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15. SUMMARY: (C) This report contains information obtained from an enemy document captured on 30 May 1970, and concerns a letter prepared by an unidentified individual. The letter, which is undated and unsigned, contains an assessment of financial and economic activities along the ((Cambodia-Vietnam)) border of T2 in An Giang, Kien Phong, and Kien Tuong Provinces.			

..... FULL TRANSLATION .....

((Page 1 of O.T.))

BORDER OF T.2 ((POSSIBLY AKA VC REGION 2)).

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## CHARACTERISTICS OF THE FINANCIAL AND ECONOMIC ACTIVITIES ALONG THE ((VIETNAMESE - CAMBODIAN)) BORDER OF T2.

## I. SUMMARY OF GEOGRAPHIC AND ECONOMIC CHARACTERISTICS.

- A. Terrain Features.
- B. Political Situation.
- C. Military Situation.
- D. Economic Situation.

II. REQUIREMENTS AND IMPORTANCE OF THE ((VIETNAMESE - CAMBODIAN)) BORDER TO FRIENDLY FORCES. THE US, PUPPET ((RVNAF)), AND KPC ((POSSIBLY CAMBODIA)).

- A. Friendly Forces.
- B. The US and Puppets.
- C. The French and K ((possibly Cambodians)).

### III. THE FINANCIAL AND ECONOMIC SITUATION (PARTICULARLY TRADE) ALONG DIFFERENT PORTIONS OF THE BORDER OF VC REGION 2.

- A. ((Farm)) Production.
- B. Financial Situation.
- C. Exchange of Goods along the Border.
  1. The policy of K ((possibly Cambodia)).
  2. Kinds of goods exchanged.
  3. Characteristics and methods of exchange, transportation, and payment.
    - a. The various merchandise supplying channels.
    - b. Methods of transportation.
    - c. Subordinate and main axes of transportation.
    - d. Places used for transportation of merchandise.
    - e. Characteristics of the various merchandise supplying channels.
  4. ((Classification of)) traders

- a. Traders "with goods."
- b. Traders "without goods" ((middlemen)).
- c. Administration of traders.

IV. CURRENCY PROBLEMS.

V. STRENGTHS AND WEAKNESSES.

VI. POSSIBLE DEVELOPMENT OF THE SITUATION.

VII. ASSESSMENT OF THE COMING TASKS.

A. Strategic Determination.

B. Preparation for the Phase of Political Solution ((possibly meaning post-war period)).

VIII. TWO IMMEDIATE AND IMPORTANT PROBLEMS.

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SITUATION ON THE BORDER OF T2 ((POSSIBLY AKA VC REGION 2))

I. SUMMARY OF GEOGRAPHIC AND ECONOMIC CHARACTERISTICS.

A. Terrain Features: The portion of the border adjoining T2 is about 280 kilometers long and consists of the borders of An Giang ((Province)) (80 kilometers), Kiên Phong ((Province)) (60 kilometers), and Kiên Tường ((Province)) (140 kilometers). On the Vietnamese side, there are three provinces located along the border with Cambodia. On the Cambodian side, there are four provinces. The locations of these provinces are as follows:

((Page 2 of O.T.))

- ((VC)) An Giang ((Province)) is adjacent to ((Cambodian:)) Takeo and Kandal ((Province)).

- Kiên Phong ((Province)) is adjacent to Prey Veng ((Province)).

- Kiên Tường ((Province)) is adjacent to Svay Rieng ((Province)).

The location of districts in Vietnamese and Cambodian territories which are adjacent to each other is as follows:

- Tỉnh Biên District (with six villages) is adjacent to Kenivong District, Takeo Province.

- In An Giang Province, Châu Phú District (with two villages) is adjacent to Riming ((District)), Takeo Province.

- Tân Châu and An Phú (with eight villages) are adjacent to Trại Thum and Omsano Villages, Hồ Lưong District, Kandal Province.

- In Kiên Phong Province, Hồng Ngự District (with seven villages) is adjacent to Trại B, in Prey Veng Province and Pcam Chor Districts.

(Area 8) ( Five villages which are adjacent to Svay Rieng  
( Province and Kompongrau.

(Area 6) (

(Area 1) Long An is adjacent to Chipou.

Briefly, the Vietnam - Cambodia border of T2 ((VC Region 2)) runs past 28 villages, four districts, and two areas of the provinces located in Vietnamese territory and seven districts and one village of the four provinces located in Cambodian territory. There are two large rivers the Tien (Giang)) and Hau ((Giang)), running northwest to southeast from Cambodia across the ((Vietnamese-Cambodian)) border, An Giang and Kiên Phong Province, and the Nambô lowlands into the sea.

Along the border, there are also the Vinh Tế Canal, which flows along An Giang Province, then the Takeo, Châu Đốc Rivers, the Số Thượng, Số Hạ, Thống Bình, Cai Cai, and Kg Chuv ((sic)) Rivers, which form a natural boundary between the two countries and provide convenient means of communication.

The above rivers have several branches which flow through the territory of both countries. National Highway No.1 leads to SVN passing through Chipou, Svay Rieng, Trabek, and Hố Lường ((in Cambodia)). National Highway No. 2 runs from Takeo to the An Giang border and Tinh Biên, where it meets Route 10. From the large Routes 1 and 2 (main routes), many dirt and macadam roads lead to the border. These are very advantageous for movement by ox-carts, Honda motorbikes, bicycles, and bicycle rickshaws in the dry season.

Except for Tinh Biên and Kenivong Districts, much of the districts located along the border are under water for four to five months each year. At that time, conditions are very advantageous for movement and transportation by sampans and boats. Therefore, traffic in these areas becomes very heavy.

Parallel with the border in Tinh Biên District are Sam and Dai Ba Chúc Mountains, which are adjacent to the Phom Pen Mountain in Cambodia. The mountains in SVN are higher than those in Cambodia. (In SVN, they range from 580 to 776 meters high, and in Cambodia, from 44 - 330 meters high).

The terrain on both sides of the border is dotted with rice-fields and thin forests. Along the border, opposite An Giang, three percent of the land located on Cambodian territory is barren.

#### B. Political Situation.

Both the Puppet ((GVN)) and Cambodian administrative establishments on both sides of the border, including both military and civilian agencies, are bribery machines. With the help of the military, they have exploited, ravaged, and destroyed the people's property. Under cover of commerce, the Pro-American Khmer and French intelligence services have sent their spies to observe the situation and infiltrate Cambodia. Under the cover of military operations, they made contact with each other to engage in smuggling activities.

The main activities of the enemy can be summarized as follows:

- To establish a "white" belt area for Sihanouk ((to maintain the prestige of Sihanouk)) in the political field.

- The Khmer-Krom are operating actively and "3K" forces ((sic, possibly KKK, aka Khmer Kampuchea Krom)) are located in "3 Soai" ((sic)).

- The French are planning to establish a border war zone with a radio station headed by Dom.

((Page 3 of O.T.))

The US and Puppets have set up "Mai Do" ((sic)) bases to train Cambodian Special Forces.

The border areas of Kiên Phong and Kiên Tường Provinces are thinly-populated, and other areas ((along the border)) are uninhabited. In the border area located in An Giang Province, the people live along the river and Vĩnh Tế Canal. These are weak areas where our political activities have been stepped up; however, guerrilla warfare movements are still weak. Since Jul 68, the activities of the CIA and French Intelligence in SVN and Cambodia have been intensified along the border.

These activities were aimed at limiting our victories and simultaneously preventing Red Cambodian activities. Their purpose is to counter the Red Cambodians and sabotage our organizations.

