

## **Google: Entrance into the Chinese Market and Government Censorship**

On January 25, 2006, Google, Inc. announced that it would provide access to the Internet in China through a new portal, Google.cn. At the same time, Google executives agreed to censor all search results which included content considered objectionable by the Chinese government. This decision was announced in the wake of Google's very recent refusal to provide user information to the United States Government case against child pornography.

Wall Street's response confirmed the profit potential of the venture, as the company's share price rose 3.6% in just one day.<sup>1</sup> However, the company's announcement brought strong reaction from the press and human rights organizations, as well. Within days, headlines were screaming across the United States and around the world, accusing Google of abandoning its principles all in pursuit of profit.

### **Two Kids in a Sand Box**

As a graduate student at Stanford University, Sergey Brin led a tour for a prospective classmate, Larry Page. Both were strong willed and very opinionated, the two disliked each other immediately. Soon, however, they were practically inseparable because of a shared interest in technology. For years, the two Ph.D. students in computer science worked to develop a search engine they believed would revolutionize the use of the Internet. One of Page's Stanford professors literally laughed at his assertion that he could change the way early search engines were working.

By 1998, the duo founded a company known as BackRub, a name meant to reflect the technology's use of backward links to find useful websites. BackRub operated out of a dorm room until the duo received their first investment, a check for \$100,000 from an angel investor. Within two weeks, they rented out a space in a friend's garage and officially founded Google, Inc. By definition, Google refers to the number one followed by 100 zeros and was meant to represent the vast amount of data available on the Internet. The company was founded with a mission to "organize the world's information and make it universally accessible and useable."<sup>2</sup>

By 1999, less than one year later, Page and Brin had secured more than \$25 million in venture capital funds. Google had grown to just over sixty employees, and began to develop its own very unique culture. During that same year, the company relocated to the "Googleplex," an imposing office complex in Mountain View, California.

Page and Brin remained in executive roles, imparting their unique visions on the development of the company. They had successfully developed a business model which brought in large advertising revenues while maintaining a reputation as a free, user friendly search engine. Programs such as AdWords and AdSense allowed Google advertisers to target users according to keywords used in searches. Although the company seemed incredibly successful, their unique management styles led to the reputation that these two executives were still just kids playing in a

sand box. The long-term success of the company was widely doubted, though, both in the press and on Wall Street.

### **Don't Be Evil**

Over the next few years, Google continued to grow at a rapid pace. Although competitors such as Microsoft's MSN relied on traditional advertising, Google grew solely by word of mouth. The search engine's speed and ability to deliver highly accurate results drove its increasing popularity. The company developed multiple products meant to complement its search engine, including the Google Toolbar, Google Image Search, and Froogle an Internet shopping tool.

By 2001, Brin and Page sought outside industry experience to fill the role of CEO, and found this expertise in Eric Schmidt. While Schmidt has taken official leadership of the company, the two founders remain in active roles as Presidents. Decisions are made by committee, with all three participating.

In 2004, Brin and Page took the company public. The Initial Public Offering was controversial, due to its unorthodox style. Despite SEC investigations and negative attention on Wall Street, the offering was highly successful and valued the company in excess of \$100 billion.

At the time of the IPO, the company released a letter from the founders. The public document reasserted the mission of the company: "We believe strongly that in the long term, we will be better served . . . by a company that does good things for the world even if we forgo some short-term gains. We aspire to make Google an institution that makes the world a better place." Google's popularity and rapid growth are often attributed, in part, to the company motto which embodies these ideals: "Don't Be Evil."<sup>3</sup>

Google has since grown to become the 5<sup>th</sup> most popular website in the world, with more than 380 million visitors per month. More than 50 percent of all users are international. Since the IPO, Google's stock price has rocketed to an astounding price.<sup>4</sup>

The company is continuing its tradition of branching out into multiple product lines. By 2006, they had projects in development that included programs which would allow individuals the ability to track DNA history for themselves online. Google believes this will provide individuals the ability to take ownership of their own healthcare through identification of potential hereditary health risks.

