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Record Group/Collection: George H.W. Bush Presidential Records
Collection/Office of Origin: Speechwriting, White House Office of
Series: Speech File Draft Files
Subseries: Chron File, 1989-1993

OA/ID Number: 13598
Folder ID Number: 13598-004

Folder Title:
Kodak R & D Center - Yokohama, Japan 1/9/92 [OA 6095]

Stack:	Row:	Section:	Shelf:	Position:
G	26	17	5	6

THE WHITE HOUSE
WASHINGTON

December 20, 1991

MEMORANDUM FOR THE PRESIDENT

THROUGH: DAVID DEMAREST
 TONY SNOW

FROM: MARY KATE GRANT *MKG*

SUBJECT: KODAK R&D CENTER IN JAPAN

I. SUMMARY

On Thursday, January 9, 1992, you will speak to several hundred employees of Kodak's Research and Development Center in Yokahama, Japan.

II. DISCUSSION

The remarks (8 minutes, on cards) tell the story of how Kodak was hurt by high tariffs in the past, but now represents a model of how American companies can invest and compete in Japan.

Grant / Simon
A:KODAK Draft three
December 20, 1991

**REMARKS: KODAK R&D CENTER
YOKOHAMA, JAPAN
THURSDAY, JANUARY 9, 1992**

[Acknowledgements / thanks for the tour?]

It's great to be here today, because I wanted to view for myself the world's fastest race in applied research. And I think everyone here is rooting for Kodak -- the largest film maker in the world and a premiere success in the annals of American business. (I remember visiting your Rochester headquarters early in 1989, to visit with the Brainpower Coalition, a partnership anchored by Eastman Kodak to improve American education.)

Kodak has been so successful because of its workers -- all over the world -- and because of your uncompromising commitment to quality. My old friend and your president, Kay Whitmore, once said, "Kodak's future depends on its work force." Well, from here your future looks good. Keep up the great work. //

I've brought with me a delegation of America's top business leaders, the first time in history that a U.S. President has done so. The reason we're here is because we believe in jobs and economic growth. One way to get the American economy moving is to open up markets abroad for quality American goods and services. And as the people here at Kodak know so well, more exports means more jobs.

Now I don't want to preach to the choir, but allow me to enlighten my fellow visitors a bit. Kodak products were first

sold in Japan over a century ago, in 1889. After World War II, the government of Japan protected domestic film makers with a series of very high duties on foreign imports -- some as high as 40 percent -- until the 1970s. Kodak was a market leader here until the 1960s, when the prohibitive tariffs virtually forced the company to fold up and go home.

Since then, Japan's market-opening measures -- at the insistence of the U.S. government, frankly -- have created new opportunities for American exporters. The tariffs that once sent Kodak packing have been cut sharply -- and Japan's tariffs on manufactured products are now among the lowest of all industrialized countries. Now, Japan's market is liberalizing and American firms should seize the chance to compete in Japan. We still have a disturbing bilateral deficit, but Japan's imports are up.

In the 1980s, Kodak returned to Japan to take on the competition head first. As each of you know, the company fought an uphill battle -- for while Kodak was out of Japan, its competitors developed similar products and attracted loyal customers. Kodak, once again a newcomer, had to go out and earn its place in the market.

But look where we stand today. Here we are, at one of the world's most modern R&D centers -- Kodak's largest outside of America. One industry observer wrote that "Kodak offers convincing proof that foreign companies can establish themselves in Japan on a major scale and in a short period of time."

There is a lesson here for U.S. companies. Let's take a look at why Kodak came back. First, as a savvy international company with a global perspective, Kodak understood that part of its future lay in the Japanese market. As one senior manager put it, "If you're serious about staying competitive globally, you've got to be on the ground here." I couldn't agree more.

You see, Kodak made it a priority to understand and adapt R&D here in Japan. Smartly, they realized that Japanese laboratories are now on the cutting edge of developing new products, applications and technologies. In short, they saw the long-term benefit of aggressively developing their business here.

Take a look at how Kodak did it: by designing products specifically for this market; by enforcing strict quality control; and by integrating Japanese ideas and technology while retaining high American content in the products. High American content means transferring technology to U.S. operations and creating jobs back at home. High American content means growth and opportunity for everyone.

It's important for other U.S. companies to understand that in order to compete -- and win -- internationally, we must gain access to Japan's R&D infrastructure. When we do, the result is big: products that win markets worldwide.

Other companies have done it: look at TRW, Texas Instruments, DuPont, AIG International, and IBM. Like them, Kodak succeeded because it adopted a strategy of doing business

as a global company. We need more companies like Kodak to make our relationship with Japan a two-way street. They were willing to seize the initiative and seek out Japanese R&D efforts -- and now Kodak's Japanese business has grown to a billion dollars a year. Kodak's investment here benefits both Japan and the U.S. It draws from the best of both countries -- creating jobs and technology.

But as beneficial as that is, the level of foreign direct investment in Japan is still considerably lower than in other industrialized nations. In 1989, the United States and Britain had twenty times the amount of foreign direct investment that Japan did, on a per-capita basis.

And while foreign investment is limited in Japan, Japan itself has been very active in investing overseas. Through the Structural Impediments Initiative, Japan has taken some measures to open itself to foreign investment. But they must take additional and more substantial measures -- so that Japan can become a truly open market for the U.S. and the rest of the world. Make no mistake about it: the American people feel very, very strongly that the playing field must be level. Our trading partners must provide U.S. companies the same kind of growth and opportunities that their firms enjoy in the United States.

We need more Kodaks in Japan. // We need more aggressive American companies to follow their lead and take on the competition. // And most of all, we need free and fair trade. //

We want to build stability in the world by building our

economic bonds. We need economic engagement -- open trade, open markets -- if we are to ensure peace and prosperity for future generations. We need to build a new world of freedom, opportunity and peace for our children.

With that said, I salute you for the tremendous example you are setting for American business. Keep up the good work. Thanks again for having us here today.

God bless each and every one of you.

#

WHITE HOUSE STAFFING MEMORANDUM

DATE: 1/6/92 ACTION/CONCURRENCE/COMMENT DUE BY: -----

PRESIDENTIAL REMARKS: KODAK R&D CENTER
YOKOHAMA, JAPAN

SUBJECT: THURSDAY, JANUARY 9, 1992

	ACTION	FYI		ACTION	FYI
VICE PRESIDENT	<input type="checkbox"/>	<input checked="" type="checkbox"/>	HORNER	<input type="checkbox"/>	<input type="checkbox"/>
SKINNER	<input type="checkbox"/>	<input checked="" type="checkbox"/>	MCCLURE	<input type="checkbox"/>	<input checked="" type="checkbox"/>
SCOWCROFT	<input type="checkbox"/>	<input checked="" type="checkbox"/>	PETERSMEYER	<input type="checkbox"/>	<input type="checkbox"/>
DARMAN	<input type="checkbox"/>	<input checked="" type="checkbox"/>	PORTER	<input type="checkbox"/>	<input checked="" type="checkbox"/>
BRADY	<input type="checkbox"/>	<input checked="" type="checkbox"/>	ROGICH	<input type="checkbox"/>	<input checked="" type="checkbox"/>
BROMLEY	<input type="checkbox"/>	<input type="checkbox"/>	SMITH	<input type="checkbox"/>	<input checked="" type="checkbox"/>
CARD	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<u>FINDLAY</u>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
DEMAREST	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<u>PORTER ROSE</u>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
FITZWATER	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<u>SNOW</u>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
GRAY	<input type="checkbox"/>	<input checked="" type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
HOLIDAY	<input type="checkbox"/>	<input checked="" type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>

REMARKS:

The attached has been forwarded to the President.

