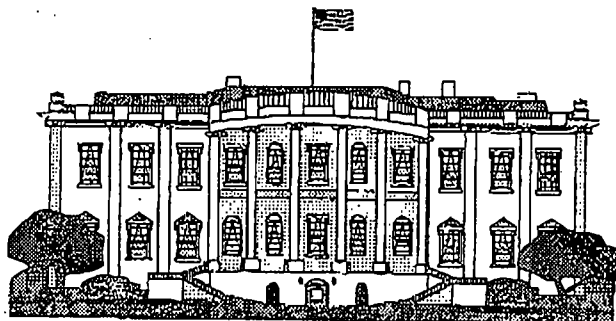


EXECUTIVE OFFICE OF THE PRESIDENT

Office of the Counsel to the President
Washington, DC 20502



FACSIMILE MESSAGE

TO: Heather Howard

FAX: 62878

DATE: 12/5/00 PAGES: 4

FROM: Michelle Aronowitz
Associate Counsel to the President

FAX NUMBER: (202) 456-2256

OFFICE NO: (202) 456-2024

COMMENTS:

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WASHINGTON

COUNSEL'S OFFICE

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United States Department of State

Washington, D.C. 20520

Bureau of Legislative Affairs

Tel: (202) 647-1712

Fax: (202) 647-2762

Fax

To: Bill Marshall From: Bureau Japan
Fax: _____ Pages: (including cover page) 2
Phone: _____ Date: 11/14/00
Re: _____

☐ Urgent ☐ For Clearance ☐ Please Comment ☐ Please Reply ☐ Per Your Request

• Comments:

The RU-486 letter landed in my
pile sometime during that
great Kyh meeting.

Just let me know if it looks
OK to you, if not I'll get
your changes made

TK-

B



United States Department of State

Washington, D.C. 20520

Dear Mr. Chairman:

This is in response to your letter of September 18 expressing concerns over the reported manufacture of mifepristone (marketed in some countries as the RU-486 abortion pill) in China.

The Department of State is not aware whether any factory in China will produce mifepristone for distribution in the United States. We understand that factories in several countries, including China, are currently manufacturing mifepristone. The Food and Drug Administration, which is responsible for approving new drugs for use in the United States, has rigorous controls in place to monitor the safe manufacture of any drug, whether domestically or abroad, including mifepristone. The FDA can provide you with further information about FDA procedures.

More generally, you raised questions related to China's policy regarding reproductive rights. We share your concerns about forced family planning and continue to press the Chinese about allegations of coercion. Under Secretary Loy raised this issue when he visited Beijing in July 2000.

If we may be of further assistance in this or any other matter, please do not hesitate to contact us.

Sincerely,

Barbara Larkin
Assistant Secretary
Legislative Affairs.

The Honorable
Jesse Helms, Chairman,
Committee on Foreign Relations,
United States Senate.

Corporations Rebuilt Use of Tax Loopholes Since Fix, Study Says

Panel to FDA Advises Cold-Remedy Ingredient May Raise Stroke Risk

By a WALL STREET JOURNAL Staff Reporter

WASHINGTON—Big corporations are increasingly cutting their tax bills through deductions, loopholes and out-and-out dodges that have perforated the system since reforms were instituted during the mid-1980s, a study found.

The study, conducted by the liberal-leaning Institute on Taxation and Economic Policy, underscores the need for another big tax-reform bill, the group said. It said lack of interest in comprehensive tax overhaul allowed lobbyists and lawyers to push small tax breaks, effectively rebuilding the maze of exclusions that forced the last round of loophole closures in 1986.

The study examined tax payments from 1996-1998 by 250 big companies. If they all had paid the full 35% corporate-tax rate they would have owed \$257 billion. But tax breaks lowered their bills by a total of \$98 billion over the three years. The 250 companies paid only 20.1% of their profits in taxes in 1998, down from 22.9% in 1996 and well below the 26.5% a similar group of companies paid in 1988, the study said.

In 1998, 24 of the companies actually got money from the government, reporting U.S. pretax profits of \$12 billion and receiving tax rebates of \$1.3 billion. Some of those companies noted that they had overpaid taxes in previous years.

The Clinton administration has labeled abusive corporate-tax shelters the No. 1 tax-compliance problem the government faces. But Congress isn't likely to act this year on reforms to shut down shelters. In fact, in the session's final days Congress is scrambling to pass more tax cuts.

On an industry-by-industry basis, petroleum and pipeline businesses got the biggest average breaks, followed by companies in electronics, forest and paper products, transportation, motor vehicles, pharmaceuticals, services, chemicals, financial and aerospace.

