

GAO

Report to the Chairman, Subcommittee on
East Asian and Pacific Affairs, Committee
on Foreign Relations, U.S. Senate

April 1992

OVERSEAS STAFFING

U.S. Economic,
Commercial, and
Agricultural Staffing in
Japan and Korea



146614

**RESTRICTED--Not to be released outside the
General Accounting Office unless specifically
approved by the Office of Congressional
Relations.**

RELEASED

—

**National Security and
International Affairs Division**

B-247846

April 24, 1992

The Honorable Alan Cranston
Chairman, Subcommittee on East Asian
and Pacific Affairs
Committee on Foreign Relations
United States Senate

Dear Mr. Chairman:

In response to your request, we reviewed certain aspects of staffing at U.S. embassies and their consulates in Japan and Korea. This report provides information on (1) staffing levels in the economic, commercial, and agricultural sections; (2) the views of the embassies on their efforts to analyze, report, and act on trade and economic issues; and (3) the views of U.S. companies on embassy support in promoting U.S. exports.

Results in Brief

Between fiscal years 1989 and 1991, authorized commercial and agricultural section staffing increased by 13 positions in Japan and Korea, and authorized economic section staffing increased by 2 positions. As of October 1, 1991, the embassy and consulates in Japan had 113 authorized American and foreign national staff positions in the economic, commercial, and agricultural sections with 9 positions vacant. In Korea, the embassy and consulate had 41 authorized American and foreign national staff with 2 positions vacant. With the exception of three foreign national positions in Japan, vacancies for positions in both Japan and Korea have been filled or are expected to be filled during fiscal year 1992. Authorized positions for the commercial sections further increased during fiscal year 1992 by two in Japan and six in Korea. As of March 1992, one position in Japan and five positions in Korea were filled.

Despite increases in staffing, embassy and consulate staff said that they could only perform limited analyses and reporting and could not fully address all important trade and economic issues. Budget constraints have also limited the hiring of additional staff and have restricted travel needed to address these issues. To provide as much reporting coverage and address as many trade issues as possible throughout the countries, economic, commercial, and agricultural staff were coordinating their efforts.

U.S. business representatives we interviewed stated that, overall, embassies had recently been taking a greater interest in commercial affairs

and were addressing trade barriers and resolving individual company concerns. However, they believe that the embassies need additional resources and should provide more support to U.S. companies. They also believe that other countries, such as Germany and France, are providing more support in promoting exports than the United States.

Background

In November 1989, the Deputy Secretary of State pledged that the State Department would assume a greater role in promoting economic and commercial interests overseas. The Deputy Secretary of State said that the economic health and ability of the United States to trade competitively on the world market might be the single most important component of U.S. national security into the next century. The Secretary and Deputy Secretary of State have established support to U.S. businesses and expansion of U.S. exports as priority goals for all Department personnel, Ambassadors, and their staffs. In December 1991, the Deputy Secretary reiterated to embassies the importance of making support for U.S. businesses one of their highest priorities.

Japan and Korea are the second and seventh largest U.S. trading partners, respectively. In 1991, U.S. exports to Japan totaled \$48.1 billion and U.S. imports from Japan totaled \$91.5 billion, resulting in a \$43.4 billion trade deficit; U.S. exports to Korea totaled \$15.5 billion and U.S. imports from Korea totaled \$17 billion, resulting in a \$1.5 billion trade deficit.

Economic officers from the Department of State, commercial officers from the Department of Commerce's U.S. and Foreign Commercial Service, and agricultural officers from the Department of Agriculture's Foreign Agricultural Service have primary responsibility for promoting U.S. economic and commercial goals in Japan and Korea. These officers are assisted by locally hired foreign national employees and work in the embassies in Tokyo and Seoul and their consulates.¹ In addition, science and technology officers from the State Department work with the economic and commercial sections in both countries. In Japan, financial officers from the Department of Treasury work with the economic section in performing macroeconomic analyses and reporting, whereas in Korea, this function is performed by the economic section. The U.S. ambassadors in Japan and Korea must approve staffing levels for each U.S. agency with personnel at their embassies.