RESPONSE:

PHILLIP D. BRADY
 Assistant to the President
 and Staff Secretary
 Ext. 2702

TOKYO

SAT 04 JAN 92 23:14

PG.15

IR FORCE ONE

SUN 05 JAN 92 03:52

PG.14

THE WHITE HOUSE
WASHINGTON

December 20, 1991

MEMORANDUM FOR THE PRESIDENT

THROUGH: DAVID DEMAREST
TONY SNOW

FROM: MARY KATE GRANT *MKG*

SUBJECT: KODAK R&D CENTER IN JAPAN

I. SUMMARY

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II. DISCUSSION

The remarks (8 minutes, on cards) tell the story of how Kodak was hurt by high tariffs in the past, but now represents a model of how American companies can invest and compete in Japan.

TOKYO

SAT 04 JAN 92 23:15

PG.16

SUN 05 JAN 92 03:53

PG.15

IR FORCE ONE

Grant / Simon
A:KODAK Draft three
December 20, 1991

REMARKS: KODAK R&D CENTER
YOKOHAMA, JAPAN
THURSDAY, JANUARY 9, 1992

[Acknowledgements / thanks for the tour?]

It's great to be here today, because I wanted to view for myself the world's fastest race in applied research. And I think everyone here is rooting for Kodak -- the largest film maker in the world and a premiere success in the annals of American business. (I remember visiting your Rochester headquarters early in 1989, to visit with the Brainpower Coalition, a partnership anchored by Eastman Kodak to improve American education.)

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TOKYO

SAT 04 JAN 92 23:16

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AIR FORCE ONE

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2

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Since then, Japan's market-opening measures -- at the insistence of the U.S. government, frankly -- have created new opportunities for American exporters. The tariffs that once sent Kodak packing have been cut sharply -- and Japan's tariffs on manufactured products are now among the lowest of all industrialized countries. Now, Japan's market is liberalizing and American firms should seize the chance to compete in Japan. We still have a disturbing bilateral deficit, but Japan's imports are up.

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But look where we stand today. Here we are, at one of the world's most modern R&D centers -- Kodak's largest outside of America. One industry observer wrote that "Kodak offers convincing proof that foreign companies can establish themselves in Japan on a major scale and in a short period of time."

3

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4

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We want to build stability in the world by building our

TOKYO

SAT 04 JAN 92 23:19

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AIR FORCE ONE

SUN 05 JAN 92 03:55

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5

economic bonds. We need economic engagement -- open trade, open markets -- if we are to ensure peace and prosperity for future generations. We need to build a new world of freedom, opportunity and peace for our children.

With that said, I salute you for the tremendous example you are setting for American business. Keep up the good work. Thanks again for having us here today.

God bless each and every one of you.

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THE WHITE HOUSE
WASHINGTON

91 DEC 20 P4:12

December 20, 1991

MEMORANDUM FOR TONY SNOW

FROM: ROGER B. PORTER *RBP*
SUBJECT: Brief Remarks: Kodak R&D Center

We have reviewed the attached remarks and have noted a few suggested changes on pages three and four of the draft.

Please let us know if you have any questions or if we may help in any other way.

cc: Phillip D. Brady

STEVE

WHITE HOUSE STAFFING MEMORANDUM

DATE: 12/18/91 ACTION/CONCURRENCE/COMMENT DUE BY: FRIDAY, 12/20/91 10:00 am

BRIEF REMARKS: KODAK R&D CENTER

SUBJECT: YOKOHAMA, JAPAN - THURSDAY, 1/9/92

	ACTION	FYI		ACTION	FYI
VICE PRESIDENT	<input type="checkbox"/>	<input checked="" type="checkbox"/>	HORNER	<input type="checkbox"/>	<input type="checkbox"/>
SKINNER	<input type="checkbox"/>	<input checked="" type="checkbox"/>	MCCLURE	<input checked="" type="checkbox"/>	<input type="checkbox"/>
SCOWCROFT	<input checked="" type="checkbox"/>	<input type="checkbox"/>	PETERSMEYER	<input type="checkbox"/>	<input type="checkbox"/>
DARMAN	<input checked="" type="checkbox"/>	<input type="checkbox"/>	PORTER	<input checked="" type="checkbox"/>	<input type="checkbox"/>
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BROMLEY	<input type="checkbox"/>	<input type="checkbox"/>	SMITH	<input checked="" type="checkbox"/>	<input type="checkbox"/>
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HOLIDAY	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<u> </u>	<input type="checkbox"/>	<input type="checkbox"/>

REMARKS:

Please forward your comments directly to Tony Snow, Rm. 122, x2930, no later than 10:00 a.m., FRIDAY, DECEMBER 20, with a copy to this office. Thank you.

RESPONSE:

PHILLIP D. BRADY
Assistant to the President
and Staff Secretary
Ext. 2702

Grant / Simon
A:KODAK Draft two
December 18, 1991

31 DEC 18 P2: 50

BRIEF REMARKS: KODAK R&D CENTER
YOKOHAMA, JAPAN
THURSDAY, JANUARY 9, 1992

[Acknowledgements / thanks for the tour?]

It's great to be here today, because I wanted to view for myself the world's fastest race in applied research. And I think everyone here is rooting for Kodak -- the largest film maker in the world and a premiere success in the annals of American business. (I remember visiting your Rochester headquarters early in 1989, to visit with the Brainpower Coalition, a partnership anchored by Eastman Kodak to improve American education.)

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Now I don't want to preach to the choir, but allow me to enlighten my fellow visitors with a little history. Kodak products were first sold in Japan over a century ago, in 1889. After World War II, the government of Japan protected domestic film makers with a series of very high duties on foreign imports -- some as high as 40 percent -- until the 1970s. Kodak was a market leader here until the 1960s, when the prohibitive tariffs virtually forced the company to fold up and go home.

Since then, Japan's market-opening measures -- at the insistence of the U.S. government, frankly -- have created new opportunities for American exporters. The tariffs that once sent Kodak packing have been cut sharply -- and Japan's tariffs on manufactured products are now among the lowest of all industrialized countries. Now, Japan's market is liberalizing and American firms should seize the chance to compete in Japan.

