy may be preparing to step-up operations, once improvements have been made and rising water levels detract from RVNAF's mobility advantages.

51. (S) In the lower Delta, VC/NVA forces carried on with their campaign to knock out OP's and erode GVN control in outlying areas. The main focus of combat was in lower An Xuyen and Bac Lieu Provinces, where the enemy forced territorial units out of a number of OP's and threatened several district towns. Other areas of contention in central Kien Giang, Chuong Thien and Ba Xuyen were relatively quiet, with this month's highpoint somewhat below usual standards. The enemy has not lost any ground and can resume a higher level of activity when he so chooses. He may attempt to disrupt provincial council elections of 14 July, while attempting to expand his control in the lower Delta.
52. (S) In conclusion, North Vietnam continues, unabated, to build and support the largest military threat to the Republic of Vietnam in the history of the war. Current intelligence, however, does not indicate that the DRV will use this force for a general offensive in the next two to three months.

53. (S) All indications point to a continuation of phased attacks in all military regions, similar to those initiated during the past two months. We expect actions in MR-1 and MR-4 to increase in the coming month. Enemy initiatives in MR-2 will reflect changes in friendly dispositions. The shift of the 22nd Division to Binh Dinh could open up the highlands for new enemy attacks. Additionally, an increase in activity in Binh Dinh is expected when the ARVN 22nd initiates opn's. Enemy attacks in MR-3 will probably continue at a high level, with increased sapper attacks against urban areas, LOC's and logistical installations. Regardless of the outcome of the Iron Triangle battle, the 9th NVA Division will need some time to refit. NVN is undoubtedly evaluating the outcome of current operations, the GVN economic situation, as well as international developments during this critical period.

54. (S) Should the enemy decide to increase the level of his activities radically, DAO Saigon estimates that he would have to reinforce his southern forces with one or more divisions from NVN. We would expect to receive advance warning of the southward move of major units.

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