By a WALL STREET JOURNAL Staff Reporter

GAITHERSBURG, Md.—A key ingredient in cold remedies and appetite suppressants should be removed from over-the-counter drugs because it increases the chance users will suffer a stroke, an advisory panel to the Food and Drug Administration said.

The panel agreed with the findings of a recent study showing that PPA, a drug used in over-the-counter medications such as Dexatrim, Triaminic and Dimetapp, increases the risk of stroke, even if it is used only once. The Yale University study also suggested that women taking appetite suppressants were particularly at risk of hemorrhagic stroke.

If the FDA, which typically agrees with the advice of its panels, classifies PPA as unsafe or decides that more information is needed, the medicine would be banned from over-the-counter products. Officials in the FDA's Office of Post-Marketing Drug Risk Assessment already have said PPA, also called phenylpropanolamine, isn't safe for nonprescription drugs.

At a meeting yesterday, the FDA estimated that 200 to 500 hemorrhagic strokes annually among people ages 18 to 49 are caused by PPA. Strokes in that age group generally are rare, about 10,000 a year.

The Consumer Healthcare Products Association, which represents companies that use PPA in their over-the-counter products, brought in epidemiologists and other experts who criticized several elements of the Yale study. They said the research examined a sample that was too small and didn't adequately account for risk factors such as smoking among those studied, among other complaints.

Emulex Corp.

Emulex Corp. easily topped analyst expectations for first-quarter net income, driven by sales of its networking products. The Costa Mesa, Calif., company said earnings for the fiscal period ended Oct. 1 rose 90% to \$12.9 million, or 33 cents a diluted share, from \$6.8 million, or 18 cents a share, a year ago. Sales nearly doubled to \$55.5 million from \$28.9 million a year ago. Emulex said the quarter's figures excluded the effect of a stock split that will be voted on by shareholders next month. Analysts had expected earnings per share of 26 cents, according to First Call/Thomson Financial. Emulex makes chips and circuit boards that speed the transfer of data between computers and storage systems. Emulex supplies companies including EMC Corp. and IBM Corp.

FDA Gets Questions About Abortion Pill From Congressman

By RACHEL ZIMMERMAN

Staff Reporter of THE WALL STREET JOURNAL

An influential member of Congress is raising concerns about the Food and Drug Administration's approval of the abortion pill mifepristone, marketed here as Mifeprex.

Rep. Tom Bliley (R., Va.), chairman of the House Commerce Committee, said in an Oct. 18 letter to FDA Commissioner Jane Henney that "there are questions of public health and safety related to the manufacturer and other private individuals or entities involved in the approval process of mifepristone."

On Sept. 28, the FDA approved for marketing a two-drug regimen for early abortions that includes the pill, Mifeprex, also known as RU-486, along with a second, already-approved medicine called misoprostol.

Approval of the drug has renewed the fierce political debate between abortion-rights and antiabortion forces in the U.S. Several conservative politicians have been pressing to have the approval reviewed or restricted.

In his letter, Rep. Bliley, an opponent of abortion, doesn't directly accuse the agency of botching the approval process. However, Rep. Bliley, who has been leading the Commerce committee's two-year investigation into counterfeit bulk drugs from overseas, is questioning the compliance record of the Shanghai, China-based plant, Hua Lian Pharmaceutical Co. The company has been contracted to make mifepristone for the U.S. market by Danco Laboratories LLC, a closely held New York start-up company that holds the U.S. rights to the abortion pill.

Specifically, Rep. Bliley said in his letter that FDA documents he has obtained suggest there may have been irregularities surrounding the FDA's Oct. 29, 1999, and July 2000 inspections of the China plant.

"The committee is asking some questions about the FDA's approval process of a drug," says Peter Sheffield, a spokesman for the Commerce committee. "This is part of a larger investigation of how the FDA has handled counterfeit bulk drugs and how they get into the U.S."

Rep. Bliley requested that the FDA respond no later than Monday to a number of questions about whether the agency strictly adhered to inspection and approval rules. An FDA spokesman says the agency is working on a response. In New York, Danco said the China manufacturing plant meets both Danco's own specifications as well as the "strict requirements" of the FDA.

The abortion pill is expected to be distributed on the market beginning early next month.

August Trade Gap Unexpectedly Shrank On Solid Performance by U.S. Exporters

By ELIZABETH PRICE
Dow Jones Newswires

WASHINGTON—A solid performance by U.S. exporters led to an unexpected narrowing of the August trade deficit.

The deficit in goods and services, seasonally adjusted, was \$29.44 billion, narrowing by \$2.25 billion from a revised \$31.69 billion in July, the Commerce Department said. Economists had forecast that the August deficit would widen to around \$32 billion.