In 1988, Kodak returned to Japan to take on the competition head first. As each of you know, the company fought an uphill battle -- for while Kodak was out of Japan, its competitors developed similar products and attracted loyal customers. Kodak, once again a newcomer, had to go out and earn its place in the market.

But look where we stand today ... here we are, at one of the world's most modern R&D centers ... Kodak's largest outside of America, with a staff that grew from 20 to 4,000 in no time at all ... one billion dollars a year in business. One industry journal said that "Kodak offers convincing proof that foreign companies can establish themselves in Japan on a major scale and in a short period of time."

There is a lesson here for U.S. companies. Let's take a look at why Kodak came back. First, as a savvy international company with a global perspective, Kodak understood that part of its future lay in the Japanese market. As one senior manager put it, "If you're serious about staying competitive globally, you've got to be on the ground here." I couldn't agree more.

You see, Kodak made it a priority to understand and adapt R&D here in Japan. Smartly, they realized that Japanese laboratories are now on the cutting edge of developing new products, applications and technologies. In short, they saw the long-term benefit of aggressively developing their business here.

Take a look at how Kodak did it: by designing products specifically for this market; by enforcing strict quality control; and by integrating Japanese ideas and technology while retaining high American content in the products. High American content means transferring technology to U.S. operations and creating jobs here at home. High American content means growth and opportunity for everyone.

It's important for other U.S. companies to understand that in order to compete -- and win -- internationally, we must gain access to Japan's R&D infrastructure. When we do, the result is big: products that win markets worldwide.

✓ Kodak succeeded because it adopted a strategy of doing business as a global company. We need more companies like Kodak to make our relationship with Japan a two-way street. They were willing to seize the initiative and seek out Japanese R&D efforts -- and now Kodak's Japanese business has grown to a billion dollars a year. Kodak's investment here benefits both Japan and the U.S. It draws from the best of both countries -- creating jobs and technology.

Shouldn't define access to Japan's R&D as an absolute precondition for competitiveness.

But as beneficial as that is, the level of foreign direct investment in Japan is still considerably lower than in other industrialized nations. In 1989, the United States and Britain had twenty times the amount of foreign direct investment that Japan did.

And while foreign investment is limited in Japan, Japan itself has been very active in investing overseas. Through the Structural Impediments Initiative, Japan has taken measures to open itself to foreign investment. But we would welcome additional measures -- so that Japan can become one of the world's largest importers and one of the world's most open markets. We welcome measures that provide a more level playing field for American business.

We need more Kodaks in Japan. // We need more aggressive American companies to follow their lead and take on the competition. // And most of all, we need free and fair trade. //

We want to build stability in the world by ^{strengthening} ~~building~~ our economic bonds. We need economic engagement -- open trade, open markets -- if we are to ensure peace and prosperity for future generations. We need to build a new world of freedom, opportunity and peace for our children. ✓

With that said, I salute you for the tremendous example you are setting for American business. You are leading the way to the next American century, and I say keep up the good work. Thanks again for having us here today.

God bless each and every one of you.

WHITE HOUSE STAFFING MEMORANDUM

DATE: 12/18/91 ACTION/CONCURRENCE/COMMENT DUE BY: FRIDAY, 12/20/91 10:00 am

BRIEF REMARKS: KODAK R&D CENTER

SUBJECT: YOKOHAMA, JAPAN - THURSDAY, 1/9/92

	ACTION	FYI		ACTION	FYI
VICE PRESIDENT	<input type="checkbox"/>	<input checked="" type="checkbox"/>	HORNER	<input type="checkbox"/>	<input type="checkbox"/>
SKINNER	<input type="checkbox"/>	<input checked="" type="checkbox"/>	MCCLURE	<input checked="" type="checkbox"/>	<input type="checkbox"/>
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DARMAN	<input checked="" type="checkbox"/>	<input type="checkbox"/>	PORTER	<input checked="" type="checkbox"/>	<input type="checkbox"/>
BRADY	<input type="checkbox"/>	<input checked="" type="checkbox"/>	ROGICH	<input checked="" type="checkbox"/>	<input type="checkbox"/>
BROMLEY	<input type="checkbox"/>	<input type="checkbox"/>	SMITH	<input checked="" type="checkbox"/>	<input type="checkbox"/>
CARD	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<u>FINDLAY</u>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
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FITZWATER	<input type="checkbox"/>	<input checked="" type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
GRAY	<input checked="" type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
HOLIDAY	<input checked="" type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>

REMARKS:

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RESPONSE:

December 20, 1991

NSC concurs with changes as noted.

Brent Scowcroft
Brent Scowcroft

PHILLIP D. BRADY
Assistant to the President
and Staff Secretary
Ext. 2702

cc: Phillip Brady

Grant / Simon
A:KODAK Draft two
December 18, 1991

01 DEC 18 P2: 50

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YOKOHAMA, JAPAN
THURSDAY, JANUARY 9, 1992

[Acknowledgements / thanks for the tour?]

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See P 3

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Kodak is not alone, cite TRW, TI, DuPont, AIG Intl - all huge successes

And while foreign investment is limited in Japan, Japan itself has been very active in investing overseas. Through the Structural Impediments Initiative, Japan has taken measures to open itself to foreign investment. But we would welcome additional measures -- so that Japan can become one of the world's largest importers and one of the world's most open markets. We welcome measures that provide a more level playing field for American business.

IBM Japan

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(Do we need better investment climate at home to promote these businesses? Look to send a domestic message out of nation for State/Union)

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God bless each and every one of you.

WHITE HOUSE STAFFING MEMORANDUM

DATE: 12/18/91 ACTION/CONCURRENCE/COMMENT DUE BY: FRIDAY, 12/20/91 10:00 am

BRIEF REMARKS: KODAK R&D CENTER

SUBJECT: YOKOHAMA, JAPAN - THURSDAY, 1/9/92

	ACTION	FYI		ACTION	FYI
VICE PRESIDENT	<input type="checkbox"/>	<input checked="" type="checkbox"/>	HORNER	<input type="checkbox"/>	<input type="checkbox"/>
SKINNER	<input type="checkbox"/>	<input checked="" type="checkbox"/>	MCCLURE <i>N/c</i>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
SCOWCROFT <i>Bootleg</i>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	PETERSMEYER	<input type="checkbox"/>	<input type="checkbox"/>
DARMAN	<input checked="" type="checkbox"/>	<input type="checkbox"/>	PORTER	<input checked="" type="checkbox"/>	<input type="checkbox"/>
BRADY	<input type="checkbox"/>	<input checked="" type="checkbox"/>	ROGICH	<input checked="" type="checkbox"/>	<input type="checkbox"/>
BROMLEY	<input type="checkbox"/>	<input type="checkbox"/>	SMITH	<input checked="" type="checkbox"/>	<input type="checkbox"/>
CARD	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<u>FINDLAY</u>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
DEMAREST	<input checked="" type="checkbox"/>	<input type="checkbox"/>	SNOW	<input type="checkbox"/>	<input checked="" type="checkbox"/>
FITZWATER	<input type="checkbox"/>	<input checked="" type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
GRAY <i>N/c</i>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
HOLIDAY	<input checked="" type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>

REMARKS:

Please forward your comments directly to Tony Snow, Rm. 122, x2930, no later than 10:00 a.m., FRIDAY, DECEMBER 20, with a copy to this office. Thank you.

