

GAO

Report to the Chairman, Subcommittee on  
Commerce, Consumer, and Monetary  
Affairs, Committee on Government  
Operations, House of Representatives

August 1992

# OVERSEAS STAFFING

## Embassies in the Former Soviet Union



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**National Security and  
International Affairs Division**

B-249756

August 31, 1992

The Honorable Doug Barnard, Jr.  
Chairman, Subcommittee on Commerce, Consumer,  
and Monetary Affairs  
Committee on Government Operations  
House of Representatives

Dear Mr. Chairman:

In response to your request, we reviewed actions taken by the Departments of State and Commerce and other agencies to staff the U.S. embassies recently established in the republics of the former Soviet Union. We gathered information on (1) planned and actual embassy staffing, (2) U.S. officials' views on the amount of staffing available to represent U.S. business interests, and (3) the actions other countries have taken to promote their business interests.

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**Background**

Between October 1991 and May 1992, the State Department opened embassies in 14 former Soviet republics. Three embassies in the Baltic republics are located in Tallinn, Estonia; Riga, Latvia; and Vilnius, Lithuania. The remaining 11 embassies are in Tbilisi, Georgia<sup>1</sup>, and in 10 republics of the Commonwealth of Independent States (C.I.S.). The new embassies in C.I.S. are located in Kiev, Ukraine; Minsk, Belarus; Bishkek, Kyrgyzstan; Yerevan, Armenia; Alma Ata, Kazakhstan; Dushanbe, Tajikistan; Chisinau, Moldova; Ashgabat, Turkmenistan; Tashkent, Uzbekistan; and Baku, Azerbaijan.

The U.S. and Foreign Commercial Service (US & FCS) of the Commerce Department is primarily responsible for promoting U.S. exports and assisting U.S. businesses with foreign investment opportunities. Commercial officers are stationed in about 67 countries. State Department officers assist in promoting the interest of U.S. businesses and, at posts with no commercial officer, are primarily responsible for commercial work. The Secretary of State has established support to U.S. businesses and expansion of U.S. exports as priority goals for all Department personnel, ambassadors, and their staffs.

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<sup>1</sup>Georgia is not part of the Commonwealth of Independent States.

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## Results in Brief

Commercial work receives less attention because initial staffing levels at these new embassies are limited, the embassies are not fully staffed, and many State Department officers who perform commercial and economic work must tend to other pressing embassy functions. In addition, commercial officers from US & FCS are not yet present at the new posts.

In 13 of the 14 embassies, the Deputy Secretary of State limited staff to 9 to 11 positions, consisting of 5 to 7 State positions and 3 or 4 positions for other agencies, such as the Department of Commerce. The staffing level at the U.S. Embassy in Kiev, Ukraine, which had previously been a consulate, increased from 4 to 29 positions. At the time of our review, 76 of the 154 planned positions were vacant or temporarily filled because appointed officers were finishing home leave, completing tours at other posts, or undergoing language or technical training, according to several State officials. They also informed us that most of the positions should be permanently occupied by September 30, 1992. Officers assigned temporarily have helped meet immediate demands but have not provided the continuity necessary to establish long-term stability.

During our review, the US & FCS Director General informed us that she plans to assign a commercial officer to Kiev, but not to the other new embassies. US & FCS is reviewing whether U.S. business interests justify commercial officer assignments to other embassies. US & FCS officials said that additional funding will be necessary to assign new staff. In addition, pending legislation authorizing the establishment of American business centers in the region would affect US & FCS staffing decisions.

State Department officers in the new embassies told us that because they are responsible for a variety of duties, they find it hard to conduct commercial work. Since the embassies are not fully staffed, officers are required to handle political, consular, administrative, and other duties, which lessens the time they can spend on commercial and related economic matters. US & FCS has established partnership post programs for the Baltic embassies to provide State Department officers with advice and support for commercial work. It plans to establish similar programs at the other new embassies some time in fiscal year 1993.