¹The United States has consulates in Fukuoka, Naha, Osaka, and Sapporo, Japan; and Pusan, Korea. It also has a representative office in Nagoya, Japan.

Economic officers are responsible for (1) maintaining contact with host country officials on economic and commercial developments in the country, (2) analyzing and reporting on macro- and microeconomic conditions of the host country's economy, and (3) providing support to U.S. business interests. In addition, economic officers address trade issues, answer inquiries from foreign affairs agencies, and help support the positions of the Office of the U.S. Trade Representative.

Commercial officers are responsible for all aspects of trade promotion programs for nonagricultural products, including preparing market assessments, finding agents and distributors for U.S. companies, and preparing reports on key sectors of the host country's economy. Agricultural officers are responsible for addressing agricultural trade policy issues and preparing reports on agricultural commodities such as rice, wheat, and dairy products. Both commercial and agricultural officers promote U.S. exports by providing marketing information, one-on-one consultations, and facilitative contacts with foreign buyers and by sponsoring trade events such as shows, trade missions, and seminars.

Staffing Levels

Authorized positions in the economic, commercial, and agricultural sections in Japan and Korea increased by 15 between fiscal years 1989 and 1991. As of October 1, 1991, the embassies and their consulates had 49 American and 64 foreign national staff positions in Japan and 20 American and 21 foreign national staff positions in Korea authorized for the economic, commercial, and agricultural sections.

In 1989, we reported that the commercial section in Japan had a total authorized staff of 41 positions.² We found that four key officer positions were vacant for long periods, resulting in an overworked staff. The vacancies occurred because of funding shortages and the lengthy process of hiring qualified candidates for overseas positions.

In fiscal years 1990 and 1991, authorized staffing in Japan increased by 1 position in the economic section, 10 positions in the commercial section, and 3 positions in the agricultural section. The embassy requested additional economic officer positions, but these requests were not approved because of State Department budget constraints. As of October 1, 1991, the embassy and consulates in Japan had 113 authorized

²Export Promotion: U.S. Government Promotional Activities in Japan (GAO/NSIAD-89-77BR, Feb. 21, 1989).

American and foreign national staff positions in the economic, commercial, and agricultural sections with 9 positions vacant. With the exception of three foreign national positions, these vacancies have been filled or are expected to be filled during fiscal year 1992. The commercial section received approval in July 1991 to add two foreign national positions in fiscal year 1992 and was given permission in February 1992 to recruit for one of these positions.

Authorized positions in Korea increased in fiscal years 1990 and 1991 by one in the economic section. Authorized positions in the commercial and agricultural sections did not increase. As of October 1, 1991, the embassy and consulate had 41 authorized American and foreign national staff with 2 positions vacant. Both of these positions were filled as of March 1992. After October 1, 1991, the commercial section in Seoul converted four temporary positions to full-time commercial foreign national positions. Two American positions were also added in the commercial section; one of these positions was filled in October 1991. Appendix I provides additional information on staffing of the economic, commercial, and agricultural sections in Japan and Korea.

Efforts to Address Trade and Economic Issues

Although overall staffing has increased, economic, commercial, and agricultural officers told us that they could not analyze, report, and act on all of the trade and economic issues they believed were important. They said much of their time was spent on related activities such as making arrangements for official visitors, meeting with host government officials and U.S. and host country business representatives, and answering inquiries from foreign affairs agencies and U.S. companies. Even though they frequently worked overtime, they said they could not provide the full reporting and analysis desired to cover all important trade issues and key industry sectors. For example, the economic counselor in Japan said that although he would like to increase long-term analytical reporting, in most cases the economic section could only report that an event happened, rather than research it and report on why it happened.

Commercial and agricultural officers also said that they were not able to perform all the industry and market analyses that they believed were necessary. For example, the commercial section in Korea planned to prepare analytical reports on 33 important industry sectors but was only able to complete 16. According to the Commercial Minister-Counselor, U.S. negotiators could not address the more subtle trade barriers because the embassy could not perform the in-depth analyses needed to identify

these barriers. In addition, the agricultural officer responsible for developing agricultural export markets in Korea said that he and his staff did not have enough time to do desired market research, and agricultural officers in Japan said they would like more time to assist with trade negotiations.