RESPONSE:

- MASTER -

PHILLIP D. BRADY
Assistant to the President
and Staff Secretary
Ext. 2702

Grant / Simon
A:KODAK Draft two
December 18, 1991

31 DEC 18 P2: 50

BRIEF REMARKS: KODAK R&D CENTER
YOKOHAMA, JAPAN
THURSDAY, JANUARY 9, 1992

[Acknowledgements / thanks for the tour?]

It's great to be here today, because I wanted to view for myself the world's ^(Huh? - NSC) (fastest race in applied research.) And I think everyone here is rooting for Kodak -- the largest film maker in the world and a premiere success in the annals of American business. (I remember visiting your Rochester headquarters early in 1989, to visit with the Brainpower Coalition, a partnership anchored by Eastman Kodak to improve American education.)

Kodak has been so successful because of its workers -- all over the world -- and because of your uncompromising commitment to quality. My old friend and your president, Kay Whitmore, once said, "Kodak's future depends on its work force." Well, from here your future looks good. Keep up the great work. //

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Since then, Japan's market-opening measures -- at the insistence of the U.S. government, frankly -- have created new opportunities for American exporters. The tariffs that once sent Kodak packing have been cut sharply -- and Japan's tariffs on manufactured products are now among the lowest of all industrialized countries. Now, Japan's market is liberalizing and American firms should seize the chance to compete in Japan.

Factor (MCC)

We still have disturbing bilateral deficit, but imports are up-way (NSC)

the 1980's (Simon)

In 1988, Kodak returned to Japan to take on the competition head first. As each of you know, the company fought an uphill battle -- for while Kodak was out of Japan, its competitors developed similar products and attracted loyal customers. Kodak, once again a newcomer, had to go out and earn its place in the market.

But look where we stand today. ~~Here~~ Here we are, at one of the world's most modern R&D centers -- Kodak's largest outside of America, ~~(with a staff that grew from 20 to 4,000 in no time at all ... one billion dollars a year in business.)~~

Repeated on pg 3. (Simon)

Its been written (Rogich) One industry

How is this calculated? Total rev.

worldwide or in Japan only? (OCs)

~~journal~~ said that "Kodak offers convincing proof that foreign companies can establish themselves in Japan on a major scale and in a short period of time."

There is a lesson here for U.S. companies. Let's take a look at why Kodak came back. First, as a savvy international company with a global perspective, Kodak understood that part of its future lay in the Japanese market. As one senior manager put it, "If you're serious about staying competitive globally, you've got to be on the ground here." I couldn't agree more.

You see, Kodak made it a priority to understand and adapt R&D here in Japan. Smartly, they realized that Japanese laboratories are now on the cutting edge of developing new products, applications and technologies. In short, they saw the long-term benefit of aggressively developing their business here.

Take a look at how Kodak did it: by designing products specifically for this market; by enforcing strict quality control; and by integrating Japanese ideas and technology while retaining high American content in the products. **High American content means transferring technology to U.S. operations and creating jobs here at home.** **High American content means growth and opportunity for everyone.**

(Treasury + Commerce)
back and at (MCL)

It's important for other U.S. companies to understand that in order to compete -- and win -- internationally, we must gain access to Japan's R&D infrastructure. When we do, the result is big: **products that win markets worldwide.**

Include other examples/ companies (Kogich)

Kodak succeeded because it adopted a strategy of doing business as a global company. **We need more companies like Kodak to make our relationship with Japan a two-way street.** They were willing to seize the initiative and seek out Japanese R&D efforts -- and now Kodak's Japanese business has grown to a billion dollars a year. **Kodak's investment here benefits both Japan and the U.S.** It draws from the best of both countries -- creating jobs and technology.

Repeat - NSc

Kodak is not alone, cite TRW, TI, DuPont, AIG Int'l, IBM, types. — all huge successes. (NSC)

But as beneficial as that is, the level of foreign direct investment in Japan is still considerably lower than in other industrialized nations. In 1989, the United States and Britain had ~~twenty times~~ ^{more than 60 (Commerce)} the amount of foreign direct investment that Japan did. ^{1990 (Commerce)}

In terms of amounts or as a % of GNP should be clarified (Treasury)

Include fairness theme -- the American people understand + expect fairness. (Rogich)

And while foreign investment is limited in Japan, Japan itself has been very active in investing overseas. Through the Structural Impediments Initiative, Japan has taken ^{some (OCA)} measures to open itself to foreign investment. But ~~we would welcome~~ ^{they must make} additional ^{and more substantial (Treasury)} measures -- so that Japan can become ^{a truly} ~~one of the~~ world's largest importers and one of the world's most open ^{for the U.S. and the rest of the world.} markets. We welcome measures that provide a more level playing field for American business in Japan.

Treasury

(Do we need better investment climate at home to promote these business. Look to send a domestic message out of nations for SOU.) - NSC

We need more Kodaks in Japan. // We need more aggressive American companies to follow their lead and take on the competition. // And most of all, we need free and fair trade. //
We want to build stability in the world by building our economic bonds. We need economic engagement -- open trade, open markets -- if we are to ensure peace and prosperity for future generations. We need to build a new world of freedom, opportunity and peace for our children.

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Grant / Simon
A:KODAK Draft two
December 18, 1991

31 DEC 18 P2:50

BRIEF REMARKS: KODAK R&D CENTER
YOKOHAMA, JAPAN
THURSDAY, JANUARY 9, 1992

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How is his
calculated
total revenue
worldwide or
return in
Japan? (OCP)

You see, Kodak made it a priority to understand and adapt R&D here in Japan. Smartly, they realized that Japanese laboratories are now on the cutting edge of developing new products, applications and technologies. In short, they saw the long-term benefit of aggressively developing their business here.

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It's important for other U.S. companies to understand that in order to compete -- and win -- internationally, we must gain access to Japan's R&D infrastructure. When we do, the result is big: products that win markets worldwide.

Kodak succeeded because it adopted a strategy of doing business as a global company. We need more companies like Kodak to make our relationship with Japan a two-way street. They were willing to seize the initiative and seek out Japanese R&D efforts -- and now Kodak's Japanese business has grown to a billion dollars a year. Kodak's investment here benefits both Japan and the U.S. It draws from the best of both countries -- creating jobs and technology.

