

China tries to limit Google dispute fallout

JOE McDONALD - AP Business Writers - Associated Press

China tried Friday to keep its censorship row with Google from damaging business confidence or ties with Washington, promising good conditions for foreign investors but giving no sign it might relax Internet controls.

U.S.-China trade and economic ties will not be affected by any Google Inc. decision to withdraw from China, said Commerce Ministry spokesman Yao Jian at a regular briefing. However, he insisted foreign companies must obey Chinese law.

"China will still strictly adopt a policy of openness and offer a good investment environment," Yao said. "We emphasize that foreign companies including Google should all follow international standards and respect local law and regulations and local culture and customs to shoulder social responsibility."

The loss of such a high-profile company would be an embarrassment to communist leaders, who want to make China a technology leader. But the ruling party sees control over information as critical to maintaining its monopoly on power.

U.S.-Chinese ties are periodically strained by disputes over trade, human rights and U.S. support for self-ruled Taiwan, claimed by Beijing as its own territory. But the two sides maintain dialogue in a series of forums and say they want constructive relations.

The White House applauded Google's announcement that it would stop censoring search results in China and might close its China-based Google.cn site after hacking attacks on its Gmail e-mail service. But other companies appear unlikely to follow suit and challenge China's Internet controls.

Yao said the Commerce Ministry has received no formal notice that Google plans to leave China.

Some employees of Google's Beijing development center were at work Friday after the staff were given a day off following the announcement. Employees declined to talk to reporters.

Google engineers in Beijing were cut off from its internal development network based at company headquarters in Mountain View, California, said someone at another technology company who talked with Google employees. He spoke on condition he not be identified to avoid damaging relations with Google.

A Google spokeswoman, Jessica Powell, said by e-mail that it was "business as usual" on Friday at the Beijing office but declined to comment on possible curbs on computer access.

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Google bought 200 tickets for idle employees to watch the movie "Avatar" on Friday, the newspaper Beijing Youth Daily said. The National Business Daily said some employees were moved to Google's Hong Kong office.

Google hopes it can persuade the Chinese government to agree to changes that would enable its China-based Google.cn site to show uncensored search results. "We are optimists," Google spokesman Scott Rubin said Thursday.

Beijing requires Internet traffic to pass through government-controlled gateways that block access to material deemed subversive or pornographic. Google's China-based site excludes from its results any foreign Web sites to which access is blocked.

If a compromise isn't worked out within the next few weeks, the company intends to shut down Google.cn and pull out of China. Rubin said Google hasn't set a deadline for breaking the impasse.

Google has been in touch with the Chinese government to alert officials about its plans, but Rubin didn't know whether the two sides have scheduled additional meetings yet.

Images from the 1989 Tiananmen Square crackdown on pro-democracy protests cropped up in Google.cn's search results Thursday, leading some Web surfers to conclude Google had begun to defy censorship rules. But Rubin said Google.cn is still censoring its results to comply with China's law and protect its employees there.

Google is prepared to abandon the Internet's biggest market because of computer-hacking attacks that pried into the e-mail accounts of human-rights activists protesting the Chinese government's policies.

The assault also hit at least 20 other publicly traded companies, according to Google. IDefense, the security arm of VeriSign Inc., issued a report saying the attacks hit at least 34 companies, including Google.

In a separate report Thursday, computer security experts McAfee Inc. said its investigation determined the hackers exploited a flaw in Microsoft Corp.'s Internet Explorer browser. Microsoft confirmed the weakness in a Thursday advisory and said the security hole can be closed by setting the Internet zone security to "high." The company did not immediately issue a software fix, though.

Google traced the attacks on its computers to hackers in China, but so far hasn't directly tied the chicanery to the Chinese government or its agents. IDefense says its anonymous sources in the intelligence- and defense-contracting industries have determined the attacks originated from "a single foreign entity consisting either of agents of the Chinese state or proxies thereof."

The White House applauded Google for confronting China about its censorship after discovering the hacks.

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"The United States has frequently made clear to the Chinese our views on the importance of unrestricted Internet use, as well as cybersecurity," White House spokesman Nick Shapiro said. "We continue (to) look to the Chinese for an explanation."

The State Department tried to get some answers Thursday. David Shear, a deputy assistant secretary of state who deals with China, met over lunch with a high-ranking representative of China's U.S. embassy. The Chinese ambassador to the United States is likely to be summoned to the State Department in the coming days, agency officials said.

One of the human-rights activists whose e-mail was hacked said she was notified of the intrusion on her account in a Jan. 7 call from David Drummond, Google's top lawyer. Tenzin Seldon, a Tibetan rights activist and sophomore at Stanford University, said she allowed her laptop to be inspected by Google's security experts, who found no viruses on the machine.

Seldon, 20, has a new Gmail password and a new hope for free speech in China now that Google is taking a stand against the Chinese government.

Liedtke reported from San Francisco. Associated Press researcher Bonnie Cao in Beijing and Associated Press Writers Chi-chi Zhang and Vincent Thian in Beijing and Eileen Sullivan and Matthew Lee in Washington contributed to this report.

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