Officials from the Commerce Department and the Office of the U.S. Trade Representative in Washington, D.C., told us that long-term analytical reporting from Japan and Korea was important in developing U.S. trade policy and strategy. They said that the reporting from Japan and Korea concentrated mostly on immediate events and did not provide in-depth information on what direction the countries were going in developing their key industries. For example, Commerce officials said that more in-depth reporting was needed in the aerospace, aviation, and supercomputer industries in Japan.

In addition, embassy officials said because they spent most of their time reacting to inquiries and tasks needing immediate attention, they could not actively identify and pursue trade opportunities. For example, commercial officers said that they did not have enough staff or time to pursue all opportunities for U.S. participation in major construction projects planned for the 1998 Winter Olympics in Japan. In addition, embassy officials said they would like to spend more time establishing contacts with government and industry officials that they believe are critical to successfully assisting U.S. companies. According to the Commercial Minister-Counselor in Japan, commercial officers are so busy that they do not have time to take more than one trip a year outside of Tokyo to establish contacts and obtain information.

Efforts of Consulates in Japan and Korea

The efforts of staff stationed at U.S. consulates in Japan and Korea to address trade and economic issues are also limited. Staff at consulates told us they could not fully cover all important industries and economic developments in their districts. The officials also said their trade promotion efforts were constrained. For example, the Principal Officer in Osaka told us that State and Commerce staffing levels were insufficient to keep up with the opportunities for American business in the Osaka region—an area with over 40 million people and one-fifth of Japan's gross national product and the headquarters for Japan's pharmaceutical, textile, aerospace, and automotive industries. Economic and commercial officers in Osaka said that, with additional resources, they could improve coverage in the region. The officials also said that they could not adequately cover developments in

Hiroshima, where opportunities exist for U.S. companies to participate in planned public work projects. Agricultural officers acknowledged that they had neglected the Osaka region because of their limited resources, but they planned to open an agricultural trade office there in 1992.

According to the Principal U.S. Officer in Osaka, the State Department is considering cutting back on consulate staff in Osaka, Sapporo, and Fukuoka, Japan, which are important centers of the automobile, aerospace, and semiconductor industries, whereas other countries, such as Canada, are expanding commercial staff in these areas. A State Department official told us that budget constraints were the primary reason for considering cutbacks at these locations.

In Korea, no U.S. economic, commercial, or agricultural officers were stationed in Pusan, which has about 4 million people and is the center of heavy industry in Korea. Instead, a State consular officer spent less than half of his time on economic and commercial work. Several U.S. business representatives also told us that additional commercial staff were needed in Osaka and Pusan. For example, one company official said that it was important for the U.S. consulate in Osaka to have more staff reporting on economic and commercial developments and serving as an outpost for American companies to keep them advised of opportunities resulting from the extensive development occurring in the region. Company officials in Korea said that the consulate in Pusan was missing opportunities because staff levels were insufficient to cover the substantial industrial activity occurring there.

Effect of Budgetary Constraints on Efforts

Embassy officials said that budget constraints affected their ability to address economic and commercial issues. For example, because of State and embassy budget limitations, two critical job vacancies in the economic section in Japan have remained unfilled since early 1991. As a result, the economic officers' work load has grown heavier. According to the economic officers, these vacancies resulted in fewer and lower-quality reports and a loss of important contacts within the Japanese government and business community. Also, because of a limited commercial budget, the commercial officer and foreign national staff responsible for medical equipment and pharmaceutical issues in Japan used funds from private sources to travel to important trade talks on medical devices. In addition, the American Chamber of Commerce donated funds to Commerce's trade center in Korea to allow the center to buy computer equipment and refurbish the facility.

Coordination on Trade Issues

The economic, commercial, and agricultural sections were coordinating efforts in trade policy and promotion. Embassy officials in Japan acknowledged that coordination between the economic, commercial, and agricultural sections was poor in the past but said this coordination had improved. According to embassy officials in Korea, coordination on economic and commercial issues has not been a problem. Embassy officials and U.S. company officials said that successful coordination was a function of personalities and that embassy staff appeared to be committed to achieving effective coordination.