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in terms of dollar amt of 90s of GNP - should be clarified (Treasury)

And while foreign investment is limited in Japan, Japan itself has been very active in investing overseas. Through the Structural Impediments Initiative, Japan has taken ^{SOME WORK} measures to open itself to foreign investment. But we would welcome additional ^{and more substantial (Treasury)} measures -- so that Japan can become ^{a truly} ~~one of the~~ world's largest importers and one of the world's most open ^{for the US and the rest of the World.} markets. We welcome measures that provide a more level playing field for American business ^{in Japan.}

Treasury

We need more Kodaks in Japan. // We need more aggressive American companies to follow their lead and take on the competition. // And most of all, we need free and fair trade. //

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Grant / Simon
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December 18, 1991

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BRIEF REMARKS: KODAK R&D CENTER
YOKOHAMA, JAPAN
THURSDAY, JANUARY 9, 1992

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calculated
total revenue
worldwide or
revenue in
Japan? (CPA)

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in terms of dollar amt or as a % of GDP - should be clarified (Treasury)

Treasury

WHITE HOUSE STAFFING MEMORANDUM

91 DEC 20 AIO: 50

DATE: 12/18/91 ACTION/CONCURRENCE/COMMENT DUE BY: FRIDAY, 12/20/91 10:00am

BRIEF REMARKS: KODAK R&D CENTER

SUBJECT: YOKOHAMA, JAPAN - THURSDAY, 1/9/92

	ACTION	FYI		ACTION	FYI
VICE PRESIDENT	<input type="checkbox"/>	<input checked="" type="checkbox"/>	HORNER	<input type="checkbox"/>	<input type="checkbox"/>
SKINNER	<input type="checkbox"/>	<input checked="" type="checkbox"/>	MCCLURE	<input checked="" type="checkbox"/>	<input type="checkbox"/>
SCOWCROFT	<input checked="" type="checkbox"/>	<input type="checkbox"/>	PETERSMEYER	<input type="checkbox"/>	<input type="checkbox"/>
DARMAN	<input checked="" type="checkbox"/>	<input type="checkbox"/>	PORTER	<input checked="" type="checkbox"/>	<input type="checkbox"/>
BRADY	<input type="checkbox"/>	<input checked="" type="checkbox"/>	ROGICH	<input checked="" type="checkbox"/>	<input type="checkbox"/>
BROMLEY	<input type="checkbox"/>	<input type="checkbox"/>	SMITH	<input checked="" type="checkbox"/>	<input type="checkbox"/>
CARD	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<u>FINDLAY</u>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
DEMAREST	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<u>SNOW</u>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
FITZWATER	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<u> </u>	<input type="checkbox"/>	<input type="checkbox"/>
GRAY	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<u> </u>	<input type="checkbox"/>	<input type="checkbox"/>
HOLIDAY	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<u> </u>	<input type="checkbox"/>	<input type="checkbox"/>

REMARKS:

Please forward your comments directly to Tony Snow, Rm. 122, x2930, no later than 10:00 a.m., FRIDAY, DECEMBER 20, with a copy to this office. Thank you.

RESPONSE:

No comment

PHILLIP D. BRADY
Assistant to the President
and Staff Secretary
Ext. 2702

WHITE HOUSE STAFFING MEMORANDUM

DATE: 12/18/91 ACTION/CONCURRENCE/COMMENT DUE BY: FRIDAY, 12/20/91 10:00am

BRIEF REMARKS: KODAK R&D CENTER
YOKOHAMA, JAPAN - THURSDAY, 1/9/92

SUBJECT: _____

	ACTION	FYI		ACTION	FYI
VICE PRESIDENT	<input type="checkbox"/>	<input checked="" type="checkbox"/>	HORNER	<input type="checkbox"/>	<input type="checkbox"/>
SKINNER	<input type="checkbox"/>	<input checked="" type="checkbox"/>	MCCLURE	<input checked="" type="checkbox"/>	<input type="checkbox"/>
SCOWCROFT	<input checked="" type="checkbox"/>	<input type="checkbox"/>	PETERSMEYER	<input type="checkbox"/>	<input type="checkbox"/>
DARMAN	<input checked="" type="checkbox"/>	<input type="checkbox"/>	PORTER	<input checked="" type="checkbox"/>	<input type="checkbox"/>
BRADY	<input type="checkbox"/>	<input checked="" type="checkbox"/>	ROGICH	<input checked="" type="checkbox"/>	<input type="checkbox"/>
BROMLEY	<input type="checkbox"/>	<input type="checkbox"/>	SMITH	<input checked="" type="checkbox"/>	<input type="checkbox"/>
CARD	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<u>FINDLAY</u>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
DEMAREST	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<u>SNOW</u>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
FITZWATER	<input type="checkbox"/>	<input checked="" type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
GRAY	<input checked="" type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
HOLIDAY	<input checked="" type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>

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RESPONSE:

Cabinet Affairs supplement.

PHILLIP D. BRADY
Assistant to the President
and Staff Secretary
Ext. 2702

Since then, Japan's market-opening measures -- at the insistence of the U.S. government, frankly -- have created new opportunities for American exporters. The tariffs that once sent Kodak packing have been cut sharply -- and Japan's tariffs on manufactured products are now among the lowest of all industrialized countries. *while* *We need market access for our agricultural products,* *Now, Japan's market is liberalizing* *for 1989* *products*

In 1988, Kodak returned to Japan to take on the competition head first. As each of you know, the company fought an uphill battle -- for while Kodak was out of Japan, its competitors developed similar products and attracted loyal customers. Kodak, once again a newcomer, had to go out and earn its place in the market.

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WHITE HOUSE STAFFING MEMORANDUM

91 DEC 20 All: 34

DATE: 12/18/91 ACTION/CONCURRENCE/COMMENT DUE BY: FRIDAY, 12/20/91 10:00am

BRIEF REMARKS: KODAK R&D CENTER

SUBJECT: YOKOHAMA, JAPAN - THURSDAY, 1/9/92

	ACTION	FYI		ACTION	FYI
VICE PRESIDENT	<input type="checkbox"/>	<input checked="" type="checkbox"/>	HORNER	<input type="checkbox"/>	<input type="checkbox"/>
SKINNER	<input type="checkbox"/>	<input checked="" type="checkbox"/>	MCCLURE	<input checked="" type="checkbox"/>	<input type="checkbox"/>
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CARD	<input type="checkbox"/>	<input checked="" type="checkbox"/>	FINDLAY	<input type="checkbox"/>	<input checked="" type="checkbox"/>
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FITZWATER	<input type="checkbox"/>	<input checked="" type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
GRAY	<input checked="" type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
HOLIDAY	<input checked="" type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>

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RESPONSE: ~~SNOW~~ ANOTHER CHANCE TO DILL IN THEMES OF
 ① THE BUSINESS DELEGATION PARTNERSHIP
 ② LEVEL PLAYING FIELD
 ③ U.S. FAIR & FIRM

PHILLIP D. BRADY
 Assistant to the President
 and Staff Secretary
 Ext. 2702

Grant / Simon
A:KODAK Draft two
December 18, 1991

31 DEC 18 P2:50

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In 1988, Kodak returned to Japan to take on the competition head first. As each of you know, the company fought an uphill battle -- for while Kodak was out of Japan, its competitors developed similar products and attracted loyal customers. Kodak, once again a newcomer, had to go out and earn its place in the market.