### **Department of Justice Request**

In December of 2005, the Department of Justice requested all major search providers submit user information in an effort to investigate the prevalence of child pornography on the Internet. The ongoing investigation is an attempt to support the Child Online Protection Act, which imposes on all web sites the legal responsibility of shielding minors from harmful materials.

The subpoena requested a sampling of 1 million searches initiated through Google within

a one-week time frame. Competitors MSN and Yahoo were also subpoenaed for similar information, and have complied with Department of Justice requests. Google refused to provide any information, citing the importance of user privacy, and has chosen to fight the subpoena in federal court.<sup>5,6</sup>

### **The Chinese Market**

With a population of 1.3 billion and a growing economy, China represents an enormously important market for the future of U.S. companies. The number of Internet users in the country has grown substantially over the past few years, and is currently estimated to have reached 111 million regular users. China, in fact, is now ranked as the second largest Internet market in the world. The Chinese government gives all Internet search providers a difficult choice: either censor results or do not do business in China.

The primary Internet search provider in China is Baidu.com, a Chinese company which owns approximately 48% of the search engine market. Baidu has been ranked with the fastest responsiveness rate by users in China. The site is accepted as a clear leader in the market for both brand recognition and usage rates.

A study by Keynote Customer Experience Rankings acknowledges that the competitive advantages maintained by Google in the United States would be easily transferable to the Chinese market. Chinese customers ranked Google first, beating Baidu, Yahoo, and MSN in categories such as search quality, image search, and reliability. According to director of research and public services for Keynote, “we see that Chinese consumers really like the overall Google experience better. Eventually, this promises to translate into increased market share, particularly given Google’s strong resources and focus on the market.”<sup>7</sup>

Google did have a presence in the Chinese market prior to the announcement on January 20, 2006. However, the company had been unwilling to censor information on behalf of the Chinese government. A typical user search request initiated through the Google.com website would then would be filtered by the Chinese government to remove objectionable material. This process slowed Google’s search results significantly, making it difficult for the company to compete in the market.

### **Google.cn**

With the introduction of Google.cn, Chinese Internet users could access the same search engine with a speed similar to that of Google.com in the United States. Instead of the Chinese government filtering search results, Google now routes the inquiry through their own servers and removes any officially banned content. Search results are typically returned within only a fraction of a second. Although Chinese users would have previously received the same limited results, Google had no role in the actual censorship of information until the debut of Google.cn.

The filtered search results remove any reference to a number of subjects deemed by the Chinese government to be objectionable. Any content including mention of topics such as Tibet, Taiwan, Falun Gong, or the Dalai Lama is banned. A search on Google.cn for the phrase

Tiananmen Square returns results showing a smiling couple in the square at spring, or the large photo of Chairman Mao, which is permanently displayed. Absent are any links to the massacre of 1989. The same search on Google.com would include pages showing the all-too-familiar image of a student standing in front of line of tanks in protest.<sup>8</sup> See Appendix A for images.

### **Press Coverage**

The decision to censor their Chinese service turned Google, which had been heralded by an adoring press just months earlier for their exceptional stock performance, into the newest poster child for the more controversial elements of competing in the Chinese market. The fact that Google's actions appeared to be completely at odds with their motto of "Don't be evil" was an irony not lost on their critics, who quickly drew attention to the inconsistency. While a December 2005 issue of *Business Week* magazine had "Googling for Gold" as their cover story, February 2006 saw them headlining *Time* magazine with the less flattering, "Can We Trust Google with Our Secrets?"<sup>9,10</sup> The situation escalated when Tom Lantos, member of the United States House of Representatives and a Holocaust survivor and human rights advocate began to publicly speak out against the Internet providers, comparing their actions to those of the U.S. companies that collaborated with Nazis prior to World War II.<sup>11</sup>

### **Non-Government Organizations**

**Reporters Without Borders (RWB).** RWB is a Paris-based public interest group that acts as a media watchdog on an international level, condemning any attacks on what it considers to be the rights and freedoms of the press.<sup>12</sup> They quickly established themselves as the leading critic of those U.S. search engines that agreed to censor their material in order to gain access to international markets, beginning back in 2004 by writing top U.S. officials and pleading for a code of conduct regarding overseas Internet filtering. They said in their letters that "(the U.S.) places no restrictions on private-sector activity even when firms work with some of the world's most repressive regimes."<sup>13</sup> When Google decided to enter into the Chinese market two years later, the interest group was able to bring the issue more squarely into public attention, and Google became their top target.