Embassy officials in both countries said that coordination was a necessity because of the heavy work load that must be shared. The Commercial Minister-Counselor in Korea said that because each section was understaffed, conflicts did not arise over who should take the lead on an issue, and each section was glad when another section could pick up an issue or take over some work. The sections coordinated their activities through informal discussions and formal meetings. In Korea, section activities were formally coordinated through weekly economic cluster meetings led by the Deputy Chief of Mission, whereas in Japan, weekly economic cluster meetings were led by the Economic Minister-Counselor. Efforts in Korea were also coordinated by the Trade Action Group, which is composed of representatives from the economic, commercial, and agricultural sections. This group meets monthly with Korean government ministry officials to discuss trade and market access issues.

Although each agency develops its own annual work plan delineating its responsibilities in the trade area, some issues require joint efforts. Embassy officials in Korea said that the primary responsibilities on specific issues were assigned based on which section had the expertise, contacts, and the lighter work load. Embassy officials in Japan added that the division of responsibilities regarding trade policy work also reflected the division of trade issues between agencies' headquarters in Washington D.C., with the economic section taking primary responsibility for trade policy issues led by State headquarters or the Office of the U.S. Trade Representative. For example, economic officers said that because the Office of the U.S. Trade Representative takes the lead regarding exports of supercomputers, the economic section has primary responsibility for this issue and receives support from the commercial section. Similarly, they said that since the Commerce Department takes the lead on sectors such as construction and telecommunications, the commercial section has primary responsibility for these sectors and receives support from the economic section.

In addition, the sections coordinated their efforts to provide support to U.S. companies. For example, both commercial and agricultural officers assisted a U.S. company exporting spices to Korea. According to the company's representative, agricultural officers provided information on import restrictions and black market trade, and commercial officers provided information on the economic and trade environment in Korea. In another example, when a U.S. company was exporting candy to Korea, the commercial section worked on copyright infringements and the economic section worked with the Korean government to gain acceptance of the candy's ingredients.

U.S. Companies' Views of Embassy Support

According to the U.S. company representatives we interviewed, Ambassadors and embassy officials in Japan and Korea have been extremely supportive of U.S. business interests. These officials meet with company executives, participate in American Chamber of Commerce meetings and functions, attend promotional events and receptions, and support U.S. companies' bids for contracts. Both embassies have had close working relationships with American Chamber of Commerce chapters in Japan and Korea. In addition, the embassies have supported specific company interests when appropriate.

Overall, U.S. company officials believed embassy staff had made commercial matters a higher priority than in the past and had done the best they could, given their limited resources. In Korea, for example, U.S. company officials said that embassy support was instrumental in stopping domestic campaigns that were detrimental to U.S. commercial interests. They said that the Ambassador made strong statements against Korean "anti-consumption and anti-import" campaigns and that the embassy took strong action in stopping the "going public campaign" that would have forced non-Korean companies to publicly sell 30 percent of their stock on the Korean stock market at prices dictated by the Korean government. In Japan, U.S. company officials said that the embassy's commercial section identified opportunities for U.S. companies to participate in major construction projects for the development of the Kansai Airport near Osaka. From 1988 to 1991, the embassy assisted U.S. companies in identifying and consequently obtaining over \$200 million of the \$2.3 billion in construction contracts for the airport and other projects in the Osaka region.

Company representatives believe that even though embassy staff have been providing adequate support, the embassy could be more effective with

additional resources. They told us that the level of information and knowledge of U.S. economic and commercial staff was often uneven because of the lack of resources and time to obtain information and knowledge. They said that the ability of embassy staff to obtain in-depth knowledge of industry sectors and conduct long-term research and reporting was limited because they were stretched thin, since the staff had other duties such as preparing for official visitors. One U.S. company official told us that the U.S. commercial staff responsible for high-technology industries in Japan was overworked and did not have time to develop in-depth knowledge of all high-technology industries.

Several U.S. company representatives and embassy officials in Japan believe that the economic and commercial sections need industry-specific experts to provide better support for U.S. companies. Company representatives said that it was difficult for embassy staff to become knowledgeable on several complex industries when they rotate to other countries after a 3-year tour. The representatives said that having capable foreign national staff was therefore critical to maintaining embassy expertise and good relationships with host government officials. For example, U.S. company representatives in Japan told us that foreign national staff assistance on sales of medical devices and telecommunications had often been more useful than assistance from American staff because of the foreign national staff's expertise.