Although State and Commerce Department officials have limited information on other governments' support for commercial interests in the region, available information indicates that other countries' diplomatic representation is not extensive. The United States is the only country with a diplomatic presence in every former Soviet republic.

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## Status of Staffing Actions

Initial staffing levels have been determined, and individuals have been selected to fill most of the positions. However, many officers have not yet reported for duty. Furthermore, until permanent wage and compensation plans are established, interim measures have been taken so that U.S. officers can hire foreign nationals.

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## Staffing of New Embassies Is Limited

A State official told us that due to budgetary reasons and the administrative burdens associated with opening 14 new embassies, the Deputy Secretary of State limited the number of initial positions. Several ambassadors and other State Department officials said that limiting initial staffing would help the embassies focus on the most critical tasks and would ease the administrative work load associated with opening the embassies. However, these limitations may need to be revised to accommodate future staffing needs and work load requirements. State Department officials in Washington told us that the Department and other agencies are likely to add positions in fiscal year 1993, which will exceed original staffing limits at some posts.

Most of the positions at each embassy are for the State Department. The staffing allocation in each of the Baltic embassies is the same: an ambassador, a political officer, an economic/commercial officer, an administrative officer, a secretary, a consular officer, and a communications officer. The initial staffing allocation for the embassies in Tbilisi, Georgia, and C.I.S. differs slightly: an ambassador; two or three political, economic/political, or economic officers; an administrative officer; and a general services/consular officer. At each post, the equivalent of at least one full-time officer will be engaged in economic/commercial duties. U.S. Information Agency and the U.S. Agency for International Development officers will occupy several of the non-State positions in many of the new embassies.

In many cases, positions have been established to serve two functions. As a result, it is difficult to specify how many positions are for any given purpose. For the purposes of presenting the number of positions by function at each new embassy, we assumed that officers with dual responsibilities would split their time equally between the two functions. For example, a political/economic officer would spend half of the time conducting political work and half conducting economic or commercial work (see table 1).

**Table 1: U.S. Positions by Function**

Post	Position						Total U.S. positions
	Ambassador <sup>a</sup>	Political	Economic or commercial	Administrative duties <sup>b</sup>	Consular	Other <sup>c</sup>	
Alma Ata	1	1	1	1.5	0.5	4	9
Ashgabat	1	1	1	1.5	0.5	4	9
Baku	1	1.5	1.5	1.5	0.5	4	10
Bishkek	1	1.5	1.5	1.5	0.5	4	10
Chisinau	1	2	1	1.5	0.5	4	10
Dushanbe	1	1	1	1.5	0.5	4	9
Kiev	2	3.5	2.5	8	4	9	29
Minsk	1	1	1	1.5	0.5	4	9
Tashkent	1	1.5	1.5	1.5	0.5	4	10
Tbilisi	1	1	1	1.5	0.5	4	9
Yerevan	1	1	1	1.5	1.5	4	10
Riga	1	1	1	3	1	3	10
Tallinn	1	1	1	3	1	3	10
Vilnius	1	1	1	3	1	3	10
<b>Total</b>	<b>15</b>	<b>19</b>	<b>17</b>	<b>32</b>	<b>13</b>	<b>58</b>	<b>154</b>

Note: The partial numbers represent an officer that we assume splits time equally between two duties.

<sup>a</sup>Includes ambassadors, chiefs of mission, and deputy chiefs of mission.

<sup>b</sup>Includes administrative, general services, and communications officers and secretaries.

<sup>c</sup>Includes non-State agencies.