Exports rose 3.6% in August to \$93.02 billion, compared with a decline in July. Imports rose 0.8% to \$122.46 billion.

The surprising contraction of August's trade deficit, coupled with the narrowing revision of July's figure, may mean that the report on third-quarter gross-domestic-product growth, due out next week, will be stronger than the 3% or less analysts had been expecting.

"Growth of 3.25% to 3.5% is probably pretty likely now," said Jeffrey Palma, an economist at UBS Warburg in Stamford, Conn.

Export growth in August was broad-based, with higher shipments of U.S. farm products, industrial raw materials, high-technology goods, oil-drilling equipment and consumer goods. Exports of autos and auto parts were especially strong, up a seasonally adjusted \$669 million.

Export performance was remarkable given the strength of the U.S. dollar, said Mark Vitner, economist at First Union in Charlotte, N.C. But he was skeptical that the trend of ever-widening trade deficits had finally reached a turning point. "It seems implausible that exports [will remain] up, while the dollar is so strong and other economies are being hammered by oil," Mr. Vitner said.

But lower crude-oil prices in August, along with slower U.S. demand for foreign autos and a long list of industrial materials, helped to limit the month's import tab. The average price for a barrel of oil fell to \$26.59 in August, down from a 10-year high of \$27.76 in July. On a seasonally unadjusted basis, crude petroleum imports were \$8.24 billion in August, compared with \$8.37 billion in July.

Still, overall imports rose as U.S. companies continued to increase investments in capital goods such as computers, telecommunications equipment and machine tools. Consumers also continued to spend heavily on a range of foreign products, including pharmaceuticals, televisions, artwork and cosmetics.

Don Hilber, senior economist with Wells Fargo in San Francisco, warned that September's trade figures will likely show that imports ballooned during the month. "September is clearly going to be much different because that is when the oil price rise kicked in," he said. Bilateral trade deficits, unadjusted for seasonal variations, mostly narrowed in August. Deficits with the North American Free Trade Agreement partners, Mexico and Canada, narrowed, partly linked to greater U.S. auto-parts shipments as factories got ready for the new model year. Trade shortfalls with the European Union and Japan also narrowed. But the nation's largest and most politically troublesome deficit,

Weyerhaeuser Co.

Net Drops 16% as Demand For Wood Products Slows

Weyerhaeuser Co., Federal Way, Wash., said third-quarter net income fell 16% amid weak demand for logs and wood products, even as strong sales in its pulp, paper and packaging business helped to boost revenue by 18% from a year earlier. Net rose to \$199 million, or 90 cents a diluted share, from \$237 million, or \$1.18 a share, a year earlier. Analysts surveyed by First Call/Thomson Financial expected earnings of 88 cents a share. Revenue rose to \$3.69 billion from \$3.12 billion. The lumber-products company said it expects to cut production capacity by about 235,000 tons in the fourth quarter, compared with a reduction of 142,000 tons in the third quarter, to balance its inventory with orders to be delivered in the fourth quarter. Weyerhaeuser said it received lower orders in Asia and expects the sluggishness to continue in the fourth quarter. This move follows an announcement by International Paper Co. to shut plants in four locations to reduce paper supply and bolster prices. At 4 p.m. in New York Stock Exchange composite trading, Weyerhaeuser was down 19 cents at \$40.81.

Drug Import

In May 1993, Zhou Shiuyun of China's coastal Fujian province discovered she was pregnant by her longtime boyfriend. "We were both happy and went to the government office to register our marriage," Ms. Zhou recalled to a U.S. Congressional committee in June 1998. But because she was not yet 20 years old, permission to marry was denied.

Soon, morning sickness sent Ms. Zhou to a hospital. The doctor discovered her pregnancy and reported her to the government. "As I had no marriage certificate and no government-approved 'birth-allowed certificate,' my pregnancy was illegal and I could not have a child," Ms. Zhou said.

Communist Party officials came to her parents' house and, knowing the purpose of their visit, Ms. Zhou hid in her room. The men broke down the door to her room. Ms. Zhou was handcuffed and taken to the hospital, and locked in a room. "They gave me a pill, and they were to come back in about 30 minutes with an injection," Ms. Zhou testified. "They forced me to swallow the pill, but I escaped the injection." Ms. Zhou's boyfriend bribed a nurse with no more than \$100 and Ms. Zhou escaped through a window.

They traveled to the city of Guangzhou and boarded a ship that smuggled them out. "I hoped that by leaving China I would be able to find a safe place to give birth to my child," she said. In a San Diego hospital one month later, Ms. Zhou miscarried.