But look where we stand today ... here we are, at one of the world's most modern R&D centers ... Kodak's largest outside of America, with a staff that grew from 20 to 4,000 in no time at all ... one billion dollars a year in business. One industry journal said that "Kodak offers convincing proof that foreign companies can establish themselves in Japan on a major scale and in a short period of time."

There is a lesson here for U.S. companies. Let's take a look at why Kodak came back. First, as a savvy international company with a global perspective, Kodak understood that part of its future lay in the Japanese market. As one senior manager put it, "If you're serious about staying competitive globally, you've got to be on the ground here." I couldn't agree more.

You see, Kodak made it a priority to understand and adapt R&D here in Japan. Smartly, they realized that Japanese laboratories are now on the cutting edge of developing new products, applications and technologies. In short, they saw the long-term benefit of aggressively developing their business here.

Take a look at how Kodak did it: by designing products specifically for this market; by enforcing strict quality control; and by integrating Japanese ideas and technology while retaining high American content in the products. High American content means transferring technology to U.S. operations and creating jobs here at home. High American content means growth and opportunity for everyone.

It's important for other U.S. companies to understand that in order to compete -- and win -- internationally, we must gain access to Japan's R&D infrastructure. When we do, the result is big: **products that win markets worldwide.**

Kodak succeeded because it adopted a strategy of doing business as a global company. **We need more companies like Kodak to make our relationship with Japan a two-way street. They were willing to seize the initiative and seek out Japanese R&D efforts -- and now Kodak's Japanese business has grown to a billion dollars a year. Kodak's investment here benefits both Japan and the U.S. It draws from the best of both countries -- creating jobs and technology.**

But as beneficial as that is, the level of foreign direct investment in Japan is still considerably lower than in other industrialized nations. In 1989, the United States and Britain had twenty times the amount of foreign direct investment that Japan did.

And while foreign investment is limited in Japan, Japan itself has been very active in investing overseas. Through the Structural Impediments Initiative, Japan has taken measures to open itself to foreign investment. But we would welcome additional measures -- so that Japan can become one of the world's largest importers and one of the world's most open markets. We welcome measures that provide a more level playing field for American business.

We need more Kodaks in Japan. // We need more aggressive American companies to follow their lead and take on the competition. // And most of all, we need free and fair trade. //

We want to build stability in the world by building our economic bonds. We need economic engagement -- open trade, open markets -- if we are to ensure peace and prosperity for future generations. We need to build a new world of freedom, opportunity and peace for our children.

With that said, I salute you for the tremendous example you are setting for American business. You are leading the way to the next American century, and I say keep up the good work. Thanks again for having us here today.

God bless each and every one of you.

THE WHITE HOUSE

WASHINGTON

91 DEC 19 P4:42

December 19, 1991

MEMORANDUM FOR TONY SNOW

FROM: RONALD E. VONLEMBKE ~~1/11~~
ASSISTANT COUNSEL TO THE PRESIDENT

SUBJECT: Brief Remarks: Kodak R&D Center, Yokohama, Japan
-- Thursday, January 9, 1992

Pursuant to Phillip Brady's request, Counsel's Office has reviewed the above-referenced matter. We have no objection to the proposed presidential remarks.

cc: Phillip D. Brady



WHITE HOUSE STAFFING MEMORANDUM

91 DEC 20 AIO: 13

DATE: 12/18/91 ACTION/CONCURRENCE/COMMENT DUE BY: FRIDAY, 12/20/91 10:00a

BRIEF REMARKS: KODAK R&D CENTER

YOKOHAMA, JAPAN - THURSDAY, 1/9/92

SUBJECT: _____

	ACTION	FYI		ACTION	FYI
VICE PRESIDENT	<input type="checkbox"/>	<input checked="" type="checkbox"/>	HORNER	<input type="checkbox"/>	<input type="checkbox"/>
SKINNER	<input type="checkbox"/>	<input checked="" type="checkbox"/>	MCCLURE	<input checked="" type="checkbox"/>	<input type="checkbox"/>
SCOWCROFT	<input checked="" type="checkbox"/>	<input type="checkbox"/>	PETERSMEYER	<input type="checkbox"/>	<input type="checkbox"/>
DARMAN	<input checked="" type="checkbox"/>	<input type="checkbox"/>	PORTER	<input checked="" type="checkbox"/>	<input type="checkbox"/>
BRADY	<input type="checkbox"/>	<input checked="" type="checkbox"/>	ROGICH	<input checked="" type="checkbox"/>	<input type="checkbox"/>
BROMLEY	<input type="checkbox"/>	<input type="checkbox"/>	SMITH	<input checked="" type="checkbox"/>	<input type="checkbox"/>
CARD	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<u>FINDLAY</u>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
DEMAREST	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<u>SNOW</u>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
FITZWATER	<input type="checkbox"/>	<input checked="" type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
GRAY	<input checked="" type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
HOLIDAY	<input checked="" type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>

REMARKS:

Please forward your comments directly to Tony Snow, Rm. 122, x2930, no later than 10:00 a.m., FRIDAY, DECEMBER 20, with a copy to this office. Thank you.

RESPONSE:

NSC concurs with changes as noted.

Brent Scowcroft

PHILLIP D. BRADY
Assistant to the President
and Staff Secretary
Ext. 2702

cc: Phillip Brady

Grant / Simon
A:KODAK Draft two
December 18, 1991

31 DEC 18 P2: 53

BRIEF REMARKS: KODAK R&D CENTER
YOKOHAMA, JAPAN
THURSDAY, JANUARY 9, 1992

[Acknowledgements / thanks for the tour?]

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We still have disturbing bilateral deficit, but suggests an ups - war

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See P 3

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Kodak is not alone, cite TRW, TI, DuPont, AIG Intl - all huge successes

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IBM, Jgr

We need more Kodaks in Japan. // We need more aggressive American companies to follow their lead and take on the competition. // And most of all, we need free and fair trade.

(Do we need better investment climate at the 1/70 promos)

We want to build stability in the world by building our economic bonds. We need economic engagement -- open trade, open markets -- if we are to ensure peace and prosperity for future generations. We need to build a new world of freedom, opportunity and peace for our children.

These business Look to send a domestic message out: notations for State/Jan

With that said, I salute you for the tremendous example you are setting for American business. You are leading the way to the next American century, and I say keep up the good work.

Thanks again for having us here today.

God bless each and every one of you.