"Google's statements about respecting online privacy are the height of hypocrisy in view of its strategy in China," said RWB in a January 25, 2006 press release issued in response to Google's announcement regarding its upcoming Chinese operations.<sup>14</sup> They argued that the censorship would result in China, which was already ranked 159<sup>th</sup> out of 167 countries in a 2005 RWB survey of press freedom, becoming even more isolated from the outside world.<sup>15,16</sup> "When a search engine collaborates with the government like this, it makes it much easier for the Chinese government to control what is being said on the Internet," said Julien Pain, head of RWB's Internet desk.

**Human Rights Watch (HRW).** HRW is the largest human rights organization based in the United States, with offices in regions around the world. The group investigates key human rights abuses both within the United States and internationally, and then publishes their findings in an effort to draw exposure to the issue.<sup>17</sup> Their testimony before the Congressional Human Rights Caucus on February 1 made a compelling argument that the Chinese government would

be unable to carry out its censorship effectively without the cooperation of U.S. search engines:

One lesson of China's experience with the Internet is that repressive governments cannot exercise full control over this medium without the willing cooperation of the private sector companies that are leaders in the industry . . . . China sought and received the cooperation of global Internet companies in limiting access to information.<sup>18</sup>

HRW argued that the U.S.'s dominance in the search engine market gave them considerable leverage against any country that hopes to benefit from the information age. The group proposed that if all the search engines acted together in refusing to comply with Chinese censorship rules, they would be in a very strong position to push for free access.<sup>19</sup> Despite their strong stance, the group has so far made no threat of a boycott. "How much choice do you have if all of these companies are doing this?" asked Mickey Spiegel, Senior Researcher at HRW. "We're not going to stop using the Internet."<sup>20</sup>

### **Competitor Response**

Top competitors Yahoo and Microsoft's MSN pose tough competition for market share in China. Yahoo is placing very different bets on the future for search engines, and Microsoft has the resources to really challenge Google in search capability and advertising.<sup>21</sup> Both companies were complying with Chinese censorship regulations before Google began to, and have had their own negative publicity to manage.

**Yahoo!** Yahoo came under fire for giving the Chinese government information that was used to convict Chinese Internet journalists Shi Tao in 2004 and Li Zhi in 2003.<sup>22</sup> The company defended its actions by saying that it didn't know how the information would be used. "I do not like the outcome of what happens with these things," said Yahoo co-founder Jerry Yang. "But we have to follow the law."<sup>23</sup> They also publicly encouraged the U.S. government to handle the issue, although they stated that it was too early for them to recommend how.<sup>24</sup>

**MSN.** In December 2004, Microsoft complied with an order from the Chinese government to close a site belonging to Michael Anti, a Beijing-based employee of The New York Times and one of China's most popular bloggers, which had been addressing sensitive political issues.<sup>25</sup> Microsoft Chairman Bill Gates responded by stating that "The ability to really withhold information no longer exists," and by outlining a policy in which sites blocked by government restrictions will still be available in all other parts of the world.<sup>26</sup>

**Cisco Systems.** While not a direct competitor for Chinese market share, the physical networking provider is one of the two U.S. companies the Chinese government relied on for the 2004 network upgrade that substantially improved their ability to track Internet searches.<sup>27</sup>

Microsoft and Yahoo issued a joint-statement on February 1 showing their support for collaboration with Google, Cisco, and the U.S. government in order to create industry guidelines for handling governmental restrictions.<sup>28</sup>