Most likely the pill Ms. Zhou was forced to ingest was mifepristone, a drug that prematurely kills the fetus. (Another drug, the injection Ms. Zhou evaded, expels the dead fetus.) According to Gao Ersheng, director of the Shanghai Institute of Planned Parenthood Research, the drug is used in roughly half of China's estimated 10 million annual abortions.

In September the U.S. Food and Drug Administration gave its approval to the drug, also known as RU-486, and

the first shipments to the United States are expected soon.

The ethics of abortion has long been contested in America and the decision was controversial. Social conservatives oppose making abortions more accessible, while liberals heralded the approval as a victory.

Out of safety concerns, the FDA took the unprecedented step of shielding the name of the drug's manufacturer. But according to the Washington Post, the company that will manufacture RU-486 for the U.S. is the Hua Lian Pharmaceutical Co., a state-owned enterprise in Shanghai. No other manufacturer would produce the controversial drug for America.

RU-486 isn't just another Chinese-made gadget for export, but an instrument in carrying out Beijing's one-child policy. China denies it has forced abortions, but plenty of governments, nongovernmental organizations and Chinese defectors say otherwise.

In one of her most controversial speeches, First Lady Hillary Clinton launched a thinly veiled attack on China's family planning policies at the September 1995 U.N. Conference on Women in Beijing. RU-486's advocates, however, support full federal subsidies to make the drug available to poor American women. That would put the U.S. government in the morally tendentious position of doing business with a Chinese national company that facilitates the country's appalling one-child policy.

U.S. abortion advocates argue that the issue is about a woman's choice. But in China it is about authoritarian restrictions on the most basic of human rights—life. Whether Americans wish to facilitate or restrict abortions in their own country is an issue for them to decide. But proponents of RU-486 won't be able to avoid the associations attached to the policies of the country in which it is manufactured, where young women such as Ms. Zhou are forbidden any such choice.



By Dan Levine, Agency France-Press
Rams' Kurt Warner runs up the points.

NFL Week 8 Fire power

St. Louis to be tested by Chiefs' defense
► Titans-Ravens in AFC showdown
Full report ■ 1, 8-9C



Tech industry scratching its head

New ideas just aren't there as the runaway train has come to an abrupt halt ■ 1-2B



Boston: the screen version

Hollywood loves setting up shop in Beantown. From TV's Cheers to the film Good Will Hunting, a must-see itinerary ■ 1D

Fri/Sat/Sun, October 20-22, 2000

Newsline

■ News ■ Money ■ Sports ■ Life

Big day for Dow, Nasdaq

Dow Jones industrial average rises 167.96 points to 10,142.98; Nasdaq index soars 247.04 to 3,418.60; 30-year Treasury bond yield drops to 5.75% 1, 4B
► USA TODAY Internet 100 rises 11 to 135.48
► Japan's Nikkei is up 489 points, 3.3%, to 15,300 early today; yen is 108.43 per dollar; Hong Kong's Hang Seng index is up 481 points, 3.4%, to 14,903.

Las Vegas grew 61% in the '90s

The population in the gambling mecca exploded during the decade, according to a new Census report of cities 100,000-plus. Among the surprises, El Paso shot ahead of Boston and Washington, D.C. 5A

When to sell stocks: Experts weigh in

Money managers are usually quiet on this one. But USA TODAY talked to three people with different views on how and when you should cash out. 3B



By Patricia Delaney, Agency France-Press

Mideast truce in jeopardy

Boys throw stones at an Israeli guard in the West Bank town of Ramallah Thursday, a day when an Israeli and a Palestinian died near a holy site. 13A

NASA takes on airline safety

Runway collisions will be the No. 1 cause of aviation deaths over the next 20 years, a government study predicts. NASA technology, a moving map, could change that. "This is big," one researcher says. 3A

Yemeni port called best option

The site where 17 sailors died in an attack last week was the most palatable of several bad choices, a former Mideast commander says. He also expects another attack, perhaps more deadly, in the future. 13A

Today's debate: Improving literacy

In USA TODAY's opinion, "Pabulum preschools cheat young learners." 16A
► "How children feel is as important as how they think, and how they are treated is as important as what they are taught," says Jack P. Shonkoff. 16A

Money: Honeywell sale in works

United Technologies is nearing an agreement to buy Honeywell International for \$40 billion. The boards are expected to vote on the deal this weekend. 1B
► The biggest companies don't always pay the biggest tax bills. Some paid no federal taxes at all. 2B

Sports: U.S. rolls at Presidents Cup

The Americans won all five matches in Day One, but International says it's not over yet. Golf. 1, 10C
► Dale Earnhardt says the Winston Cup championship is Bobby Labonte's to lose. Motor sports. 12C