**NATIONAL SECURITY COUNCIL
EXECUTIVE SECRETARIAT STAFFING DOCUMENT**

TIME STAMP

SYSTEM LOG NUMBER: 9258

ACTION OFFICER: Paal

DUE: 8:00 am, Friday, 20 Dec

Prepare Memo For Scowcroft/Howe

Appropriate Action

Prepare Memo For Brady

Prepare Memo For Sittmann

Prepare Memo Scowcroft

to Snow w/ cc: Brady

CONCURRENCES/COMMENTS*

PHONE* to action officer at ext. 5746

Concur	FYI		Concur	FYI		Concur	FYI	
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<input type="checkbox"/>	<input type="checkbox"/>	Hull	<input type="checkbox"/>	<input type="checkbox"/>	Poneman	<input type="checkbox"/>	<input type="checkbox"/>	

INFORMATION

Sittmann

Hill

Exec Sec Desk

Scowcroft (advance)

Howe (advance)

Secretariat

COMMENTS

Logged By AW


Return to Secretariat
379 OEOP

WHITE HOUSE STAFFING MEMORANDUM

DATE: 12/18/91 ACTION/CONCURRENCE/COMMENT DUE BY: FRIDAY, 12/20/91 10:00am

BRIEF REMARKS: KODAK R&D CENTER

SUBJECT: YOKOHAMA, JAPAN - THURSDAY, 1/9/92

	ACTION	FYI		ACTION	FYI
VICE PRESIDENT	<input type="checkbox"/>	<input checked="" type="checkbox"/>	HORNER	<input type="checkbox"/>	<input type="checkbox"/>
SKINNER	<input type="checkbox"/>	<input checked="" type="checkbox"/>	MCCLURE	<input checked="" type="checkbox"/>	<input type="checkbox"/>
SCOWCROFT	<input checked="" type="checkbox"/>	<input type="checkbox"/>	PETERSMEYER	<input type="checkbox"/>	<input type="checkbox"/>
DARMAN	<input checked="" type="checkbox"/>	<input type="checkbox"/>	PORTER	<input checked="" type="checkbox"/>	<input type="checkbox"/>
BRADY	<input type="checkbox"/>	<input checked="" type="checkbox"/>	ROGICH 	<input checked="" type="checkbox"/>	<input type="checkbox"/>
BROMLEY	<input type="checkbox"/>	<input type="checkbox"/>	SMITH	<input checked="" type="checkbox"/>	<input type="checkbox"/>
CARD	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<u>FINDLAY</u>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
DEMAREST	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<u>SNOW</u>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
FITZWATER	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<u> </u>	<input type="checkbox"/>	<input type="checkbox"/>
GRAY	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<u> </u>	<input type="checkbox"/>	<input type="checkbox"/>
HOLIDAY	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<u> </u>	<input type="checkbox"/>	<input type="checkbox"/>

REMARKS:

Please forward your comments directly to Tony Snow, Rm. 122, x2930, no later than 10:00 a.m., FRIDAY, DECEMBER 20, with a copy to this office. Thank you.

RESPONSE:

Ok - a few changes
BT for SR

91 DEC 19 12:58

PHILLIP D. BRADY
Assistant to the President
and Staff Secretary
Ext. 2702

Grant / Simon
A:KODAK Draft two
December 18, 1991

31 DEC 18 P2: 53

BRIEF REMARKS: KODAK R&D CENTER
YOKOHAMA, JAPAN
THURSDAY, JANUARY 9, 1992

[Acknowledgements / thanks for the tour?]

It's great to be here today, because I wanted to view for myself the world's fastest race in applied research. And I think everyone here is rooting for Kodak -- the largest film maker in the world and a premiere success in the annals of American business. (I remember visiting your Rochester headquarters early in 1989, to visit with the Brainpower Coalition, a partnership anchored by Eastman Kodak to improve American education.)

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Since then, Japan's market-opening measures -- at the insistence of the U.S. government, frankly -- have created new opportunities for American exporters. The tariffs that once sent Kodak packing have been cut sharply -- and Japan's tariffs on manufactured products are now among the lowest of all industrialized countries. Now, Japan's market is liberalizing and American firms should seize the chance to compete in Japan.

In 1988, Kodak returned to Japan to take on the competition head first. As each of you know, the company fought an uphill battle -- for while Kodak was out of Japan, its competitors developed similar products and attracted loyal customers. Kodak, once again a newcomer, had to go out and earn its place in the market.

But look where we stand today ... here we are, at one of the world's most modern R&D centers ... Kodak's largest outside of America, with a staff that grew from 20 to 4,000 in no time at all ... one billion dollars a year in business. *Its been written* ~~One industry~~ ~~journal~~ said that "Kodak offers convincing proof that foreign companies can establish themselves in Japan on a major scale and in a short period of time."

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You see, Kodak made it a priority to understand and adapt R&D here in Japan. Smartly, they realized that Japanese laboratories are now on the cutting edge of developing new products, applications and technologies. In short, they saw the long-term benefit of aggressively developing their business here.

Take a look at how Kodak did it: by designing products specifically for this market; by enforcing strict quality control; and by integrating Japanese ideas and technology while retaining high American content in the products. **High American content means transferring technology to U.S. operations and creating jobs here at home. High American content means growth and opportunity for everyone.**

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Kodak succeeded because it adopted a strategy of doing *business as a global company. We need more companies like Kodak to make our relationship with Japan a two-way street.* They were willing to seize the initiative and seek out Japanese R&D efforts -- and now Kodak's Japanese business has grown to a billion dollars a year. **Kodak's investment here benefits both Japan and the U.S. It draws from the best of both countries -- creating jobs and technology.**

But as beneficial as that is, the level of foreign direct investment in Japan is still considerably lower than in other industrialized nations. In 1989, the United States and Britain had twenty times the amount of foreign direct investment that Japan did. *Include fairness theme -- The American people understand and expect fairness.*

And while foreign investment is limited in Japan, Japan itself has been very active in investing overseas. Through the Structural Impediments Initiative, Japan has taken measures to open itself to foreign investment. But ~~we would welcome~~ *they must make* additional measures -- so that Japan can become one of the world's largest importers and one of the world's most open markets. We welcome measures that provide a more level playing field for American business.

We need more Kodaks in Japan. // We need more aggressive American companies to follow their lead and take on the competition. // And most of all, we need free and fair trade. //

We want to build stability in the world by building our economic bonds. We need economic engagement -- open trade, open markets -- if we are to ensure peace and prosperity for future generations. We need to build a new world of freedom, opportunity and peace for our children.

With that said, I salute you for the tremendous example you are setting for American business. You are leading the way to the next American century, and I say keep up the good work. Thanks again for having us here today.

God bless each and every one of you.

Simon

Grant / Simon
A:KODAK Draft two
December 18, 1991

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THURSDAY, JANUARY 9, 1992**

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this is reported on p. 3

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A:KODAK Draft two
December 18, 1991

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In 1988, Kodak returned to Japan to take on the competition head first. As each of you know, the company fought an uphill battle -- for while Kodak was out of Japan, its competitors developed similar products and attracted loyal customers. Kodak, once again a newcomer, had to go out and earn its place in the market.