## Positions Gradually Being Filled

At the time of our review, State had assigned officers for most positions. However, State officials told us that many officers have not arrived at their assigned posts because they are finishing home leave, completing tours at other posts, or taking language or technical training before reporting for duty. As a result, many positions had not been permanently occupied at the time of our fieldwork. For example, we observed that only two of the nine officers assigned in June 1992 had arrived in Minsk. The remaining positions were filled with temporary duty officers or were vacant. The State Department said that by September 30, 1992, officers will have arrived for most of the seven authorized State positions in the Baltic embassies and most of the five or six authorized State positions in the embassies in Tbilisi, Georgia, and C.I.S. One or two officers assigned to Baku, Tbilisi, and Bishkek are not scheduled to arrive until November or December. State Department officials expect other agencies will fill most of the three or four planned positions for non-State officers by September 30, 1992.

Table 2 shows how many officers, both State and non-State, have reported for duty as of July 15, 1992.

**Table 2: Positions Filled in New Embassies**

<b>Embassy</b>	<b>Total U.S. positions<sup>a</sup></b>	<b>Positions occupied as of July 15, 1992<sup>b</sup></b>
Alma Ata	9	3
Ashgabat	9	4
Baku	10	2
Bishkek	10	3
Chisinau	10	2
Dushanbe	9	3
Kiev	29	20
Minsk	9	5
Tashkent	10	4
Tbilisi	9	1
Yerevan	10	7
Riga	10	8
Tallinn	10	8
Vilnius	10	8
<b>Total</b>	<b>154</b>	<b>78</b>

<sup>a</sup>These positions include current authorized State positions and planned non-State positions.

<sup>b</sup>These positions are occupied by permanent officers who have reported for a regular tour of duty.

Until permanent officers arrive, the State Department and other agencies have assigned temporary duty officers. Embassy officials said that although temporary duty assistance has been essential, it has not provided the continuity necessary. According to these officials, the lack of continuity places additional burdens on these new embassies. For example, the administrative officer position in Tallinn was temporarily filled by four different officers.

### Interim Measures Used to Hire Local Employees

Interim measures are being used to hire and pay local employees because permanent wage scales and compensation plans have not been established. State Department officials said that local wage scales and compensation plans are traditionally based on the prevailing pay practices of comparative companies in the area. Because the region was closed to embassies and U.S. firms until recently, State officials had not been able to properly compare prevailing pay practices until a U.S. diplomatic presence was established.

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State Department officials said that wage scale and compensation plans are typically conducted by professional contractors who go to a country to perform empirical surveys of comparative companies' pay practices. However, according to these officials, there are no funds to hire contractors to conduct surveys for the 14 new embassies. Therefore, in the absence of an approved permanent wage and compensation plan, local employees were hired on a daily basis and paid minimum wages with no job security. At the time of our field visits, some officers said that because they could not offer job security and competitive wages, good employees may find work elsewhere.

As of August 1992, State headquarters officials told us that an interim 120-day pay plan has been sent to all posts so that they may start hiring permanent employees. The interim plan is based on a formal wage scale and compensation plan that was conducted in Kiev in March 1992, subsequently updated in June 1992, and then tailored as each post gathered information about local pay scales. Currently, these posts are following the U.S. compensation system for leave and premium pay. This will continue until formal wage and compensation surveys are conducted. State officials informed us that they plan to conduct formal wage scale and compensation surveys for the rest of the new embassies some time in fiscal year 1993.

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## Views on Commercial Representation

US & FCS officials believe that U.S. commercial interests may justify assigning commercial staff to some of the new embassies. However, the unavailability of supplemental funding for fiscal year 1993 will limit the possibility of additional positions. Meanwhile, near-term needs will be met by State Department officers as well as the occasional temporary assistance of commercial officers from neighboring embassies. State Department officials said that responding to commercial demands is difficult, especially when officers must handle several duties beyond their primary responsibilities.

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## Officials Believe More Commercial Presence Is Needed

US & FCS allocates staff and resources based largely on the relative potential each country has for the sale of U.S. goods and services. According to US & FCS officials, most of the former Soviet republics have limited market potential for U.S. exports in the near to mid-term, because their currencies and business infrastructures are weak. However, some new countries have resources that could create investment opportunities for U.S. business. For example, Kazakhstan has large deposits of natural resources such as



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copper and oil, and Uzbekistan has established business and trading centers. Based on their preliminary review findings, US & FCS officials believe that commercial staff are most needed in central Asia (Alma Ata, Kazakhstan or Tashkent, Uzbekistan) and in Vladivostok, Russia.<sup>2</sup> State Department officials said that they would welcome the assignment of US & FCS officers to these and other posts in the region.