## Google's Response

Page, Brin, and CEO Eric Schmidt have been open in admitting that suppressing free speech for a totalitarian government is more than a little controversial. However, in this case they argue the benefits outweighed the costs. Senior Policy Council Andrew McLaughlin issued a statement defending Google's decision on the day of the announcement. "While removing search results is inconsistent with Google's mission, providing no information – or a heavily degraded user experience that amounts to no information – is more inconsistent with our mission."<sup>29</sup>

Vint Cerf, who serves as "Chief Internet Evangelist" at Google further justified the move in an interview with *Time* magazine. "There's a subtext to 'Don't be evil,'" he explained, "and that is 'Don't be illegal.'"<sup>30</sup> McLaughlin outlined the dilemma behind the decision in a Google Blog posted on January 27. See Appendix B for the full statement.

We ultimately reached our decision by asking ourselves which course would most effectively further Google's mission to organize the world's information and make it universally useful and accessible. Or, put simply: how can we provide the greatest access to information to the greatest number of people?<sup>31</sup>

Essentially, the Chinese market is simply too important for any major search engine to miss out on, regardless of the cost, and U.S. companies point out that if they withhold their expertise then firms from other countries will just step in.<sup>32</sup> Yahoo, MSN, and Google have also defended their actions by pointing out that the simple availability of the Internet, even if limited in scope, is considered a powerful engine spurring democratization. Then-President Bill Clinton observed in 2000 that "By letting our high-tech companies in to bring the Internet and the information revolution to China, we will be unleashing forces that no totalitarian operation rooted in the last century's industrial society can control."<sup>33</sup>

## Congressional Human Rights Caucus Briefing

The U.S. Congressional Human Rights Caucus held a briefing on February 1, addressing "Human Rights and the Internet: The People's Republic of China" in an effort to encourage policy discussion among Internet companies. Attendance at the briefing was optional, and Yahoo, Google, MSN, and Cisco all chose not to attend.<sup>34,35</sup> Google released a statement on the day of the briefing, thanking the Caucus for the invitation, and citing a previously scheduled commitment as their reason for not attending.<sup>36</sup> See Appendix C for the official Google Blog.

The statement also outlined Google's strategy for its operation in China, emphasizing the protection features put in place in order to minimize the harmful effects their filtering system has on information seekers: First, Chinese users are notified when their search has been altered by the filtering system. Second, services such as Gmail, chat rooms and blogging that involve users' personal information will not yet be offered out of concern that the Chinese government could demand such information, as they did from Yahoo in prior years. Third, large investments are to be made that encourage research and development within China.<sup>37,38</sup> These features, when combined with Google's decision to continue to provide users with the Chinese version of their unfiltered U.S. site, were intended to minimize the backlash for the agreement to censor in the

first place. For Representative Tom Lantos, head of the House International Relations Committee, this statement was not enough.

“These massively successful high-tech companies, which couldn’t bring themselves to send representatives to this meeting today, should be ashamed,” he said. “They caved in to Beijing for the sake of profits.”<sup>39</sup> While attendance at this meeting was optional, a February 15 hearing was called by Representative Chris Smith for which subpoenas were threatened. All four major companies indicated their plans to attend.

### **Legislative Action**

**Global Internet Freedom Act.** On the day before the congressional hearing, February 14, Secretary of State Condoleezza Rice proposed the Global Internet Freedom Act. A resolution under this name has been proposed by Congress every year since 2002; this version would commit \$50 million to the creation of a global Internet freedom policy and a task force to fight Internet-jamming by governments around the world.<sup>40</sup>

**Congressional Hearing.** A hearing called by Representative Smith, chairman of the House International Relations subcommittee on Africa, Global Human Rights and International Operations, was held on February 15 to officially examine the operating procedures of U.S. Internet companies in China. Smith questioned representatives from Yahoo, Google, Microsoft, and Cisco, as well as state department officials, and representatives of several human rights NGOs. The search engines faced harsh questioning and criticism in regards to their actions in China, and were even accused by Smith and Lantos of collaborating with persecutors who torture and imprison Chinese citizens, comparing the roles of US companies in China to the collaboration of American companies with the Nazis prior to WWII.<sup>41</sup>