Life: Spas make home even sweeter

Hard-working, highly stressed homeowners are bringing a touch of therapy into the home: high-tech spas. Consumers are soaking up this latest trend. 9D
► 2001 Mercedes-Benz C-class has minor glitches but earns "thunderous applause." Test drive. 10D

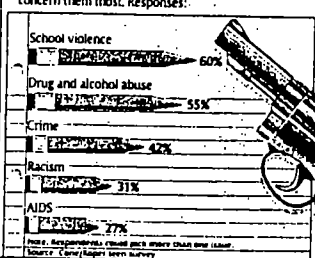
By John Sirinif

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USA TODAY Snapshots®

Top teen concern: School violence

An online survey asked students 12-17 what issues concern them most. Responses:



By Henry Wadsworth and Seth Starnes, Lucy Parson, USA TODAY

Crossword	11D
Editorial/Opinion	16-17A
Losties	7C
Marketplace Today	10-11A
State-by-state	4A
Stocks	4, 6-8, 10-11B

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Jackie's PRIVATE world



1991 photo by Stephen Sommers, AP

Her final years a profile in diamonds and dignity

Finding a career and holding her children close, Jackie turns to a surprise romance, strong even at the end ■ Final book excerpt; 1E

Guide to the Mets-Yankees showdown, 1-6C

Subway Series: The view from beyond the Hudson

For New York, this weekend is baseball delirium. But the rest of the country may say, 'Fuhgeddaboutit!'

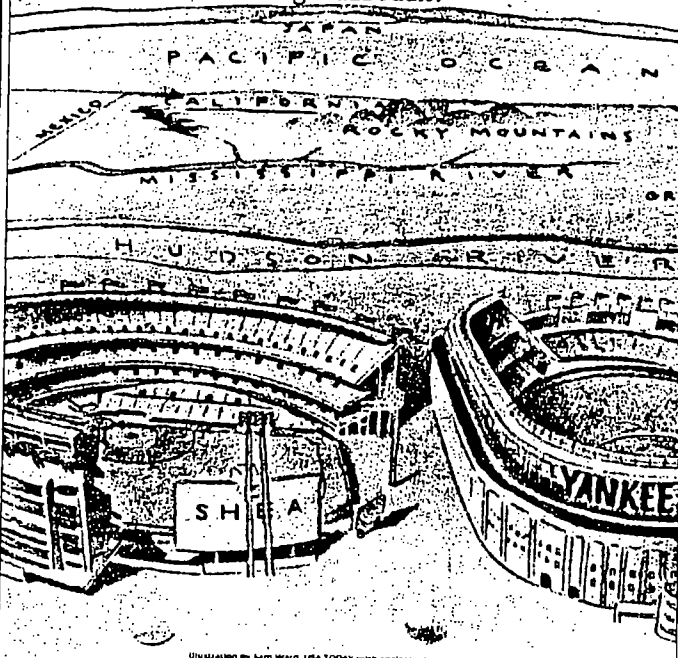


Illustration by Sam World USA TODAY with apologies to the late Saul Steinberg. The new series (Sept. 28, 1976)

World Series holds some appeal just because it's Fall Classic

By David Leon Moore
USA TODAY

In New York, they'll be riding the No. 4 train and the No. 7 train to their beloved Subway Series. Out here in the rest of the country, we'll be ordering a No. 4 or a No. 7 for lunch at the neighborhood Subway.

In New York, they'll be filtering out of Yankee Stadium and into the Bronx late at night serenaded by countless, ear-splitting verses of New York, New York, sung by Ol' Blue Eyes. Out here, we fear we're going to turn into Ol' Bleary Eyes trying to stay up for post-midnight finishes of four-hour ballgames at the Fall (Asleep) Classic.

In New York, baseball fever rages and passions are aflame. Out here, our baseball teams died weeks — or months — ago, and we're movin' on. If you're a baseball fan in New York, the World Series that starts Saturday night between the

American League's New York Yankees and the National League's New York Mets, the first all-New York World Series since the Yankees and Brooklyn Dodgers met in 1956, is basically Baseball Armageddon. (It should be noted, though, that in the book of Revelation, Armageddon is described as the final battle between good and evil, and you can get a healthy debate in Gotham about which team is which.)

If you're not a New Yorker, what then? Do you tune into this intra-city rumble because it is, after all, the World Series? Because some of the game's best and most dynamic players will be on display? And because, who knows, the Fox TV cameras might broadcast a scene or two of the Yankees' always-polite fans and the Mets' oh-so-civil supporters exchanging pleasantries with one another? Or do you tune this whole thing out because postseason baseball on TV has become too long, too boring and, this year, just too New York?