### C. Military Situation.

Prior to 1964, Cambodia did not have any posts along the border. Now, Cambodian and Puppet posts are set up opposite each other, especially in the section of the border along An Giang Province. This section, which is only 80 kilometers long, has more than 20 posts.

Even though our communication lines run behind the Cambodian posts, we have failed to check routine activities between the Cambodian and Puppet posts.

Since Jul 68, coordinated intelligence, combat, and artillery activities directed against us by the Cambodians and Puppets have occurred along the border, and at the same time, Cambodian and Puppet officers have engaged together in smuggling everywhere. Puppet river patrol units have stopped merchant boats, and our people and cadre in charge of collecting tax have had to leave their areas because of Puppet shellings into Cambodia. On these occasions, merchants sent cows across the border without paying tax ((to the VC)).

Omsano Post combined with Vĩnh Xương (Puppet) Post to drive our forces out of our bases.

At present, in almost all areas along the border of T2 ((possibly VC Region 2)), Cambodian and Puppet forces coordinate with each other to attack us.

Cambodia is carrying out her plan of militarization of border defense posts.

(At present, she has achieved 70% of the plan) and established defense lines south of the Tien River (including the Caroca and Omsano areas facing Thường Phước and Vĩnh Xương).

Cambodian forces wearing a white headress (a pro-French force supported by Sihanouk) are operating in the mountainous area.

#### D. Economic Situation.

The Vietnamese and Cambodian people who live in the border areas make their living by fishing and farming. The Cambodians in particular earn their living by raising cattle and poultry. The main occupations of the Vietnamese are trade and fishing.

Flourishing areas are Vĩnh Xương, Long Bình, Tinh Biên, and Thường Phước. Especially in Vĩnh Xương and Long Bình, a large quantity of various types of merchandise was sent there from other areas.

An Giang is an important border area where there are many entry and exit point markets located on the rivers, and the trading of merchandise is heavy both on water and on land.

The Cambodian people, who live in the mountainous areas near the border, make their living by farming and gardening. The people in the villages along the An Giang border areas have orchards of custard-apple trees and durian trees. They also exploit the indigo forests and weave mats.

In Kiên Phong, the people have many mulberry fields. They raise silkworms and weave silk. Recently, the war has destroyed many of the above orchards and mulberry fields. Tân Châu is famous for its great quantity of agricultural products, but because of the present violence caused by the war and the serious competition with US goods, it is in a state of decline.

((Page 4 of O.T.))

Rice and vegetables are not the only products in the Cambodian border areas; cattle and fish are also ample resources. Many families raise hundreds of cattle which they use not only for meat but also use in farming. Cattle are in great abundance in Takeo Province. However, the Cambodian officers buy cattle in other provinces and force the local people to feed them without paying money (pretending to temporarily entrust the cattle to the people).

In the Kandal area, there are lots of fish which are raised in ponds owned by the Cambodian congressmen. The congressmen divide the catches of fish into "separate lots" which they sell to a number of "cooperative members" (most of these are Chinese). The fish caught in this area are brought to SVN for sale. They are not sold to the regions to the north because the latter areas already have lots of fish from the "Tonlesap" Lake.

Except for a small number of people in An Giang, the majority of the people and agencies in the Vietnamese - Cambodian border areas buy rice from Cambodia. The people in Kiên Phong and Kiên Tường Provinces make a habit of buying rice from the Cambodians after it is harvested and then selling this rice to those living in weak areas. Foodstuffs (such as fish sauce, salted fish, vermicelli, cakes, etc. ((sic))) are not abundant. Therefore, the people depend entirely on the rice and foodstuffs obtained in Cambodia and the district seats.

Attention was not paid to the supply of agencies. In T bô ((sic)), we have messing facilities, and A ((sic)) is in charge of supplying it. During one year, it bought 13 tons of foodstuffs and goods.

Vietnamese nationals in Cambodia lease rice fields from the Cambodians in order to farm and must pay taxes for use of them. They usually return to Vietnamese territory to bring back fish and vegetables to Cambodia (Tân Lữ) for sale. They must pay taxes and sometimes are exploited by the Cambodian soldiers. A large quantity of tomatoes and vegetables are sold to Cambodian merchants to be consumed in Soài Riêng Province Capital and surrounding districts. The people in Kiên Tường and Kiên Phong Provinces trade only with the Cambodians, while the people in the An Giang area exchange goods with both Cambodians and South Vietnamese. Goods and foodstuffs are brought from SVN.

Because of the six-month flood and the six-month dry season, the people in the border areas of Kiên Phong and Kiên Tường Provinces live six months in their boats and six months on the land. Most of their property is kept on their boats. Farming, gardening, and husbandry are carried out only in the dry season. During the rainy season, each family plants some vegetables on high earth mounds and keeps some cattle for breeding after the rainy season has ended.

Because of the nomadic existence, production in these areas has not substantially increased, and since the livelihood in the Cambodian-Vietnamese border area is primarily agricultural (farming, gardening, and fishing), trade between the people in both countries is not extensive.

The Kiên Phong and An Giang areas have large merchandise supply channels extending into Cambodia. This portion of the border has 16 entry and exit points which are as follows:

In An Giang:

- 1) Ph. Chea Pô Market
- 2) Thâm Đụng Market
- 3) Lô Đức Market
- 4) Dung Thắng Market
- 5) Bắc Dãy Market
- 6) Long Bình Market (Thum Camp)
- 7) Bắc Chay Market (Khánh An)
- 8) Dục Lai Market (Khánh Bình)
- 9) Mường Vũ (Phu Hữu)
- 10) Vĩnh Xương Market

((Page 5 of O.T.))

In Kiên Phong:

- 11) Thượng Phước
- 12) Thượng Thới Hậu
- 13) Đình Ba Ferry Site
- 14) Thông Bình Ferry Site

In Kiên Phong ((sic)):

- 15) Sông Trăng Ferry Site (Tân Lèo)
- 16) Vàm Đôn Market (Tân Loh area)
- 17) Thái Tri Open Market (Tâm Dương)

Among the above entry and exit points, there are three very important points where the goods of Sonexim ((possibly an export-import company)) are circulated:

Vinh Xuong (Sông Tiền ((Giang River)))

Long Bình (Song Hậu ((Giang River)))

Tham Dung (National Highway 2 in KO)

Several entry and exit points, a large quantity of merchandise, and many tradesmen are located along the section of the border of An Giang Province. Transportation is very easy by land and by waterways. Villages located along the border are densely populated and are under mixed control. Châu Đốc Province Capital is approximately four kilometers from the border. An Giang is also a prosperous and densely populated area where there are many followers of the Hòa Hảo religion, and many Khmer people and where the US and K are trying to hold and maintain an advantageous position. Therefore, An Giang Province is more important than other areas because of its location. Clashes between K and us ((VC)) have often taken place along the border of An Giang. (For example, a clash took place in Jul 68).

The Tiền and Hậu Rivers connect not only K with SVN but also Phnom Penh Port of K (the most important commercial port of K) with other countries. The transportation of merchandise from P. Penh Port ((to other countries)) is easier and cheaper than that from Sihanoukville ((to other countries)). So far, these two rivers have played a key role in the economy and foreign trade of K. Recently, the US and Puppets have threatened that they will interdict K movements on these rivers by instigating the following: No transportation of merchandise to VN territory would be allowed; a mutual inspection board would be established to control merchandise; and a bridge over the Mỹ Thuận River would be built; etc. ((which are aimed at forcing K to make concessions in the political field concerning the border problem.