U.S. Companies Want More Assistance

Although U.S. companies are generally satisfied with embassy support, company officials said that they needed more embassy assistance in promoting their exports. Several company representatives told us that the embassies needed to be much more proactive in helping U.S. companies, particularly small- and medium-sized companies trying to enter these markets. They said the embassies could improve their efforts to educate U.S. companies on products and services that are of commercial value in Japan and Korea and publicize U.S. products and services to Japanese and Korean companies. One way U.S. embassies publicize U.S. products and services is through trade centers, which are important sources of information on American products and services. In Korea, American Chamber of Commerce officials told us that the U.S. Embassy's trade center was not used to its full potential because Korean business representatives had difficulties in gaining access to the center due to security concerns. In addition, they said the reference materials at the center were minimal. According to Commerce Department officials,

security checking has been minimized, and the library at the center has been expanded and is well organized.

Embassy officials in Japan told us that they assisted all companies that requested assistance, but often the largest, loudest, and most persistent companies received the most help. The Commercial Minister-Counselor in Japan also said that the embassies had to weigh the economic impact of helping newer companies rather than larger, more established companies. Although the Commerce Department has made assisting infrequent exporters, including new-to-market companies, a high priority, the Minister-Counselor said the larger and more established companies often made the largest sales and had a greater impact on the U.S. economy.

In November 1989, the Deputy Secretary of State stated that, among other services, U.S. companies could expect that embassies would actively promote them in international bids and would provide equal support for all interested companies when more than one U.S. company is involved. State instructed embassies not to discriminate between competitive companies and pick "winners and losers" but to promote American bidders equally and encourage the host government to "buy American."

Some company officials pointed out that U.S. companies were placed at a disadvantage when the embassy remained neutral and took a "hands-off" approach in supporting individual U.S. companies in international bids for high-dollar-value items, such as aircraft, while competitor countries were actively supporting only one company. They said the embassy could provide a tremendous amount of influence to help U.S. companies, but when the embassy is neutral, U.S. companies risk losing the contract. One company official said that when embassies were overly cautious in supporting competing U.S. companies in bids, they did not assist any company sufficiently.

The U.S. Deputy Chief of Mission in Japan told us that other countries generally had only one company bidding for a large contract so that they could lobby for a specific company. Furthermore, in some cases the only bidders for a contract are American companies, so the embassy does not have to get as involved because an American company will be awarded the contract.

In addition, U.S. company representatives and embassy officials noted that U.S. companies had varying degrees of ties to the United States. Embassies provided services to companies that are subsidiaries of foreign firms and

not wholly U.S.-owned, consortiums of U.S. and foreign firms, and companies whose merchandise is manufactured outside of the United States. Some embassy officials said they lacked clear guidance on what constitutes a U.S. company and which companies they should support. As a result, the embassy used its scarce resources to help all of these companies. For example, according to senior embassy officials in Japan, the embassy spent a great deal of time and effort to help an American toy retailer open retail outlets in Japan. However, the officials said most of the toys sold in these stores are not manufactured in the United States.

According to current Commerce Department guidance, a U.S. firm should be incorporated or otherwise registered to do business in the United States. The guidance also stipulates that if a U.S. company bidding on a contract is a subsidiary of a foreign firm, Commerce Department policy is to support the company when the goods and services being bid are the result of U.S. labor, materials, and equipment. The United States must be the primary source of goods and services with more than 50 percent of the components originating in the United States. Commerce and State officials said that this guidance does not clearly address all situations or provide a basis for differentiating the level of assistance to various companies. Commerce and State officials told us that they were reviewing current guidance and planned to develop revised guidelines for overseas posts.

Role of Trade Associations in Export Promotion

Some company representatives and embassy officials proposed that U.S. trade association groups could be better utilized in promoting exports in Japan and Korea. They said U.S. trade association groups had the sector-specific expertise to better serve companies in their sectors and would be able to better identify and assist small- and medium-sized companies not presently exporting. Three trade associations currently receive trade adjustment assistance funds from the Commerce Department to operate offices in Japan to improve access to Japanese markets.³ Two associations receive \$180,000 each and one association receives \$130,000 annually to meet their office operating expenses.