If it's an I-hate-New York opinion you're looking

Please see COVER STORY next page ►

Gore urged to call on Clinton

Dems push campaign to get president out on trail

By Mimi Hall and Susan Page
USA TODAY

WASHINGTON — The Gore campaign doesn't plan to use President Clinton for get-out-the-vote rallies in the closing weeks of the tight race for the White House, a decision that has sparked protests from several top Democratic leaders.

Senior Democrats say they have urged Al Gore's advisers to dispatch Clinton to help turn out the party faithful in big cities with many minority and union voters.

Yet Gore campaign strategists have resisted those entreaties, presumably for fear that the president would overshadow their candidate.

Another worry: reviving voter memories of administration scandals.
Gore senior strategist Tad Devine said Clinton will record telephone messages that will be automatically dialed to targeted households. But, he said, there are no plans for Clinton to appear at campaign rallies with Gore, as Ronald Reagan did for his vice president, George Bush, in the final days of the campaign in 1988. "I don't see a big tour," Devine said. "I don't think people view this election as a referendum on the last eight years."

Gore campaign chairman William Daley said campaign officials will meet soon with top Clinton aides to make final decisions about the president's role. Those close to the president say he is worried about the upcoming election and eager to play a bigger role. According to strategists, some Democratic congressional candidates would like Clinton to campaign for them, but the Gore campaign has pressured them to keep the president off the stump.

Few Democrats were willing to discuss the issue publicly, but some of those sent out by the Gore camp to tout the vice president's performance after Tuesday's debate with George W. Bush complained privately about Gore's reluctance to use Clinton.

Democratic National Committee Chairman Ed Rendell was more open. He told reporters that Clinton should be sent out on the campaign trail — and not be limited to the fundraising circuit.

Since January, the president has appeared at about 150 events to raise an estimated \$90 million for his party. He also has delivered speeches to African-American ministers and Hispanic leaders. However, the fundraisers are held behind closed doors, and the speeches have generated little publicity.

Some Democratic strategists also want Gore to focus more on the achievements of the Clinton-Gore administration. They note that despite his personal problems, Clinton — only the third Democrat in the 20th century to be elected to two terms (after Woodrow Wilson and Franklin Roosevelt) — remains enormously popular with core Democratic voters.

Nevertheless, during the three presidential debates this month, the vice president never mentioned the president's name.

Fed plays spin doctor to soothe investors

Bankers: Soft landing, oil relief in sight



Meyer: Economy is on track.

Greenspan: Eyes oil prices.

By Dina Temple-Raston
USA TODAY

A day after investors drubbed U.S. financial markets, Federal Reserve Chairman Alan Greenspan and other central bankers fanned out across the

USA to accentuate the positive. Greenspan told a monetary policy conference in Washington that productivity gains were keeping inflation at bay. For those worried about rising oil prices, Greenspan said the Fed has an eye out to ensure they don't harm the economy.

Even though the intensity of oil consumption is markedly below where it was 30 years ago, it still has the potential to alter the forces governing economic growth in the United

States," he said. "Policymakers will need to be alert for oil-driven, indeed energy-driven, risks to our expansion."

The calming words from Greenspan come at a time when bad economic news has been arriving daily. Oil prices have risen 25% since the beginning of August. The consumer price index rose 0.5% in September, its quickest pace in six months, and corporate earnings have been disappointing. Greenspan's upbeat assess-

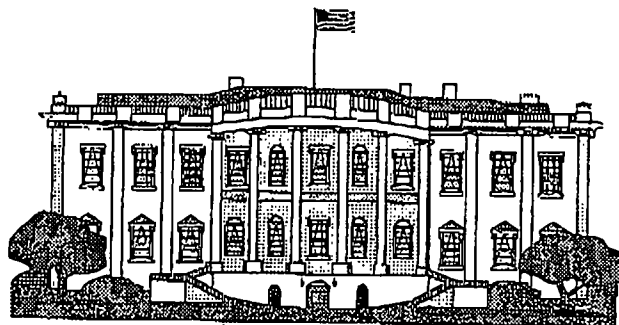
ment was echoed by other Fed policymakers. In St. Louis, Fed Gov. Laurence Meyer said the economy was on track for a "soft landing," and relief from high oil prices could be in sight. A decline in energy costs could then offset rising core inflation coming from consumer demand. "As a result of this balance of forces, we could still achieve a quite benign outcome, even if it isn't the soft landing that many anticipate," Meyer says.