During the six-month rainy season, 10,000-ton foreign ships (belonging to capitalist countries) are able to move on these rivers, but in the dry season, only ships of 2,000 or 3,000 tons can navigate these rivers. On the average, according to the people in local areas, two ships are seen moving up and down these rivers every week during the rainy season. Therefore, the quantity of merchandise transported on these rivers in one year is: 10,000 tons 2 ((ships)) x 4 weeks x 6 months = 480,000 tons. Every week during the dry season, there were approximately three 3,000-ton ships moving on these rivers. Therefore, the quantity of merchandises transported on these rivers in the dry season in one year is: 3,000 tons x 3 ((ships)) x 4 weeks x 6 months = 216,000 tons.



Therefore, the total imports and exports exchanged between K and other countries, besides SVN, and transported on the portion of the Song Tien River located in SVN, is in the average year: (480,000 tons + 216,000 tons) x 2 = 1,392,000 tons ((sic)). In addition, there was a considerable quantity of merchandise traded between K and SVN over the same stretch of the river.

In brief, the portion of the border along T2 and the lowlands holds an important position in the exchange of merchandise between SVN and K. Through various merchandise supply channels, K has traded dai ngach ((high quality)) merchandise not only with SVN, but also with other countries (especially capitalist countries). ((Farm)) production in SVN has decreased; therefore, most of the people have become merchants. The economy along the border areas has been dependent upon the underdeveloped agriculture. For this reason, the exchange of merchandise between the two peoples ((Vietnamese and Cambodian)) has been very limited. Attention should be paid to religious, and nationality problems. There are three temporary areas:

((Page 6 of O.T.))

- 1) The "white" area located on Vietnamese territory consists of the border sections adjacent to Kiên Phong and Kiên Tường Provinces.
- 2) The populated area located along the border of An Giang.
- 3) The K border area where Vietnamese nationals reside.

## II. REQUIREMENTS AND IMPORTANCE OF THE ((VIETNAMESE-CAMBODIAN)) BORDER TO FRIENDLY FORCES - THE US, PUPPET, AND KPC ((POSSIBLY CAMBODIA)).

### A. Friendly Forces.

Due to the nature, regime, and neutrality of our government, as well as to our strong position in the political and diplomatic fields, we positively control K, a relatively safe rear, which contributes greatly to the success of our resistance against the US for national salvation.

In the rear, we have carried on home and foreign trade, transported strategic materiel to support our friendly forces despite the enemy's blockade, and established our rear installations and other necessary bases. Thanks to this rear ((area)), our revolutionary forces have contacted foreign countries and received their assistance. The US and Puppets have tried to create pressure on us and by all means destroy us.

In addition to the above activities, the Vietnamese nationals living in K are potential suppliers of considerable manpower and material resources. They have struggled to return to their native country to serve the resistance.

Particularly the border area of T2, which is a link between Eastern ((Nambo)) area and T3 ((possibly VC Region 3)), is the main corridor and important entry and exit point which plays a key role in the communication ((between NVN and SVN and between VN and foreign countries)). It is very favorable for our military, political, economic, and diplomatic activities.

B. The US and Puppets.

The US and Puppets want to draw K to their side in order to oppress us and motivate the Vietnamese nationals to support their war of aggression. However, their scheme has been, and will be, frustrated. In addition, they strive to win over the followers of the Hoà Hảo religion and Khmer ethnic minority people. This is a serious controversy between the US - Puppets and the French-Sih ((possibly Sihanouk)). Both sides have tried to plant their agents among followers of the Hoà Hảo religion and have tried to organize the ethnic minority people. Furthermore, to influence the people, they have killed the people and conducted attacks to force them to rally to their side. The border problem plays a key role in the implementation of the US - Puppet's accelerated pacification program. Presently, their objectives are to destroy our bases, disrupt our corridors, control the border, and disturb our rear in this offensive phase.

C. The French and Sih.

The schemes of the French and Sihanouk are to restrict our immediate revolutionary success, build bases for the pro-French clique, and activate a Khmerkrom force with the intention of creating difficulties for us.

However, they have established diplomatic relations with us, recognized our Provisional Revolutionary Government, and developed our diplomatic relations at embassy level. K has also recognized that the US has been defeated and that our Revolution will certainly be successful.

At the same time, she wants to show all countries in the world that she does not follow the US.

Although K objected to the US, she still received aid from the US and carried out a number of US plots on the border. (The K troops coordinated with the US and Puppets against us. In addition, they arrested our people, destroyed our bases, and interdicted our corridors). Although K received aid from the US, she still opposed the CIA (US espionage networks) because the CIA overthrew Sih, as he had refused to cooperate with the Puppets in the diplomatic and commercial fields.

Since early 1968, the interests of Sih on the border have been in accordance with those of the US: To limit and delay the victory of our General Offensives and Uprisings.

At the same time, he wants to curb all activities of the K ((Cambodian)) Revolution and keep us from supporting the Cambodian revolutionary forces. Therefore, K ((possibly Sihanouk)) has continuously carried out his activities to harass us on a large scale, so that the situation has become more serious than before. Due to the internal political changes of K, we ((VC)) have increasingly attained great achievements in all fields. However, in recent days, the CIA has increased its activities, and the situation has become more difficult for us along the border of T2 ((VC Region 2)).

Due to the political policy of K, the scheme of aggression of the US, the plan of sabotage of the French, and our mission of liberation of our country, we ((VC)), the US and Puppets, the French and Sih have had to fulfill important requirements with regard to the problem of the border. The diplomatic policy between K and the US and between K and our side ((VC)) has influenced the situation on the border during different periods of time.

Since 1954, both sides have adopted political, military, economic, and diplomatic policies aimed at seizing control of the border areas with the intention of promoting their prestige.

In 1960, we smashed the Democratic Socialist Party Central Headquarters clique which was supported by the French and Sih. We occupied their base which was established in K territory, across the Hâu ((possibly Hâu Giang)) River.

In 1962, through persuasion and political reasons, we smashed the uprising movement of the Khmer which opposed us from Mar to Jul 1962.

In May 69, we destroyed the 3 Soai ((sic)) Base and 3K ((Khmer Krom Klan)) forces established by the French and Sih. The surviving members fled to K.

In brief, from 1954 to 1968, while operating on the border, we concentrated mostly on political and diplomatic relations with K. We did not pay attention to economic activities, so we spent only a little money for these activities. We usually provided intelligence information to K and helped it intercept all schemes to overthrow its Government by the US and Puppets. Activities in the border areas have had a good influence on the diplomatic field, and consequently, diplomatic activities have also insured the safety of activities in the border areas.

During 1968, especially the last six months of 1968, we increasingly gained revolutionary achievements. However, K and the US-Puppets also benefited from their schemes. For this reason, they restricted and limited our military achievements. The diplomatic policy of K has changed, causing us serious and repeated difficulties.

The US, Puppets, and K have coordinated not only in military operations, but also in economic matters and military intelligence concerning our troop movements, sanctuaries, and our protection of merchant boats, etc, ((sic)). The Puppets have conducted several operations into Cambodia. With the approval of local Cambodia authorities (in Thám Dũng, ((for instance))), and with the support of K posts, Puppet troops of Cambodian

origin posted in K have laid ambushes in Cambodian territory to capture our cadre. Puppet and Cambodian troops conducted coordinated operations to dislodge our troops from entry and exit points (in Vĩnh Xưởng and Thông Bình). They strafed and plundered the places they could not occupy (such as Cái Sách, Đình Bả, and Tà Hu, etc ((sic))). With military operations, they intercepted the supply of rice and other necessary foodstuffs ((to our areas)) or bought rice at a higher price to store it in district seats near the border.