The Omnibus Trade and Competitiveness Act of 1988 authorized the establishment of a Market Development Cooperator Program and an additional \$6 million in funding to support trade associations, nonprofit

³The funding provided to trade associations is authorized under section 265 of the Trade Act of 1974, as amended. These trade associations are the American Electronics Association, the Motor Equipment Manufacturers Association, and the Semiconductor Industry of America.

industry organizations, and state departments of trade to develop, maintain, and expand foreign markets for nonagricultural goods and services produced in the United States. This program was based on a similar program under the Department of Agriculture, which had provided substantial funds to nonprofit organizations to promote agricultural exports.⁴ Although the act authorized the program, no appropriation was provided. An official from the American Electronics Association office in Tokyo told us that the associations needed the increased funds that were authorized in 1988. According to the Director of Administration of the International Trade Administration at the Commerce Department, Commerce has not made any subsequent funding requests for this program because Congress never appropriated the funding and Commerce had higher funding priorities.

In January 1992, we reported that the Department of Agriculture received the bulk of spending on export promotion, even though agricultural products accounted for only 10 percent of total U.S. exports.⁵ For example, in Japan, Agriculture budgeted \$63.9 million for market promotion activities in 1991, whereas Commerce's U.S. and Foreign Commercial Service was only able to devote \$4.3 million to support the work of its overseas commercial staff in Japan.

Competitor Countries May Provide More Support

U.S. company representatives stated that other countries, such as Canada, France, Germany, and Japan, had more staff, were better equipped, and appeared to lend greater emphasis to export promotion than the United States. For example, according to Commerce Department officials, other countries subsidize their companies at trade promotion events, but Commerce's U.S. and Foreign Commercial Service, in accordance with the administration's policy of full cost recovery at its promotional events, does not subsidize U.S. companies participating in the same trade shows and exhibitions. As a result, the U.S. and Foreign Commercial Service does not provide the incentive of lower costs to new-to-market and new-to-export U.S. companies.

⁴For a discussion on Agriculture Department programs to promote agricultural exports, see Agricultural Trade: Improvements Needed in Management of Targeted Export Assistance Program (GAO/NSIAD-90-225, June 27, 1990) and Agricultural Trade: Review of Effectiveness of FAS Cooperator Market Development Program (GAO/NSIAD-87-89, Mar. 17, 1987).

⁵Export Promotion: Federal Programs Lack Organization and Funding Cohesiveness (GAO/NSIAD-92-49, Jan. 10, 1992).

In addition, a 1990 Commerce study showed that the United States devoted relatively fewer resources to trade promotion in Japan than other countries.⁶ The study noted that U.S. commercial staff served a larger client base than commercial staff from other countries and had the highest volume of imports into Japan per commercial staff member. The report also pointed out that the United States is the only one of Japan's major trading partners that did not provide any subsidy for trade events, providing only administrative and organizational support.

Recommendations

According to Agriculture, Commerce, and State Department officials, each of the agencies are continually examining staffing at embassies and consulates worldwide and are attempting to ensure that embassies and consulates in Japan and Korea receive a high priority for staffing and resources. Budget constraints and staffing needs in other parts of the world limit the agencies' ability to provide more staff and resources to priority posts. Without sufficient resources devoted to promotion of U.S. exports and trade and economic issues, however, the U.S. government may not be prepared to meet what the Deputy Secretary of State described as the single most important component of U.S. national security into the next century—the ability to trade competitively on the world market. Providing sufficient staffing is particularly important in Japan and Korea because these countries are important trading partners.

Therefore, we recommend that the Secretaries of Agriculture, Commerce, and State, as they examine staffing, identify ways by which additional resources could be added to enable embassies in Japan and Korea and their consulates to increase their capabilities to (1) analyze, report, and act on trade and economic issues and (2) support U.S. companies in promoting U.S. exports. We further recommend that funding for export promotion and attention to trade and economic issues in Japan and Korea receive a high priority within their Department's budgets.