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EXECUTIVE OFFICE OF THE PRESIDENT

Office of the Counsel to the President
Washington, DC 20502



FACSIMILE MESSAGE

TO: *Feather Howard*

FAX: *62878*

DATE: *11-2* PAGES: *2*

FROM: Michelle Aronowitz
Associate Counsel to the President

FAX NUMBER: (202) 456-2256

OFFICE NO: (202) 456-2024

COMMENTS:

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Dear Mr. Chairman:

This is in response to your letter of September 18 expressing concerns over the reported manufacture of mifepristone (marketed in some countries as the RU-486 abortion pill) in China.

~~The Food and Drug Administration (FDA) has declined to confirm or deny reports that mifepristone will be manufactured in China at the request of the company that applied to market mifepristone in the United States. We understand that factories in several countries are currently manufacturing mifepristone. The FDA, which is responsible for approving new drugs for use in the United States, has rigorous controls in place to monitor the safe manufacture of any drug, whether domestically or abroad, including mifepristone. The FDA can provide you with further information about FDA procedures.~~

More generally, you raised questions related to the prevalence and use of mifepristone in China. Our Embassy reports that mifepristone is widely used in China, and is gaining in popularity in the Chinese medical community as a relatively safe alternative to surgical abortions. Problems associated with the drug in China have centered not on the safety of the drugs themselves, but rather on improper use. In particular, there have been a number of cases reported in the Chinese press where women have used the drug without a doctor's supervision, and suffered complications as a result. Mifepristone is used in hospitals and family planning clinics in many Chinese cities, but is also now sold on the black market. We continue to press the Chinese about instances of coercion that occur under their family planning regime. Under Secretary Loy raised this issue when he visited Beijing in July 2000.

China's policy regarding reproductive rights. We share your concerns about forced family planning and

If we may be of further assistance in this or any other matter, please do not hesitate to contact us.

Sincerely,

Barbara Larkin
Assistant Secretary
Legislative Affairs

The Honorable
Jesse Helms, Chairman,
Committee on Foreign Relations,
United States Senate.

Total Pages: 5

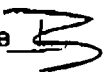
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**EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
Washington, D.C. 20503-0001**

Tuesday, October 31, 2000

LEGISLATIVE REFERRAL MEMORANDUM

TO: Legislative Liaison Officer - See Distribution below

FROM: Ingrid M. Schroeder (for) Assistant Director for Legislative Reference 
OMB CONTACT: Robert J. Pellicci
E-Mail: Robert_J_Pellicci@omb.eop.gov
PHONE: (202)395-4871 FAX: (202)395-6148

SUBJECT: **STATE Report on the manufacture of RU-486 in China**

DEADLINE: 3:00 P.M. Tuesday, October 31, 2000

In accordance with OMB Circular A-19, OMB requests the views of your agency on the above subject before advising on its relationship to the program of the President. **Please advise us if this item will affect direct spending or receipts for purposes of the "Pay-As-You-Go" provisions of Title XIII of the Omnibus Budget Reconciliation Act of 1990.**

COMMENTS: State Department response to Sen. Helms (in-coming attached) regarding the manufacture of RU-486.

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SUBJECT: STATE Report on the manufacture of RU-486 in China

RESPONSE TO LEGISLATIVE REFERRAL MEMORANDUM

If your response to this request for views is short (e.g., concur/no comment), we prefer that you respond by e-mail or by faxing us this response sheet. If the response is short and you prefer to call, please call the branch-wide line shown below (NOT the analyst's line) to leave a message with a legislative assistant.

You may also respond by:

- (1) calling the analyst/attorney's direct line (you will be connected to voice mail if the analyst does not answer); or
- (2) sending us a memo or letter

Please include the LRM number shown above, and the subject shown below.

TO: Robert J. Pellicci Phone: 395-4871 Fax: 395-6148
Office of Management and Budget
Branch-Wide Line (to reach legislative assistant): 395-7362

FROM: _____ (Date)
 _____ (Name)
 _____ (Agency)
 _____ (Telephone)

The following is the response of our agency to your request for views on the above-captioned subject:

_____ **Concur**

 No Objection

 No Comment

See proposed edits on pages _____

Other: _____

_____ FAX RETURN of _____ pages, attached to this response sheet

Dear Mr. Chairman:

This is in response to your letter of September 18 expressing concerns over the reported manufacture of mifepristone (marketed in some countries as the RU-486 abortion pill) in China.

The Food and Drug Administration (FDA) has declined to confirm or deny reports that mifepristone will be manufactured in China at the request of the company that applied to market mifepristone in the United States. We understand that factories in several countries are currently manufacturing mifepristone. The FDA, which is responsible for approving new drugs for use in the United States, has rigorous controls in place to monitor the safe manufacture of any drug, whether domestically or abroad, including mifepristone. The FDA can provide you with further information about FDA procedures.