When Google was asked by Representative James Leach if they tried to negotiate at all with the Chinese government, Elliot Schrage, Google’s Vice President for Corporate Communications and Public Affairs had to admit that they did not. “We did not have much of a negotiating position,” he began. “It was a condition of doing business. Lots of businesses in China perform filtering and censorship.”<sup>42</sup>

Representative Lantos, who is also a Holocaust survivor and human rights advocate, was not impressed with the performance of the search engine representatives. “I believe their performance at the hearing was worse than dismal,” he said. “They were unprepared to admit to any mistake, to any shame, to any responsibilities for what their behavior had brought.”<sup>43</sup>

Representative Smith had already begun drafting legislation that would regulate the relationship between U.S. companies and nations that place restrictions on the Internet, though Representative Lantos admitted that the proposal’s chances of passing would be hurt by the controversial nature of the legislation.<sup>44</sup>

**Global Online Freedom Act.** Representative’s Smith’s legislation, titled the Global Online Freedom Act of 2006 was introduced on February 16. The act would forbid U.S. Internet companies from locating content servers inside China or any country that abuses human rights,

and from cooperating with officials of such countries in effecting political censorship of online content.<sup>45</sup> Yahoo, Microsoft, and Google have all expressed support for the pending legislation.

### **Shareholder Reaction**

In the weeks leading up to the release of its fourth-quarter earnings report, Google's stock fell nearly 7.5% from its high of \$471.63 on January 11 as a result of the controversy concerning their refusal to supply the Department of Justice with the user information it requested.<sup>46</sup> The January 25 announcement to enter the Chinese market was met favorably by investors, with share price increasing 3.6% overnight. (See Appendix D for a chart of stock price.) The stock price was at \$432.66 when the market closed on Tuesday, January 31 prior to disappointing fourth quarter results: the 23% increase over the company's third quarter revenue fell short of the 30% investors were expecting.<sup>47</sup> The result was an Earning Per Share (EPS) figure of \$1.54 instead of the estimated \$1.76. It was the first time Google had missed its earnings expectations since going public in August 2004.

The stock dropped by over 16% at one point in after-hours trading, and opened at \$389.03 with a loss in value of nearly \$15 billion on Wednesday morning, February 1. The stock rebounded modestly that day, closing at \$401.78.<sup>48</sup> Google blamed their disappointing figures on a higher effective tax rate than they had expected, but the market was not forgiving. The share price continued to fall as investors awaited the results of the Congressional Hearing on February 15. After hitting a low on the day of the hearing of \$342.40, the stock began to improve, ending the week after the Congressional Hearing at \$368.75.<sup>49</sup>

### **Under Investigation in China**

In addition to all the problems at home, Google found themselves facing trouble in China as well. A state-run newspaper called the Beijing News reported on Tuesday, February 21 that Google was under investigation by Chinese authorities for operating in China without a proper license.<sup>50</sup> The ad ran alongside an editorial that harshly criticized the service provider for entering into the Chinese market only to complain about being required to follow Chinese law. Additionally, Chinese authorities had recently begun pressuring Google to remove the notification that appears on the bottom of every page filtered due to government regulation, to cut off access in China to its regular, unfiltered search engine, and to offer GMail and blogging services.<sup>51</sup> So far, Google has refused, but the fact that the license they use in China is standard for foreign Internet firms has raised speculation that the Chinese Ministry of Information Industries only brought up the license issue in order to put pressure on Google to comply with the demands of the Chinese government.<sup>52</sup> If this is the case, Google's legal issues in China will not be easily solved.

### **Current Dilemma**

The image of Google in the media and among investors has been severely damaged. Their refusal to provide the U.S. Justice Department with the user information it requested contrasts sharply with the perceived desertion of their principles that seemed to accompany their entry into the Chinese market. The combination of this inconsistency and the disappointing fourth quarter earnings results had many investors wondering if Google had finally lost its momentum, and if a



company that prided itself on “not being evil” would be able to uphold their ideals while growing internationally. Brin, Page, and Schmidt knew they would have to develop a strategy that would convince the market that Google could handle the balancing act, and reestablish themselves as the innovative leader with a conscience they had been in the past.