At present, the enemy is extending his areas of operation, from the key transportation axes in district seats to various markets and areas on the border where goods are purchased, with the intention of driving us gradually out of these areas and seizing control of the transportation of goods. For this reason, our control of goods at the entry and exit points is becoming less effective. In the border area, we have met many difficulties in the military and economic fields which have influenced the diplomatic field.

By invading ((K)) and threatening, the US is stirring up dissension in the K ranks. However, K still retains its neutrality and supports us, but it is afraid that we will oppose the Khmer Revolution. With regard to K, our first and greatest advantage is in the political field and our secondary advantage is in the economic field.

((Page 8 of O.T.))

In order to change our passive position into an aggressive one during the current situation, we must work out specific operational procedures for the economic, political, and diplomatic problems of our people, local areas, and even of our central administration. We must also closely coordinate with various branches (economic, military, and security) in order to use the capabilities of branches to the utmost, continue to develop our strong points, promote a good relationship, gradually interdict enemy destructive activities, and correct the passive attitude of K.

In addition to the development of our political superiority, we should also determine how to take advantage of our favorable conditions in the economic and terrain features of the border areas, in coordination with our military and security forces, to oppress the ((Cambodian)) local authorities, influence the K Central Government and interdict all military and economic activities conducted by the US, Puppet, and K troops. At the same time, we should not only try to control the transportation of goods and oppress traders who are relying on the enemy, but also use economic interests in local areas to buy off K ((Khmer)) officers. All this is aimed at creating a strong diplomatic position in the local areas which will be favorable for the diplomatic affairs of our central organizations. Strive to control the great merchandise supply channels and dai ngach ((high quality)) merchandise and deal heavy blows to stubborn merchants at the entry and exit points (such as the Vĩnh Xưởng Entry and Exit Point) who have failed to heed our warnings. We should pay due attention to the coordination between military and political activities. Before and after each attack, we should spread propaganda to motivate the people to answer our appeals by adopting the three-pronged attack method, bribe merchants and K officers, oppress obstinate elements,

and force the Puppet authorities to accept neutrality, etc.((sic)). At the same time, motivate the people and Khmer monks with well-prepared plans to insure our safety in the border areas.

In short, the three sides ((VC, the US-Puppet, and French-Sihanouk)) have their own requirements and interests in the border areas. In some fields, they have displayed serious dissensions. In other fields, they have temporarily kept their contradictions in a normal state in order to cope with the immediate situation ((sic)). The enemy and K ((Cambodian Government)) are pursuing the same purposes. K is carrying out its strategic plan to establish a security belt to control us and the Red Khmer and strengthen the Khmer Krom. The enemy is striving to persuade K to cause difficulties to us in the border areas and limit our activities and victories. From now on, the border areas can be utilized by the enemy as a cause for undermining our friendship with the K ((Cambodian)) people. In an attempt to destroy the development of our economy in the phase of political revolution ((possibly meaning post-war period)), the enemy is doing his best to enhance his advantages in our areas of operation in order to control the transportation of goods and axes of transportation. Because of the enemy's encroachment, our areas of activities have become smaller, and we have had to face new difficulties, because we failed to control the lines of communication. At present, our immediate task is to establish a position to seize economic advantage in the border area by using our guerrilla or regular forces and applying appropriate working procedures according to the situation in each area.

### III. THE FINANCIAL AND ECONOMIC SITUATION (PARTICULARLY TRADE) ALONG DIFFERENT PORTIONS OF THE BORDER OF VC REGION 2.

#### A. ((Farm)) Production.

((Farm)) production has been reduced considerably. A large number of farmers have left their farms to take up trading.

The main products are fish and rice. The ricefields in Kiên Phong and Kiên Tường Provinces are always under water. Gardens and ricefields in the An Giang border area were heavily damaged by the enemy's toxic chemical agents and have not been improved. Presently, our people must move onto K ((Cambodian)) territory to pick lotus leaves and catch fish, with or without paying taxes.

Handicraft: Mats (in An Giang Province), silk cloth (in Tân Châu), and silkworms, etc.((sic)), are the main handicraft products which cannot compete with those made by machine. We did not encourage the people to take part in the handicraft branch. Farmers have to sell their mulberry leaves to silk-breeders and cocoons and raw silk to the owners of weaving mills in Tân Châu on credit. Money is paid them after the silk has been sold.

((Page 9 of O.T.))

All of the weaving mills are owned by rich businessmen in Tân Châu. Meanwhile, most of the farmers have become merchants, because they can work less and gain more money by trading.

The main occupations of the Cambodian people in the border areas are fishing and farming. Cattle husbandry is also important. However, the fish resources have been managed by the "villagers." The Cambodian people have farmed and raised cattle for the Cambodian military servicemen and their local province and district authorities.

In brief, being confused by the situation, the Vietnamese farmers left their land to take up trading, while the Cambodian farmers could live on farming, but were exploited by their own authorities.

Self-sufficiency production was not practiced regularly by our agencies because they had to move frequently and did not give due attention to this task. The most efficient in this task were the agencies in T ((possibly Region 2)).

The people did not store any food. After each crop, they sold everything, then bought rice from the Cambodian people or from the Vietnamese people in areas under our temporary control in SVN.

#### B. Financial Situation.

There was a serious failure in tax collection:

Along the border, our main tax collection source is the urban sales tax. Taxes on goods exported are paid to the Cambodian village authorities. T ((possibly Region 2)) can collect taxes only on goods imported. (In T, there are four entry and exit points: Sông Hậu ((Giang River)), Song Tien ((Giang River)), Thưởng Phước, and Cai Sách). But now, T controls only the Thưởng Phước and Cai Sách entry and exit points. At the two remaining entry and exit points, we have to collect the taxes as much as we can, in the way our guerrillas do. As a result, only at small entry and exit points can we collect the taxes according to their prescribed rates. As for the larger entry and exit points, we can only provide an approximate calculation of the taxes to be paid, and leave it to the good will of the merchants. The taxes for expensive merchandise are only collected when conditions permit.

In the local areas, the collection of taxes has been reduced seriously. In An Giang, for example, we did not levy taxes on TQ goods ((possibly goods made in Red China)) in order to encourage those who sell goods made by Socialist countries.

#### Principal reasons for losses in tax collection.

1. The prescribed taxation rate is 1%, but our village cadre have not been determined to collect taxes on this basis.

For example: One meter of "satin" wool costs 80\$ ((SVN)) ((118\$ SVN = \$1.00 US)). For each 20-meter roll of "satin" fabric, they must collect:  $\frac{1 \times (20 \times 80)}{100} = 16$ ((SVN)), but they have only collected 8$ ((SVN)).$

If they collect 8\$ ((SVN)) per role of "Tetatron" ((possibly Tetoron wool)), there will be an increase in tax losses (because one meter of Tetoron wool costs 160\$ ((SVN)) ).

Another example: One liter of gasoline costs 18\$ ((SVN)), but they levied only 400\$ ((SVN)) on 45 drums containing 9,000 liters of gasoline instead of 1,620\$ ((SVN)).

2. The prescribed rate of 1% is not appropriate for the commercial situation in each local area because the income depends upon the kinds of goods.

For example: The income from one 20-meter roll of "satin" fabric is 60\$ ((SVN)), from one 20-liter container of kerosene is 50\$ ((SVN)), and from one 200-liter container of gasoline is 1,100\$ ((SVN)).

3. Methods of controlling goods and collecting taxes were not carefully prepared. The cadre's sense of implementation of the ((Party's)) policies in some areas (including friendly and enemy controlled areas) was lowered; therefore, smuggling increased.

4. Policies concerning the collection of taxes on imports and exports were not clearly prescribed. In some areas along the border, taxes were levied on goods unreasonably. As a result, we failed to motivate the contribution of traders to the Revolution.