More generally, you raised questions related to the prevalence and use of mifepristone in China. Our Embassy reports that mifepristone is widely used in China, and is gaining in popularity in the Chinese medical community as a relatively safe alternative to surgical abortions. Problems associated with the drug in China have centered not on the safety of the drugs themselves, but rather on improper use. In particular, there have been a number of cases reported in the Chinese press where women have used the drug without a doctor's supervision, and suffered complications as a result. Mifepristone is used in hospitals and family planning clinics in many Chinese cities, but is also now sold on the black market. We continue to press the Chinese about instances of coercion that occur under their family planning regime. Under Secretary Loy raised this issue when he visited Beijing in July 2000.

If we may be of further assistance in this or any other matter, please do not hesitate to contact us.

Sincerely,

Barbara Larkin
Assistant Secretary
Legislative Affairs

The Honorable
Jesse Helms, Chairman,
Committee on Foreign Relations,
United States Senate.

JESSE H. HELMS, NORTH CAROLINA, CHAIRMAN

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United States Senate

COMMITTEE ON FOREIGN RELATIONS

WASHINGTON, DC 20510-6225

September 18, 2000

The Honorable Madeleine Albright
 U.S. Secretary of State
 2201 "C" Street, N.W.
 Washington, D.C. 20520

Dear Madam Secretary:

I don't know whether you saw the September 5 Wall Street Journal article ("Abortion-Pill Venture Keeps the Shadows Awaiting Approval") which was based, in part, on leaked internal documents from Danco Laboratories.

Danco Laboratories, by the way, has pending before the FDA a letter seeking approval to market the RU-486 abortion pill in the United States.

I understand that Danco made a deal with Communist China for the manufacture of the abortion pills to be sold in the United States, if FDA approval is granted. If this is correct it raises a number of troubling questions:

- (1) Is the facility in China a state-owned facility?
- (2) Does the facility operate in accord with internationally recognized standards regarding worker safety, or with coercive or slave labor?
- (3) Does the management of the facility enforce the birth-quota system, which involves the monitoring of all female employees' menstrual cycles for unauthorized pregnancies – and if so, what threats or penalties are applied to a female employee of the facility who becomes pregnant without a permit? (For example, is she threatened with the loss of her position unless she submits to an abortion?)

- (4) Are abortion-inducing drugs already produced by the factory utilized as

7278-

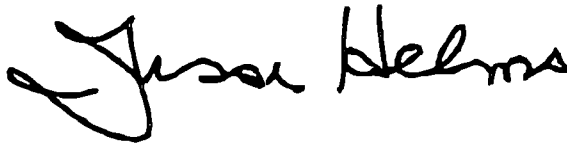
part of the nationwide birth-quota enforcement system, which has been well documented to rely heavily on many forms of coercion?

(5) Does the facility produce the anti-coagulation drugs that are reportedly given to some condemned prisoners prior to their execution, in order to facilitate immediate harvesting of their organs, which are sometimes provided to Party officials or to foreign buyers?

(6) Does the facility produce any drugs used in the interrogation of political prisoners?

I hope and pray that approval of RU-486 is not forthcoming. Surely, your Department will have to address these and other questions to be raised by many others if the Administration should make the mistake of approving the marketing of a Communist Chinese-manufactured abortion pill in the United States.

Sincerely,



JESSE HELMS:ggg



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

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10/31

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OF PAGES TO FOLLOW

5

FROM:

Annette (57300)

LEGISLATIVE REFERENCE DIV.

TO:

Michelle Aronowitz

Heather Howard

COMMENT:

State response to

Helm on RU 486

+ China

ACTION: FYI

RESPOND BY:

Total Pages: _____

LRM ID: RJP391

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
Washington, D.C. 20503-0001

Tuesday, October 31, 2000

LEGISLATIVE REFERRAL MEMORANDUM

TO: Legislative Liaison Officer - See Distribution below

FROM: Ingrid M. Schroeder (for) Assistant Director for Legislative Reference *B*

OMB CONTACT: Robert J. Pellicci
E-Mail: Robert_J_Pellicci@omb.eop.gov
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Ken Bernard
Don Shapiro
Ken Garrett
Wm. Marshall

URGENT

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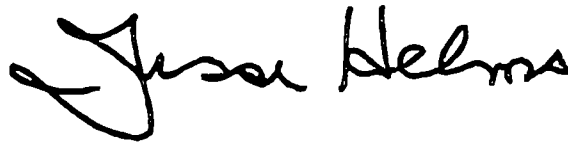
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JESSE HELMS:ggg

A handwritten signature in black ink, appearing to read "Jesse Helms". The signature is fluid and cursive, with a large initial "J" and a long, sweeping underline.