Although the new embassies may need commercial officers, assigning officers could require more funding or transfer of officers from other locations with important U.S. business interests. The Director General of US & FCS said that some US & FCS posts in New Zealand, Costa Rica, Ecuador, Peru, and Guatemala have recently downsized and several other countries may have to close or downsize to staff some of the new embassies. Because of the importance of the U.S. presence at these and other locations, the Director General stressed that it may be difficult to staff the new embassies with existing resources.

The US & FCS has a partnership post program to provide temporary assistance and support to posts with no US & FCS presence. Under the program, commercial officers from Helsinki, Stockholm, and Copenhagen provide support to posts in Tallinn, Riga, and Vilnius, respectively. The State Department's economic/commercial officer in Tallinn told us that a full-time US & FCS commercial officer would be desirable. However, in the absence of a full-time presence, US & FCS assistance through the partnership post program had helped her conduct more commercial work than she could have conducted by herself.

US & FCS has not designated post partners for the other new embassies in the region. At the time of our visit, the political/economics officer in Minsk said that she did not know a person to contact for guidance and assistance on commercial issues and that establishment of a contact person to provide support under the partnership post program would be helpful.

Before the new embassies were opened, commercial staff based in Moscow had responsibility for serving the region. However, US & FCS does not believe it would be politically appropriate in the long term for these officers to continue providing commercial services in the new independent states. Furthermore, the officers in Moscow have a heavy work load. In the

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<sup>2</sup>The Department of State plans to open a consulate in Vladivostok in fiscal year 1993.

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last year, U.S. business activity in Russia has increased significantly, according to a senior commercial officer in Moscow.

US & FCS officials told us they plan to implement a partnership post program for each embassy in fiscal year 1993 after staffing decisions are made. However, they did not know when the partners for each post would be designated. In a draft of this report, we recommended that until formal partnership post programs are established, the US & FCS Director General designate commercial contact personnel to provide support to each of the new embassies. US & FCS officials, in responding to our draft in August 1992, said that they have started appointing personnel to serve as contacts for these new embassies. For example, the US & FCS Director General designated the commercial officer in Warsaw as a contact for the U.S. embassy in Minsk.

US & FCS is developing a handbook to provide guidance to State Department officers who perform commercial work at posts with no resident US & FCS commercial officer. US & FCS officials told us that the handbook will be issued in fiscal year 1993. In addition, US & FCS has provided commercial training informally for locally hired staff in commercial work. US & FCS officials have asked each post to nominate employees for the December 1992 and March 1993 training classes.

Staffing decisions for commercial officers may be affected by pending legislation (the Freedom Support Act of 1992, S.2532) authorizing the establishment of American business centers in the region. Officials from several U.S. agencies, including State and Commerce, told us that a decision has not been made on which agency would manage the centers. US & FCS officials expressed concern about the possibility of another agency managing the centers, because, unlike US & FCS, other agencies may not have the commercial network necessary to manage the centers effectively. At a minimum, the US & FCS Director General would like to have US & FCS commercial officers comanage and colocate, wherever possible, with the agency responsible for managing the centers. As envisioned, these centers would assist U.S. businesses by providing such support services as bilingual staff, word processing, fax equipment, and a library for market information.

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## State Department Officers Have Other Responsibilities

Commercial matters have not received priority attention because U.S. officers must tend to more pressing needs, according to officials in Tallinn, Vilnius, and Minsk. For example, in Vilnius, the economic/commercial officer also had consular, defense, agriculture, administrative, and other duties that conflicted with his commercial role. At the time of our visit in early June, he was waiting to hear whether his request to hire a local contractor to assist in conducting commercial work would be granted. In Tallinn, the economic/commercial officer was also performing consular duties because the permanent consular officer had not arrived. In Minsk, the economic/political officer said that pressing political and military reporting issues in Belarus had superceded her commercial duties.