### Discussion Questions

1. Did Google’s decision to censor information for Chinese users compromise their business principles, or is providing some information better for the Chinese people than providing none at all?
2. Was Google’s refusal to comply with the Department of Justice investigation inconsistent with the company’s cooperation with Chinese censorship policies?
3. How, if at all, did the company’s philosophy of “Don’t be Evil” influence their decision?
4. Why was Google subjected to so much more scrutiny than their competitors were in this case? Should they embrace this higher standard, or find a way to separate themselves from it?
5. What effects did Google’s decision to not attend the Congressional Human Rights Caucus briefing have?
6. As Google continues to grow, is it possible to maintain the same corporate structure and philosophy the company was founded upon?
7. How should Google respond to organizations protesting their entry in the Chinese market? What about press coverage?
8. Do businesses have a responsibility to uphold human rights when entering international markets?

9. Can Google remain competitive in the Chinese market without offering blogging and Gmail services? If not, how can they protect themselves and their users' privacy?
10. What long-term implications will this decision have on Google's reputation?

## Appendix A









[Sign in](#)

[Web](#) [Images](#) [Groups](#) [News](#) [Froogle](#) [Local](#) [Scholar](#) [more »](#)  
 Google Images

tiananmen square   [Advanced Image Search](#)  
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**Images** Showing: All image sizes Results 1 - 20 of about 13,400 for tiananmen square [definition]. (0.06 seconds)

 <p>The <b>Tiananmen Square</b> photo 494 x 449 pixels - 23k - jpg <a href="http://www.rollins.edu">www.rollins.edu</a></p>	 <p>An icon at <b>Tiananmen Square</b> 1989 600 x 380 pixels - 102k - jpg <a href="http://multigraphic.dk">multigraphic.dk</a></p>	 <p>... on protesters in <b>Tiananmen Square</b> . 220 x 168 pixels - 13k - jpg <a href="http://www.cnn.com">www.cnn.com</a></p>	 <p>... Demonstrations in <b>Tiananmen Square</b> 400 x 282 pixels - 71k - gif <a href="http://www.historywiz.com">www.historywiz.com</a></p>
 <p>Remember <b>Tiananmen Square</b> 640 x 403 pixels - 58k - jpg <a href="http://www.loc.gov">www.loc.gov</a></p>	 <p><b>Tiananmen Square, 15 Years After</b> 450 x 383 pixels - 24k - jpg <a href="http://www.lilithgallery.com">www.lilithgallery.com</a></p>	 <p><b>Tiananmen Square, 15 Years After</b> 705 x 742 pixels - 133k - jpg <a href="http://www.lilithgallery.com">www.lilithgallery.com</a> [ <a href="#">More results from</a> <a href="http://www.lilithgallery.com">www.lilithgallery.com</a> ]</p>	 <p>... massacre since <b>Tiananmen Square</b> 440 x 330 pixels - 40k - jpg <a href="http://crispictures.org">crispictures.org</a></p>

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使用了 SafeSearch 功能。 (了解更多)

图片 显示: 所有尺寸图片 约有68项符合tiananmen square的查询结果, 以下是第1-20项。 (搜索用时 0.05 秒)



... Mrs. Gutierrez at Tiananmen Square  
1728 x 1152 像素 - 317k - jpg  
[www.usembassy-china.org.cn](http://www.usembassy-china.org.cn)



... Raising Ceremony in Tiananmen Square  
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The Revamped Tiananmen Square ...  
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... Tiananmen Square to celebrate ...  
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Clean of Tiananmen Square kicks off  
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Tiananmen Square protest planners ...  
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Full day tour to Tiananmen Square, ...  
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## Appendix B



Googler insights into product and technology news and our culture.