5. The majority of the merchants are elderly local people who are relatives or acquaintances of our local cadre. A number of others were even cadre during ((the first)) nine-year resistance and are very knowledgeable. On the contrary, most of our tax collectors are young cadre who have grown up during the ((second)) resistance; therefore, they lack professional skills, are still confused, and show some regard for the merchants. They still hesitate to adopt a firm attitude and fail to implement the tax collection policy successfully.

((Page 10 of O.T.))

At present, we have established a Provisional Revolutionary Government. For this reason, the power of the Revolution must be enhanced. We must motivate merchants to acknowledge the characteristics of our tax collection and understand their duty. For this reason, in order to successfully collect taxes, our main task is to provide political indoctrination for the merchants when we contact them. The tax collection stations in T must regularly support the cadre in local areas. By doing so, we will succeed in correcting the people's erroneous thoughts and consolidating the situation between local areas and our organizations.

C. Exchange of Goods Along the Border.

1. The policy of Cambodia.

Though Cambodia had severed diplomatic relations and cut off all commercial ties with SVN, due to previous relations, the trade between Cambodia and South Vietnam still continued to exist. Only the extent of transactions varied according to the war situation in SVN and the diplomatic relations between the two countries.

At present, by order of the Cambodian authorities, goods transported to the border areas are considered as exports. As a result, traders must pay taxes on imports and exports to the Cambodian authorities with foreign currencies.

2. Kinds of goods exchanged:

a. Goods transported from SVN to Cambodia:

The majority of the goods are machine-made products imported by the South Vietnamese people, and a minority are products made by the South Vietnamese people which are necessary to the Cambodian people.

- (1) Various types of cotton.
- (2) Gasoline.
- (3) Kerosene.
- (4) Condensed milk.
- (5) Oriental medicinal herbs, European medicines.
- (6) Cigarettes.
- (7) Accessories for bicycles, motorcycles, and cars, etc,((sic)).
- (8) Light industrial items (outboard motors, cars, and sewing-machines, etc,((sic)).
- (9) Electrical items: (Transistors ((possibly radio)) and television sets).
- (10) Cooked food.
  - Canned meat.
  - Canned fruit.
  - Canned fish, dried fish and shrimps, and noodles packed in nylon bags, etc,((sic)).
- (11) Hardware: Chairs, arm-chairs, and beds ...
- (12) Cooking utensils: Saucepans, frying pans, and pottery.
- (13) Toys.
- (14) Coconuts, rush mats, mattresses, and dried areca nuts.
- (15) Tea.

b. Goods transported from Cambodia to SVN:

The majority of these are farm products and a small quantity of them are industrial products.

- (1) Pigs and piglets.



- (3) Dried fish and salted fish.
- (4) Corn.
- (5) Beans of various kinds.
- (6) Sugar.
- (7) ARA ((tobacco)).
- (8) Mac nua ((a kind of fruit used as a dye)).
- (9) Chemicals, opium.
- (10) Japanese sandals.
- (11) Sesame.
- (12) Basil seeds.
- (13) Tamarind.

((Page 11 of O.T.))

- (14) Resin ((liquid)).
- (15) Resin ((powder)).
- (16) Palm leaves.

With regard to the above mentioned goods, there are some remarkable points:

Most of the goods are necessary items. A few of the goods are for ((farm)) production.

Goods that are sent to Cambodia: Medicine for pigs, thread, and silk.

Goods that are sent to SVN: Mac mua ((a kind of fruit used as a dye)), piglets, bran, and corn.

A number of these goods are for local farmers; however, most of the goods are for the middle class and Cambodian troops (such as canned food).

Many types of goods, but of different origin, were sent to Cambodia, or SVN, according to the taste of the consumers. For instance:

Tea: A number of SVN people like to use Lý Thông Ích tea produced in Cambodia, while in Cambodia, a lot of the Chinese residents like to use Nghị Hồi Nhâm tea ((produced in Vietnam)), etc. ((sic)).

"ARA cigarettes" are sent to SVN.

"RUBY cigarettes" are sent to Cambodia (because of their aroma).

Thailand sandals are sent to Cambodia.

Garlic is sent to Cambodia.

Cambodian coffee is sent to SVN. (All this is due to the new import and export policy of Cambodia and the emergency needs of the people), the import of garlic is forbidden in Cambodia, so, SVN garlic is smuggled into the border area.

The machine-made goods transported from SVN are not products of SVN. They are products of America, Japan, Taiwan, and South Korea, etc.((sic)), (most of them are Japanese products), tea and drugs, smuggled goods sent by military personnel or stolen from foreign ships, such as transistors, parachute strings, mosquito nets, military uniforms, clothing, etc.((sic)).

In addition, a number of valuable material products that we have not yet controlled have been transported on the Tien ((Tien Giang)) River by foreign ships owned by the countries having trade relations with Cambodia (these products are weaving machines, vehicles, thread, etc.((sic)) ).

A brief description of the exchange of goods between Cambodia and SVN in the border area is that Cambodia consumes necessary products and goods sent by the US and its satellites to SVN. At the same time, Cambodia provides necessary food (such as pork and beef) for the Americans and the Puppets. This exchange of goods does not increase the production of the two countries ((Cambodia and Vietnam)). In addition, under a well-organized system, a number of "goods" are transported illegally, such as opium, chemical agents, and foreign currencies (Riels ((55 Riels = \$1.00 US)) and US dollars). In the border areas, there are many "men escaping over the border," especially Chinese youths residing ((in SVN)), to dodge the draft.

However, due to this exchange of goods in the border area, Cambodia can export her farm products which have so far been accumulated (fish, bran, corn, beans, etc) and which could not be sold on the international market. The second advantage is she can export her goods to a neighboring country and import from it many types of goods which cannot be provided without foreign currency. In short, Kampuchia ((Cambodia)) has two advantageous points:

Cambodia can both sell all of her farm and forest products at reasonable prices and import industrial products without expending foreign currencies. These imported goods (of Japanese or American makes, etc.((sic)) will be used by the Cambodian people and will partly serve in production activities. This is called a "goods for goods" exchange system.

Thus, with her Riels ((Cambodian currency)), Cambodia can buy foreign goods (such as gasoline, kerosene, and various kinds of

accessories) which are usually purchased only with foreign currencies.

((Page 12 of O.T.))

The fact that the quantity of exports is higher than that of the imports is proved by the following reasons:

Cambodia has imported goods only when she has goods exported.

Sometimes, the quantity of her exports is higher than the imports.

And a large number of goods are imported right in the border areas.

A large quantity of goods are purchased with Riels. It is estimated that goods transported through T2 cost over one billion SVN piasters (with the exception of high-quality merchandise), and goods transported from SVN to Cambodia cost over 500,000,000 Riels - about \$5,000,000 US. Briefly, every year, Cambodia does not need \$5,000,000 US to import goods. Most of the goods imported are gasoline, kerosene, and various kinds of accessories. However, this exchange does not help the development of the independent economy of Cambodia.

SVN is still at war. The US and Puppets plan to consume food from Cambodia and send US goods from SVN to Cambodia in an attempt to sustain the war. As a result, the agricultural products of Cambodia are sold quickly. Cambodia and SVN are agricultural countries. They will have a close relationship in the development of their independent economies when peace is restored.

### 3. Characteristics and methods of exchange, transportation, and payment.

#### a. Types of goods:

(1) High-quality merchandise are foreign goods transported by foreign ships which are not made in SVN (but in England, France, Switzerland, Denmark, Japan, Australia, etc.((sic)) ). These ships are owned by capitalists. Payment for these goods is made by various banks.