⁶Foreign Commercial Presence in Japan and Japanese Commercial Presence in the United States, U.S. and Foreign Commercial Service, Tokyo, Japan, July 5, 1990.

Scope and Methodology

In Washington, D.C., we interviewed officials from the Departments of State, Commerce, and Agriculture who are responsible for the management and oversight of economic and commercial activities. In addition, we analyzed documents relevant to staffing levels and commercial and economic activities. We also interviewed U.S. Chamber of Commerce and trade association officials.

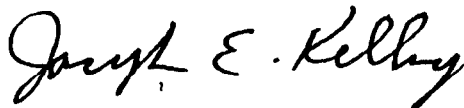
We visited the U.S. embassies in Tokyo and Seoul, their consulates in Pusan and Osaka, and the representative office in Nagoya. At these locations, we interviewed the Deputy Chiefs of Mission and U.S. staff in the economic, commercial, and agricultural sections and obtained and reviewed documents. In addition, we interviewed American Chamber of Commerce, U.S. company, and U.S. trade association officials. In Seoul, we also met with the U.S. Ambassador.

We conducted our work between April 1991 and January 1992 in accordance with generally accepted government auditing standards. As requested, we did not obtain written agency comments on this report. However, we discussed the contents of the report with State, Commerce, and Agriculture officials and incorporated their comments where appropriate.

Unless you publicly announce its contents earlier, we plan no further distribution of this report until 20 days from its issue date. At that time we will send copies to the Secretaries of Agriculture, Commerce, and State; the Director, Office of Management and Budget; and interested congressional committees. We will also make copies available to others on request.

Please contact me at (202) 275-4128 if you or your staff have any questions concerning this report. Major contributors to this report are listed in appendix II.

Sincerely yours,



Joseph E. Kelley
Director, Security and International
Relations Issues

Staffing Levels for Economic, Commercial, and Agricultural Sections in Japan and Korea

Japan

Authorized positions for American and foreign national staff in the economic, commercial, and agricultural sections in Japan as of October 1, 1991, are shown in tables I.1 and I.2, respectively. In addition to these authorized positions, the agricultural section had three foreign national personal services contractors.

Table I.1: Authorized American Positions and Vacancies in Japan as of October 1, 1991

Location	Section					
	Economic		Commercial		Agricultural	
	Authorized	Vacant	Authorized	Vacant	Authorized	Vacant
Tokyo	18	2	14	2	7	0
Fukuoka	1 ^a	0	0	0	0	0
Naha	0	0	0	0	0	0
Osaka ^b	5 ^c	1	3	0	1	1
Sapporo	0	0	0	0	0	0
Total	24	3	17	2	8	1

^aThis position is for an economic/commercial officer.

^bThis figure includes positions in Nagoya, Japan.

^cThis figure includes political/economic officers.

Table I.2: Authorized Foreign National Positions and Vacancies in Japan as of October 1, 1991

Location	Section					
	Economic		Commercial		Agricultural	
	Authorized	Vacant	Authorized	Vacant	Authorized	Vacant
Tokyo	8	2	33	0	11	1
Fukuoka	1 ^a	0	1	0	0	0
Naha	1 ^a	0	0	0	0	0
Osaka ^b	0	0	7	0	1	0
Sapporo	0	0	1	0	0	0
Total	10	2	42	0	12	1

^aThese positions are economic/commercial positions.

^bThis figure includes positions in Nagoya, Japan.

As of October 1, 1991, six authorized American positions in the economic, commercial, and agricultural sections were vacant. One vacancy was for a new agricultural officer position in Osaka. An officer was selected to fill the vacancy and began work in January 1992. Staff were selected to fill the other five vacant positions. Two vacancies in the economic section in Tokyo were filled in October and November 1991, and an economic officer was scheduled to arrive in April 1992 to fill the vacancy in Osaka. Of the

two vacant positions in the commercial section in Tokyo, one position was initially scheduled to be filled by a commercial officer in September 1991 but was delayed because of the length of time taken to obtain a security clearance for the officer. The officer was expected to arrive in April 1992. The commercial section hired a local American resident in December 1991 to fill the other position vacancy for a secretary.