But look where we stand today ... here we are, at one of the world's most modern R&D centers ... Kodak's largest outside of America, with a staff that grew from 20 to 4,000 in no time at all ... one billion dollars a year in business. One industry journal said that "Kodak offers convincing proof that foreign companies can establish themselves in Japan on a major scale and in a short period of time."

There is a lesson here for U.S. companies. Let's take a look at why Kodak came back. First, as a savvy international company with a global perspective, Kodak understood that part of its future lay in the Japanese market. As one senior manager put it, "If you're serious about staying competitive globally, you've got to be on the ground here." I couldn't agree more.

You see, Kodak made it a priority to understand and adapt R&D here in Japan. Smartly, they realized that Japanese laboratories are now on the cutting edge of developing new products, applications and technologies. In short, they saw the long-term benefit of aggressively developing their business here.

Take a look at how Kodak did it: by designing products specifically for this market; by enforcing strict quality control; and by integrating Japanese ideas and technology while retaining high American content in the products. **High American content means transferring technology to U.S. operations and creating jobs here at home. High American content means growth and opportunity for everyone.**

It's important for other U.S. companies to understand that in order to compete -- and win -- internationally, we must gain access to Japan's R&D infrastructure. When we do, the result is big: **products that win markets worldwide.**

Kodak succeeded because it adopted a strategy of doing business as a global company. **We need more companies like Kodak to make our relationship with Japan a two-way street.** They were willing to seize the initiative and seek out Japanese R&D efforts -- and now Kodak's Japanese business has grown to a billion dollars a year. **Kodak's investment here benefits both Japan and the U.S. It draws from the best of both countries -- creating jobs and technology.**

But as beneficial as that is, the level of foreign direct investment in Japan is still considerably lower than in other industrialized nations. In 1989, the United States and Britain had twenty times the amount of foreign direct investment that Japan did.

And while foreign investment is limited in Japan, Japan itself has been very active in investing overseas. Through the Structural Impediments Initiative, Japan has taken measures to open itself to foreign investment. But we would welcome additional measures -- so that Japan can become one of the world's largest importers and one of the world's most open markets. We welcome measures that provide a more level playing field for American business.

We need more Kodaks in Japan. // We need more aggressive American companies to follow their lead and take on the competition. // And most of all, we need free and fair trade. //

We want to build stability in the world by building our economic bonds. We need economic engagement -- open trade, open markets -- if we are to ensure peace and prosperity for future generations. We need to build a new world of freedom, opportunity and peace for our children.

With that said, I salute you for the tremendous example you are setting for American business. You are leading the way to the next American century, and I say keep up the good work. Thanks again for having us here today.

God bless each and every one of you.

VISIT TO US HIGH TECH RESEARCH AND DEVELOPMENT CENTER

SCENESETTER

PURPOSE

During your visit to Kodak's research and development center in Kohoku, you can:

- call attention to a premier success of a US company in Japan's competitive market, emphasizing US firms' ability to meet price, quality, and customer needs;
- showcase that Japan's market-opening measures -- undertaken at the insistence of the US Government -- provide opportunities for competitive US exporters.
- emphasize the importance of US companies actively working to understand and gain access to Japan's research and development infrastructure.
- note that Kodak's investment in Japan benefits the US and Japan, but that foreign direct investment in Japan is small compared to other industrialized countries. Ask Japan to open itself more broadly to foreign direct investment.

You could link Kodak's success to its commitment to:

- design products specifically for the Japanese market;
- strict quality control standards;
- integrating Japanese ideas and technology for product development, while retaining substantial American content;
- doing business as a genuinely global company, understanding that in order to lead in information technologies it must maintain a strong competitive effort in Japan.

THE SETTING

The R&D center symbolizes Kodak's recommitment to Japan after high tariffs, erected in the 1960's and 1970's to protect Japanese infant industries, virtually forced it out of the marketplace.

Kodak built the \$70 million-plus center in 1988. It is staffed by scientists and engineers from the US and Japan. Products now under development at the center include HDTV-related systems and digital photo equipment.

The Board of Governors of the American Chamber of Commerce in Japan will meet you at the Kodak facility.

POINTS TO BE MADE

US HIGH TECH RESEARCH AND DEVELOPMENT FACILITY

- Japan's market is liberalizing and world competitive US companies like Kodak are in Japan to take advantage of new opportunities.
- Kodak was a market leader in Japan until the 1960's, when high tariffs aimed at protecting Japanese competitors forced Kodak out.
- Japan has cut these tariffs steeply, so that its tariffs on manufactured products are now among the lowest among all industrialized countries.
- Savvy American companies like Kodak have a broad international perspective and act on market information, on realities, not on generalizations.
- With the Japanese tariff cuts, Kodak could again compete here.
- To be sure, Kodak has had an uphill battle. In the twenty years that Kodak was away from the market, its Japanese competitors developed similar products and cemented tight relationships with Kodak's old customers that Kodak -- now as a newcomer -- has found difficult to penetrate.
- Why did Kodak come back?
 - o Japan is the world's second largest market for processing equipment. As a global company with a worldwide view, Kodak believes it must aggressively develop its business here, just as its Japanese competitors are doing in the United States. I agree.
 - o Kodak has been actively trying to understand and adapt research and development here in Japan. Kodak recognized that Japanese labs are now doing leading edge work in developing new products, applications, and technologies. In this state of the art research and development center, Kodak has had great success in teaming its Japanese scientists and engineers with its American scientists and engineers.
 - o The result: products that can win markets worldwide. And because manufacturing costs in the US are now actually less than in Japan, Kodak maintains a high degree of American content, generating technology transfer to its US operations, and creating jobs.

- We need companies such as Kodak which are willing to take the initiative and seek out and understand Japanese R&D efforts to truly make our relationship a two-way street.
- Through persistence, hard work, and innovativeness, by solving the problems it faced in coming back to Japan -- calling on US Government assistance, when this was needed -- Kodak's Japanese business has grown to a billion dollars a year.
- Kodak's investment here benefits Japan and the US through job creation and technology development that draws from the best of both countries. However, the level of foreign direct investment in Japan is considerably less than in other industrialized nations.
- In fact, on a per-capita basis, foreign direct investment in Japan reached only 80 dollars per person through 1989. Compare this with \$1,626 for the US, and \$2,047 in the UK.
- While foreign investment is limited in Japan, Japan itself has been very active in investing overseas. Japanese outstanding investment abroad in 1990 was 20.5 times larger than foreign direct investment in Japan. This compares to a ratio of 1.17 for the US and 1.7 for the UK in 1989.
- Through SII, Japan has taken measures to open itself to foreign investment. Investment follows trade. We would welcome additional measures, so that Japan becomes a leading importing nation, and a home to foreign investors worldwide.

Scenesetter: President's Visit in Japan to US R&D Center
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