(2) The important goods are transported from SVN. They are imported goods from SVN, as mentioned above, which are transported by boats or freighters from Saigon to Phnom-Penh and vice versa. These goods are rarely unloaded in the border area (such as gasoline, kerosene, items made of aluminium and iron, etc.((sic))), beans, bran, and corn, etc.((sic)) ). Payment for these goods is made in compliance with the prescribed regulations.

(3) Medium-rate goods: They are usually from 1,000 to 2,000 bags of bran or beans, etc. ((sic)) ), smuggled goods, mechanical or electrical items and household utensils transported by boats or small ships from SVN to Cambodia. These boats stop in the border areas and unload goods. The goods unloaded will be loaded on other boats, divided into many parts, or stored at the markets in the border areas for wholesale or retail (most of them are goods made in SVN). Payment for these goods is either made immediately, or sometimes the goods are sold on credit.

(4) Cheap goods: Goods worth from 10,000 to 50,000\$ SVN ((110\$ SVN = \$1.00 US)). These goods are purchased under various forms:

They were purchased in separate lots from Cambodia with advanced payments.

They were stored at the border area, or their purchase was arranged in advance, and they were transported to the consumers on the same day.

They were purchased right in the local area and sold in shops.

According to the request of the consumers, goods are bought and delivered by those who travel up and down the border areas. The profit they receive from the goods, transported from SVN, is about 5%, and from Cambodia, about 10% (because the goods are smuggled, the prices are high).

b. Methods of transporting goods from Cambodia:

(1) The following types of goods are shipped directly to Saigon or to other provinces:

- Wood.
- Dried fish and fish.
- Bran.
- Rice.
- Various kinds of beans.

((Page 13 of O.T.))

(2) Generally, large quantities of goods transported to the border areas are immediately delivered to the consumers. Sometimes, they are stored in province capitals and district seats near the border before being loaded onto trucks, sampans, or airplanes. Other goods, (such as pigs, cows, fish, etc. ((sic)), especially pigs), are concentrated at Tan Chau, Chau Duc, Hong Ngu, and Long Xuyen. A number of cattle are killed for food to supply Saigon. They are carried by plane or truck. Everyday in Tan Chau, there are one or two trucks loaded with pigs travelling to Saigon.

· Goods transported from SVN to Cambodia:

(1) Goods, such as cloth, household items, oriental medicine, drugs, and especially Chinese medicine, are sold and consumed in areas near the border by small merchants living in the border districts and villages. (Most of them are Vietnamese nationals).

(2) Other goods, (such as gasoline, kerosene, and all kinds of machines), are transported directly to district seats, province capitals, and the capital of K.

c. Transportation axes: Most of them are rivers.

(1) The main transportation axis is the Mekong River (consisting of the Tiền and Hậu ((Giang)) Rivers). The Tiền ((Giang)) River is the most important waterway because throughout the whole year, movement on this river is not interrupted. Đại ngách ((high-quality)) merchandise is transported on this river. Fish, the main good, is transported on the Hậu Giang River.

(2) The important subordinate transportation axes are the Sở Thuồng, Takeo, and Châu Đốc Rivers and the Tỉnh Biên route. The main goods shipped on these roads are pigs, fish, and oxen. The Tan Leo River is also an important communication axis.

d. Specific places for the transportation, storage, and distribution of goods.

In the Vietnamese border area: Tỉnh Biên, Châu Đốc, Tân Châu, Hồng Ngự, Tuyên Bình, and Mộc Hóa and areas along the border of An Giang Province.

Important areas: Tỉnh Biên, Châu Đốc, and Tân Châu.

In the K ((Cambodian)) border area: Kg Chrey, Binhgi, Ho Luong (Brnam) Trabek, Svay Rieng, and Kompongrean.

Important areas: Kg chrey and Hồ Lường.

e. Characteristics of the various merchandise supply channels.

The quantity of goods that cross the border, whether they are owned by small merchants, held or stored in the border area, are seldom used to serve the people living along it. Their sole purpose is to cross the border under many forms before being transported to inner areas.

Smuggled goods: Except for đại ngách ((high quality)) merchandise, most of the other goods are purchased by smuggling them across the border area. Merchants operating on a small-scale deal naturally in small trade, and wealthy merchants smuggle large quantities of merchandise. There are two types of smuggling:

(1) One is done by K and Puppet troops. This is also done by international merchant ships.

(2) Another type is furtively done by the people. These smuggled goods must be kept from the control of K and Puppet administrations (chemical materials and opium, etc ((sic)) ).

The transportation of goods must pass through many intermediate stages and stop at unnecessary locations because of the war situation and the lack of diplomatic relations between the two countries ((VN and K)). This fact is also caused by the political policy of VN and K towards each other. As a result, transportation expenditures are

high. Furthermore, merchants must pay a great deal of money for taxes and "bribery." Only merchants who have relatives holding important positions in the two governments ((VN and K)) can avoid numerous "bribery" payments. Therefore, goods become gradually concentrated in the hands of a number of monopolizing merchants who have relatives holding important positions in the two governments. Consequently, merchants must resort to smuggling to earn a good living.

((Page 14 of O.T.))

For example:-

Goods from Cambodia are subject to many types of taxes (in reality, these taxes are forms of bribery) in addition to transportation costs.

Anchorage dues.

Road tax which is paid to the Cambodian authorities along the road way (there are 10 tax collection stations along the 40-kilometer road from Ho Luong to the border).

The goods are concentrated at a market in Cambodia and sold to a merchant who agrees to pay for the profits and the market taxes. e

Vietnamese merchants who buy goods from Cambodia must pay taxes to Cambodian authorities (each person must pay 200 Riels per month) ((55 Riels = \$1.00 US)).

Market places in Cambodia and SVN are usually separated by a river 100 meters in width.

From the border inside SVN, merchants must pay import duties and road fund taxes to the Vietnamese authorities (from the border to Tan Chau, approximately 16 kilometers, they must pay taxes twice). In addition, merchants must pay retail taxes for each trip. Taxes levied on goods from SVN are nearly the same.

4. Merchants.

a. Categories of merchants (who actually have goods).

The category of wealthy capitalists who supervise imports and exports are people in the government, or have relations with the SVN and Cambodian (Royal) Governments when doing business. Sonesim ((possibly

an import-export company)) monopolizes the management of imports and exports.

The category of wealthy Chinese merchants, who have their own means of transportation of goods. They either accompany their boats, or take care of transporting the goods by other means. These merchants are professional merchants who have annexes ((sic)) everywhere. They especially have representatives at important entry and exit points who will watch the supply channels, study the goods situation and changes in goods prices, supervise the transportation activities, and pay the transportation fees.

The category of small merchants who (have 1,000,000\$ SVN or less) (((118\$ SVN = \$1.00 US))) they have dealt in business for only the past three or four years. They trade in all kinds of goods and store their goods to be later sold at wholesale and retail. They cooperate with boat owners (for the combination of capital between merchants and boat owners is very necessary to ensure the transportation of goods). They make close contact with other small-scale merchants to deliver goods inside Cambodia and in district seats in SVN. They also pay money in advance to the latter ((small-scale merchants)) for transporting goods and lend them money, etc,((sic)) ).

Merchants trading in retail goods buy and sell merchandise to small-scale merchants. They often borrow money from wealthy merchants to pay for transportation for goods (must pay five percent interest for each transportation trip). The characteristics of the border market are:

1. All of the merchants rely on servicemen of both sides ((VN and K)). As a result, Puppet and Cambodian officers directly or indirectly (let their wives or men) engage in business. Farmers who want to engage in trade must contact servicemen in order to ensure the transportation of their goods.