Three authorized foreign national positions in the economic, commercial, and agricultural sections were vacant as of October 1, 1991. Two vacancies were critical positions in the economic section, which had been vacant since early 1991. According to embassy officials, these positions were not filled due to an embassy hiring freeze caused by budget constraints. In November 1991, the State Department approved the embassy's request to begin recruiting to fill the vacancies. In April 1992, the embassy started the process of recruiting for the positions. The third vacancy was in the Agriculture Trade Office in Tokyo, and, according to a senior Agriculture Department official, the position had been vacant since November 1990. Agriculture received permission in February 1992 to recruit for the position.

The commercial section received approval to add two additional foreign national positions for fiscal year 1992, and one of these positions was filled in March 1992. These additional positions bring the total number of authorized commercial foreign national positions to 35 for Tokyo and 44 for Japan.

Korea

The authorized American and foreign national positions for the economic, commercial, and agricultural sections in Korea as of October 1, 1991, are shown in tables I.3 and I.4, respectively. In addition to these positions, the commercial section had six part-time, intermittent, and temporary foreign national staff, and the agricultural section had five foreign national personal services contractors. After October 1, 1991, Commerce converted four temporary positions to full-time commercial foreign national positions. Two American officer positions were also added in the commercial section in Seoul. One of these positions was filled in October 1991, and the other remained vacant as of March 3, 1992.

**Appendix I
Staffing Levels for Economic, Commercial,
and Agricultural Sections in Japan and Korea**

Table I.3: Authorized American Positions and Vacancies in Korea as of October 1, 1991

Location	Section					
	Economic		Commercial		Agricultural	
	Authorized	Vacant	Authorized	Vacant	Authorized	Vacant
Seoul	10	1	7	1	3	0
Pusan	0	0	0	0	0	0
Total	10	1	7	1	3	0

Table I.4: Authorized Foreign National Authorized Staff Positions and Vacancies in Korea as of October 1, 1991

Location	Section					
	Economic		Commercial		Agricultural	
	Authorized	Vacant	Authorized	Vacant	Authorized	Vacant
Seoul	5	0	10	0	5	0
Pusan	1	0	0	0	0	0
Total	6	0	10	0	5	0

As of October 1, 1991, two American positions were vacant, one secretarial position in the economic section and one commercial officer position. The secretarial position was filled in October 1991, and the commercial officer position was filled in February 1992.

Major Contributors to This Report

**National Security and
International Affairs
Division, Washington,
D.C.**

Thomas Schulz, Associate Director
John Brummet, Assistant Director
Jason Fong, Evaluator-in-Charge

Far East Office

Peter Konjevich, Assignment Manager
Patricia Kimiko Yamane, Site Supervisor
Susan Cohen, Evaluator

Related GAO Products

International Trade: Agricultural Trade Offices' Role in Promoting U.S. Exports Is Unclear (GAO/NSIAD-92-65, Jan. 16, 1992).

Export Promotion: Federal Programs Lack Organizational and Funding Cohesiveness (GAO/NSIAD-92-49, Jan. 10, 1992).

International Trade: U.S. Business Access to Certain Foreign State-of-the-Art Technology (GAO/NSIAD-91-278, Sept. 12, 1991).

International Trade: Review of FAS Attache Service (GAO/NSIAD-89-73, Feb. 23, 1989).

Export Promotion: U.S. Government Promotional Activities in Japan (GAO/NSIAD-89-77BR, Feb. 21, 1989).

Export Promotion: Problems in Commerce's Programs (GAO/NSIAD-89-44, Jan. 26, 1989).

Ordering Information

The first copy of each GAO report is free. Additional copies are \$2 each. Orders should be sent to the following address, accompanied by a check or money order made out to the Superintendent of Documents, when necessary. Orders for 100 or more copies to be mailed to a single address are discounted 25 percent.

**U.S. General Accounting Office
P.O. Box 6015
Gaithersburg, MD 20877**

Orders may also be placed by calling (202) 275-6241.

United States
General Accounting Office
Washington, D.C. 20548

Official Business
Penalty for Private Use \$300

First-Class Mail
Postage & Fees Paid
GAO
Permit No. G100