The officers responsible for commercial work in Tallinn, Vilnius, and Minsk, told us they spend a significant amount of time responding to inquiries from U.S. businesses. As a result, related work such as research on investment opportunities and reports on economic conditions has been delayed. For example, the State Department officer in Tallinn said two or three businessmen visit or call daily for information on how to do business in Estonia and what business opportunities exist. She does not believe she can adequately respond to these inquiries because, due to other demands, she has not yet established business contacts with Estonians or had time to organize resource materials.

In August 1992, US & FCS officials told us that the status of hiring employees for commercial assistance has changed. In Vilnius, a local commercial contractor has been hired to start in the next few weeks. In Tallinn, the economic/commercial officer has chosen a local commercial contractor who will begin work shortly.

State Department officials also said that numerous official U.S. visitors and an extensive administrative work load have made it difficult to conduct commercial work. For example, the embassy in Minsk was scheduled to receive 19 visitor teams in June 1992. Administrative difficulties, such as finding adequate housing and office space and getting supplies and equipment to the embassies, have consumed large amounts of staff time. In July 1992, State Department officials told us that they plan to establish a post support unit in Bonn, Germany, late in 1992 to provide regional administrative support to the new embassies.

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## Other Governments Have Not Established an Extensive Presence

The State and Commerce Departments have limited information on other governments' diplomatic presence in the former Soviet republics. In Tallinn, Vilnius, and Minsk, the number of commercial officers from Germany, Great Britain, and Japan are either less or the same as the United States. For example, in Tallinn, the British Ambassador said that his embassy consisted of himself and one other officer who perform all of the administrative, commercial, and other duties. The German embassy currently has five officers in Tallinn, one of whom deals with economic and commercial matters. In Minsk, the economic/commercial officer told us that the German embassy has one officer dealing with economic and commercial matters.

State officials told us that Japan and Korea have opened new embassies in Alma Ata and Tashkent, and Turkey and Iran have opened several embassies in the central Asian republics. The United States, however, is the only nation with a diplomatic presence in every former Soviet republic.

Even though many countries have not opened embassies in the former Soviet republics, some are taking advantage of commercial opportunities in the region. For example, historical links with the Baltics have allowed Finland and Sweden to successfully sell telephone equipment in that region. Even though Japan has a limited diplomatic presence, Japanese companies are conducting feasibility studies and making investments in the region, especially in eastern Russia, according to a senior commercial officer.

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## Scope and Methodology

We conducted our work in the Washington, D.C., area and at several overseas locations. In Washington, D.C., we interviewed State and Commerce officials who are responsible for staffing decisions. In addition, we analyzed information on staffing proposals and planned positions for State and other agencies. We visited the U.S. embassy in Moscow, Russia, and the new embassies in Tallinn, Estonia; Vilnius, Lithuania; and Minsk, Belarus, where we interviewed State and US & FCS personnel responsible for serving U.S. commercial interests. We also interviewed the British Ambassador to Estonia. We conducted our work between April 1992 and July 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 officials from the Personnel Office and the European Bureau of the State Department and the

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Director General of the US & FCS. We incorporated their comments where appropriate.

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Unless you publicly announce the contents of this report earlier, we plan no further distribution until 30 days from its issue date. At that time, we will send copies to the Secretaries of State and Commerce and interested congressional committees. We will also make copies available to others upon request.

Major contributors to this report are Thomas J. Schulz, Associate Director; John L. Brummet, Assistant Director; and Jo Ann Scandola, Evaluator-in-Charge. Please contact me at (202) 275-4128 if you or your staff have any questions concerning this report.

Sincerely yours,



for Joseph E. Kelley  
Director, Security and International  
Relations Issues



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