2. They sometimes kill one another to gain a monopoly of goods. At present, all entry points are under the monopoly of officers or their men.

For example:

At Thuồng Phước Entry Point, Nove, Company Commander of the Cambodian Self-Defense Forces, has a monopoly on petroleum, gasoline, and machine parts.

((TN: The first paragraphs of page 15 of O.T. contains restricted distribution information which was published under Restricted IIR No 6 028 0582 70 and distributed to appropriate agencies)).

3. Through the transportation of merchandise through various supply channels, the enemy performs espionage activities along the border areas.

In short, important entry points are controlled by big monopolists. The medium and small entry points are controlled by local merchants. In order to circulate their goods, the merchants have to volunteer, or are forced, to act as the enemy's spies, even if they do not want to. Therefore, we can state the following:

Important espionage activities are performed through important goods supply channels. Small-scale espionage activities are performed through small entry points.

b. Merchants "without goods" (as we temporarily call them),

Almost all merchants deal in currency exchange. There is one person ((possibly a woman)) who handled especially the exchange of SVN currency for Riels and vice versa. If many persons wanted to exchange money, she collected all their small amounts of money and went to Phnom Penh to exchange it for riels. Usually, her exchange rate was two percent lower than the usual rate on the market. Other merchants both exchanged currency and loaned money. A number of small merchants who do not have enough money to purchase Cambodian goods must borrow Riels. After their goods are sold, they repay the loan to their creditors in SVN currency according to the previously agreed rate plus 50% interest for the loan. Another type of merchants act as intermediaries between those who buy goods and those who sell them. The latter settle their transactions even in the border area, and the intermediaries receive their commission. They are friendly to the soldiers in the military posts and obtain guarantees for the safety of the dealers and their goods.

There are some who make their living by helping political prisoners and youths, especially Chinese youths, to cross the border. Food, legal papers, and other necessary requirements needed to escape across the border into Cambodian territory are provided by these people.

There are also some people who guide smugglers and transport smuggled goods, such as opium and chemicals. They are paid 100 Riels for carrying a sack of opium (containing 250 packs) or one pig from Cambodia to SVN; and they are paid 1,500\$ SVN for leading a pair of buffaloes from the Cambodian border to a prescribed point within an hour.

These smugglers hire carriers to transport their merchandise when the expenditures are cheaper than the total money paid to the Puppet authorities and to our tax collectors.

Some people are particularly hired to deliver the invoices. They conceal the lists of goods and invoices on their persons when they make their trips from SVN to Cambodia or vice versa and deliver them at a prescribed location in Cambodia or SVN. There are also some people who are hired to transport goods between Cambodia and SVN (especially from Cambodia to SVN) and purchase goods from SVN as requested in lists of items (such as gasoline). The majority of these people also report on the goods situation to the Cambodian military agencies, Puppet authorities, and merchants.



In brief, the wealthy capitalists are monopolists who control imports and exports. They depend on the rich Chinese intermediaries to establish a commercial network with the intermediate and small tradesmen. Most of the Chinese are professional tradesmen, while the Vietnamese and Cambodians have begun to trade only in the past three or four years.

((Page 16 of O.T.))

The merchants used to compete with each other. They all try to rely on the authority of the military posts to gain a monopoly on the trade. So, most of them must keep up relations with military servicemen and are under the control of the latter.

The Puppet and K ((Cambodian)) soldiers cooperate with one another to organize their own trading and control the transportation of goods.

c. Control and employment of merchants.

In local areas, we have not paid much attention to controlling and using the merchants. As a result, the enemy and the Cambodians are controlling and using merchants effectively. Recently, in T ((possibly Region 2)), Kiến Phong, and An Giang, we assembled the merchants into organizations in order to control them and their transportation of goods in liberated areas. With regard to the disputed areas, we have not worked out a plan to keep track of and control the Vietnamese merchants. As for the Cambodian merchants, we should work out a plan to control their activities in order to protect the security in the ((Vietnamese and Cambodian)) border area and maintain good relations between Cambodian and friendly ((VC/NVA)) forces.

IV. CURRENCY PROBLEMS.

Two currencies, South Vietnamese piasters and Cambodian Riels, are in circulation in the Vietnamese border areas. The circulation of SVN piasters is forbidden in the Cambodian border areas. For this reason, the exchange of money is performed only on SVN territory. There may be a clandestine circulation of HK ((US)) dollars, because personnel of the Cambodian custom house have seized a suitcase full of HK ((US)) dollars.

The merchants used to trade at their native entry and exit points. In some areas, they do nothing but change money. They take the money and change it at other entry and exit points at a higher rate. The exchange rate in Vinh Xuong is considered the "basic" one. The further we go toward the eastern area, the more the rate increases. From Vinh Xuong toward the coastal areas, the exchange rate does not vary. Ordinarily, from one entry and exit point to another (in the direction toward the eastern areas), the exchange rate increases from one percent to three percent according to how far the location is from Vinh Xuong.

For example: If in Vinh Xuong, one Riel can be exchanged against 3.50\$ SVN; in Thuong Phuoc, which is located east of Vinh Xuong, the rate is one Riel = 3.60\$ or 3.55\$ SVN; in Cai Sach, which is still farther to the east, one Riel = 3.70\$ SVN ((55R = \$1.00)).

The rate of exchange increases or decreases according to the local area, the time, the war situation, and the availability of merchandise. If there is a great quantity of merchandise carried from Cambodia, the SVN currency will be devaluated. If there is a great quantity of merchandise carried from SVN, the SVN currency will increase in value or keep the same rate.

It is reported that some smugglers are dealing in the purchase of Vietnamese piasters and Cambodian Riels in Saigon, Phnom Penh, and Hong Kong.

They come from Phnom Penh to exchange riels for SVN currency at the ((Vietnamese-Cambodian)) border.

They then exchange the SVN currency for US dollars in Saigon or Hong Kong.

Finally, they exchange US dollars for riels in Phnom Penh. They calculate their profit in the following way:

- 100 Riels can be exchanged against 350\$ SVN at the border.
- 350\$ SVN can be exchanged against \$2.00 US in Saigon or Hong Kong.
- \$2.00 US can be exchanged against 200 riels in Phnom Penh.

The profit is 100%.

100R = 360\$ SVN at the border

360\$ SVN = \$2.00 US in Hong Kong.

\$2.00 US = 160 R in Phnom Penh or 120 R at the border.

The rate of Riels increases during the last months of the year when the flood is high. In these months, a great quantity of merchandise is transported ((by boats)) from Cambodia to the border areas. The Vietnamese merchants must advance money to the Cambodian merchants, who will buy as much merchandise as possible from the Cambodian farmers, while the latter are forced to sell their agricultural products and evacuate the flooded areas.

((Page 17 of O.T.))

#### SUMMARY OF THE GENERAL SITUATION OF THE MARKETS IN THE BORDER AREA.

Goods are exchanged and purchased in the border areas in two ways.

Important trading transactions are undertaken by rich capitalists who have an international network and legal regulations.

Medium and small trade is undertaken by individual tradesmen and small merchants in the border areas.

The enemy ((RVN)) and Cambodians actually control the circulation of merchandise.

The markets are influenced by the capitalist trading system. In addition, since the markets are located in the border areas, all transactions in the markets and entry and exit points are more complicated.

Important characteristics:

1. Trade is carried on by individuals and smuggling is widely practiced.

2. Monopoly of control is exercised by the military authorities.

3. Expenditures for circulation are high (because of capitalist characteristics and war situation).

4. The exchange of industrial materials and products is aimed at the development of an independent economy for neither Cambodia nor SVN. Nor does it serve any specific diplomatic purpose. As for Cambodia, she gains some foreign currency which enriches the Cambodian capitalists and troops; as for the US and Puppets, they can prolong the war of aggression while getting rid of a quantity of superfluous goods and enriching the Puppet capitalists and troops stationed in the border areas.