Google in China

1/27/2006 11:58:00 AM

Posted by Andrew McLaughlin, senior policy counsel

Google users in China today struggle with a service that, to be blunt, isn't very good. [Google.com](http://Google.com) appears to be down around 10% of the time. Even when users can reach it, the website is slow, and sometimes produces results that when clicked on, stall out the user's browser. Our [Google News](#) service is never available; [Google Images](#) is accessible only half the time. At Google we work hard to create a great experience for our users, and the level of service we've been able to provide in China is not something we're proud of.

This problem could only be resolved by creating a local presence, and this week we did so, by launching [Google.cn](http://Google.cn), our website for the People's Republic of China. In order to do so, we have agreed to remove certain sensitive information from our search results. We know that many people are upset about this decision, and frankly, we understand their point of view. This wasn't an easy choice, but in the end, we believe the course of action we've chosen will prove to be the right one.

Launching a Google domain that restricts information in any way isn't a step we took lightly. For several years, we've debated whether entering the Chinese market at this point in history could be consistent with our mission and values. Our executives have spent a lot of time in recent months talking with many people, ranging from those who applaud the Chinese government for its embrace of a market economy and its lifting of 400 million people out of poverty to those who disagree with many of the Chinese government's policies, but who wish the best for China and its people. We ultimately reached our decision by asking ourselves which course would most effectively further Google's mission to organize the world's information and make it universally useful and accessible. Or, put simply: how can we provide the greatest access to information to the greatest number of people?

Filtering our search results clearly compromises our mission. Failing to offer Google search at all to a fifth of the world's population, however, does so far more severely. Whether our critics agree with our decision or not, due to the severe quality problems faced by users trying to access Google.com from within China, this is precisely the choice we believe we faced. By launching Google.cn and making a major ongoing investment in people and infrastructure within China, we intend to change that.

No, we're not going to offer some Google products, such as [Gmail](#) or [Blogger](#), on Google.cn until we're comfortable that we can do so in a manner that respects our users' interests in the privacy of their personal communications. And yes, Chinese regulations will require us to remove some sensitive information from our search results. When we do so, we'll disclose this to users, just as we already do in those rare instances where we alter results in order to comply with local laws in France, Germany and the U.S.

Obviously, the situation in China is far different than it is in those other countries; while China has made great strides in the past decades, it remains in many ways closed. We aren't happy about what we had to do this week, and we hope that over time everyone in the world will come to enjoy full access to information. But how is that full access most likely to be achieved? We are convinced that the Internet, and its continued development through the efforts of companies like Google, will effectively contribute to openness and prosperity in the world. Our continued engagement with China is the best (perhaps only) way for Google to help bring the tremendous benefits of universal information access to all our users there.

We're in this for the long haul. In the years to come, we'll be making significant and growing investments in China. Our launch of google.cn, though filtered, is a necessary first step toward achieving a productive presence in a rapidly changing country that will be one of the world's most important and dynamic for decades to come. To some people, a hard compromise may not feel as satisfying as a withdrawal on principle, but we believe it's the best way to work toward the results we all desire.

## Appendix C



Googler insights into product and technology news and our culture.

Human Rights Caucus briefing

2/01/2006 08:26:00 AM

Posted by Andrew McLaughlin, Senior Policy Counsel

For today's Member Briefing of the U.S. [Congressional Human Rights Caucus](#) on "Human Rights and the Internet – The People's Republic of China," we've submitted the following statement:

Congressional Human Rights Caucus Members' Briefing  
"Human Rights and the Internet – The People's Republic of China"  
Submission of Andrew McLaughlin, Google Inc.  
February 1, 2006

On behalf of Google, I would like to thank the Members of the Human Rights Caucus for inviting Google to participate in today's Member Briefing on Human Rights and the Internet in China.

Though previously scheduled commitments prevent me from appearing in person today, I reiterate Google's offer to participate in a Member Briefing on another date, to

brief Members individually, and to continue briefing staff on our activities in China.

## I. Google.cn in China

The rationale for launching a domestic version of Google in China – a website subject to China’s local content restrictions – is that our service in China has not been very good, due in large measure to the extensive filtering performed by Chinese Internet service providers (ISPs). Google’s users in China struggle with a service that is often unavailable, or painfully slow. According to our measurements, Google.com appears to be unavailable around 10% of the time. Even when users can reach Google.com, the website is slow, and sometimes produces results that, when clicked on, stall out the user’s browser. The Google News service is almost never available; Google Images is available only half the time.