Friendly forces ((VC/NVA)) have lost a number of important foothold areas (such as Vinh Khương, Long Bình, and Tỉnh Biên). So, the control of goods is less effective. Friendly forces have levied taxes only on small and medium supply channels only. The collection of taxes on large supply channels and industrial products is not considerable.

#### V. STRENGTHS AND WEAKNESSES.

##### A. Friendly Advantages.

1. The military, political, and diplomatic positions of our side have been enhanced. The situation in An Giang has changed, so that our political support is steady. Cambodia still retains her neutrality. She has raised our diplomatic representatives up to embassy level and recognized our Provisional Revolutionary Government.

2. Cambodia wants to receive money from the US, but she opposes the CIA. She did not recognize Thiệu's Government and has cut off diplomatic relations with the Puppets. She has opposed the Red Khmer. At present, however, she also opposed to the Khmer Sery ((Serei)).

3. The Mekong River is very important to her, especially the Tien ((Giang)) River. She knows that we will defeat the enemy and control the rivers flowing across the border. She needs to sell oxen, buffaloes, and fish to SVN.

##### B. Friendly Disadvantages.

1. Generally speaking, along the border, guerrilla warfare has not been developed (for instance, in some places, there are not guerrilla forces established). For this reason, our finance-economy elements have not been able to operate.

2. An organization in charge of the border has not been established to take the initiative and take close control ((of the border areas)).

## VI POSSIBLE DEVELOPMENT OF THE SITUATION

1. In the military field, we have controlled a number of key areas.
2. Our military activities have oppressed, encircled, and isolated the enemy, creating favorable conditions for friendly guerrilla forces.

## VII. ASSESSMENT OF THE COMING TASKS.

In order to gradually take the initiative, our finance-economy elements along the border should rely on our military strength and coordinate with our security forces operating along the border. Like other branches, the finance-economy branch should apply the three-pronged attack guidelines in mountainous and lowland areas and coordinate with other branches and various types of tasks (coordinate with local areas, political and diplomatic activities, and especially establish coordination between COSVN and local areas, etc. ((sic)) ).

### A. Strategic Determination.

1. Our immediate tasks are to maintain security for our corridors, control merchandise supplying channels, win over the Cambodian authorities and people, oppress the enemy, and ensure efficient collection of taxes. Therefore, it is necessary to create a strong position by resorting to the activities of our regular and guerrilla forces to perform our finance-economy task. According to our position in each area, organize and outline appropriate measures for operations. The most important thing is that we should coordinate with other branches to carry out political activities among our agencies and people living along the border areas in order to maintain security on the border in general and to perform our finance-economy task in particular.

In order to create a strong position, we should achieve the following three factors to overcome our immediate difficulties and ensure our long-range task.

a. We should depend on our available civilian agents and continue recruiting more agents to establish legal and illegal agent networks in order to perform our finance-economy task from lower to higher levels. We should try to make best use of tradesmen (investigate their political background in order to establish contact with them for controlling the situation of merchandise channels, etc. ((sic))). According to the current situation in the local areas, adopt appropriate methods to motivate everyone from all agencies, and the people to study the internal regulations and characteristics of the border. In addition, explain the purpose of our tax collection.

b. We should conduct military attacks to create favorable conditions for us to control a number of key areas, especially main communication lines, (two ((branches of)) the Mekong River ((possibly Tien Giang and Hau Giang Rivers))). Any area which we cannot reoccupy, we should disturb. We should deal deadly blows to the enemy in coordination with our military proselyting activities in order to isolate enemy posts and create favorable conditions for friendly guerrilla forces to collect taxes and organize an economy network (maintain the three-pronged attack guidelines in mountainous and lowland areas).

c. In coordination with friendly forces in local areas, we should organize armed tax collection teams to implement the immediate finance-economy task. To meet all requirements in the days to come, we should improve the available cadre's skills and recruit more cadre. We should pay due attention to the collection of taxes on Đại Nghách ((high-quality)) merchandise.

2. We should provide additional guidance for cadre in local areas to control merchandise and activities of tradesmen. It will be better if the province or district ((finance-economy agencies)) take charge of the important entry and exit points (or assign cadre to support the village regularly).

3. We should gradually move a number of our agencies and send our people to the VN territory, under the support of military activities, to turn the guerrilla warfare situation which is favorable for our finance-economy activities. This fact proves that our finance-economy activities will contribute a great part to the stabilization of Vietnamese nationals' living conditions.

4. We should work out a plan for managing and supplying those agencies which have to go into hiding. We should help them stabilize the living conditions of their personnel and maintain their secrecy.

((Page 19 of O.T.))

We should provide political plans for various responsible districts in the border areas. The purpose is to develop our position in political and diplomatic fields, win over monks, posts, and K people (secret and legal), and maintain relations between local areas and T ((Central Headquarters)). We should pay attention to the policies concerning religions and nationality which have been adopted in the Vietnamese border areas.

B. Preparation for the Phase of Political Solution ((possibly meaning post-war period)).

When there is a political solution, a number of phenomena caused by the war will disappear or decrease. For this reason, the transportation of merchandise from Cambodia to SVN will be more convenient and reasonable. In this situation, there will remain two markets on the border (one will be under our control and one under the Puppets) and we will still have one market within the country and another in foreign territory. Therefore, we need guidance from the Revolution in order to establish an independent economy because the following new important points will exist:

The border will be under our control.

Various merchandise will be transported directly to Saigon or important provinces instead of being held in the border area.

"Bribery" and monopolization will be limited. So, transportation expenditures will be decreased.

The relationship between K and us will be made official. Taking advantage of this, we will control the large supply channels and important merchandises of K. Possibly, we will have favorable conditions to set up commercial relations with K.

A number of middle and small merchants will not continue to engage in trade. Perhaps, they will live by farming.

According to the above facts, we should:

1. Urgently prepare for the establishment of a port custom installation (with professional cadre) and select the locations for them.

2. Urgently establish importing ports and warehouses to store the aid supplies or goods from K (In addition to the commercial port in T3 ((possibly Region 3)) ).

3. Motivate the SVN and Cambodian businessmen (by relying on the National Alliance Front) to store a quantity of the capitalists' industrial goods which the socialist countries still fail to produce adequately, or produce them, but of inferior quality while the people like to use them (pay attention to accessories).

4. Control all merchants in the border areas. Establish organizations to provide guidance for merchants in trading activities. Intercept all smuggled merchandise supply channels. Classify and administer all kinds of goods in the border areas. Perhaps, Tw ((possibly Central Headquarters)) will control wood, rice, all kinds of beans, and pigs. And other goods, such as oxen, buffaloes, chickens and ducks, etc. ((sic)), will be controlled by the provinces.

5. Keep close to the entry and exit points of local areas and of Tw ((possibly Central Headquarters)) and establish close coordination with the key border defense stations.

6. Make a plan for management of foreign currencies in the border areas.

#### VIII. TWO IMMEDIATE AND IMPORTANT PROBLEMS.

A. We should organize a meeting of three elements: Finance-economic, security, and military, in order to work out a plan of unified activities to motivate everyone in the various agencies and the people in the border areas to step up their political activities to gain the initiative and develop our political superiorities.

B. We should make a plan for improvement and training of cadre to meet the requirements of the immediate and forthcoming tasks.

We should finish the above tasks before this rainy season.

-----END OF TRANSLATION-----