These problems can only be solved by creating a local presence inside China. By launching Google.cn and making a major ongoing investment in people, infrastructure, and innovation within China, we intend to provide the greatest access to the greatest amount of information to the greatest number of Chinese Internet users. At the same

time, the launch of Google.cn did not in any way alter the availability of the uncensored Chinese-language version of Google.com, which Google provides globally to all Internet users without restriction.

In deciding how best to approach the Chinese – or any – market, we must balance our commitments to satisfy the interests of users, expand access to information, and respond to local conditions. Our strategy for doing business in China seeks to achieve that balance through improved disclosure, targeting of services, and local investment.

A. Improved Disclosure to Users of Google.cn. In order to operate Google.cn as a website in China, Google is required to remove some sensitive information from our search results. These restrictions are imposed by Chinese laws, regulations, and policies. However, when we remove content from Google.cn, we disclose that fact to our users. This approach is similar in principle to the disclosures we provide when we have altered our search results to comply with local laws in France, Germany, and the United States. When a Chinese user gets search results from which one or more results has been filtered, the Google webpage includes an explicit notification – an indication that the search results are missing something that might otherwise be relevant. This is not, to be sure, a tremendous advance in transparency to users, but it is at least a meaningful step in the right direction.

B. Targeting of Services on Google.cn. Google.cn today includes three basic Google services (web search, image search, and Google News), together with a local business information and map service. Other products – such as Gmail and Blogger – that involve personal and confidential information will be introduced only when we are comfortable that we can provide them in a way that protects users’ expectations about that information. We are conscious of the reality that data is subject to the laws and

regulations of the country in which it is stored, and we make decisions about where to locate our services with that reality squarely in mind.

C. Local Investment and Innovation. Looking beyond the Google.cn launch, we will continue to make significant investments in research and development in China. We believe these investments – and the innovations that will result – will help us to better tailor our products to user demands and better demonstrate how the Internet can help advance key objectives supported by the Chinese government, such as building stronger, more efficient, and more equitable markets, promoting the rule of law, and bolstering the fight against corruption.

While China has made great strides in the past decades, it remains in many ways closed. We are not happy about governmental restrictions on access to information, and we hope that over time everyone in the world will come to enjoy full access to information. Information and communication technology – including the Internet, email, instant messaging, weblogs, peer-to-peer applications, streaming audio and video, mobile telephony, SMS text messages, and so forth – has brought Chinese citizens a greater ability to read, discuss, publish and communicate about a wider range of topics, events, and issues than ever before. We believe that our continued engagement with China is the best (and perhaps only) way for Google to help bring the tremendous benefits of universal information access to all our users there.

## II. Next Steps

1. Expanded Dialogue and Outreach. For more than a year, Google has been actively engaged in discussion and debate about China with a wide range of individuals and organizations both inside and outside of China, including technologists, businesspeople, government officials, academic experts, writers, analysts, journalists, activists, and bloggers. We aim to expand these dialogues as our activities in China evolve, in order to improve our understanding, refine our approach, and operate with openness.

2. Voluntary Industry Action. Google supports the idea of Internet industry action to define common principles to guide technology firms' practices in countries that restrict access to information. Together with colleagues at other leading Internet companies, we are actively exploring the potential for Internet industry guidelines, not only for China but for all countries in which Internet content is subjected to governmental restrictions. Such guidelines might encompass, for example, disclosure to users, and reporting about governmental restrictions and the measures taken in response to them.

3. Government-to-Government Dialogue. In addition to common action by Internet companies, there is an important role for the United States government to address, in the context of its bilateral government-to-government relationships, the larger issues of free expression and open communication. For example, as a U.S.-based company that deals primarily in information, we have urged the United States government to treat censorship as a barrier to trade.

On behalf of Google, I would like to thank the members of the Human Rights Caucus for their attention to these important and pressing issues.

### Appendix D



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