# Google tries a route around Chinese Web censorship

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Google Inc. will shift its search engine for China off the mainland but won't shut it down altogether and will maintain other operations in the country. The maneuver attempts to balance Google's disdain for China's Internet censorship rules with its desire to profit from an explosively growing market.

On Monday afternoon, visitors to Google.cn were being redirected to Google's Chinese-language service based in Hong Kong. Google does not censor those results, but Chinese government filters can still restrict the results that are seen by mainland audiences.

The Hong Kong page heralded the shift with this announcement: "Welcome to Google Search in China's new home." The site also began displaying search results in the simplified Chinese characters that are used in mainland China.

Google's move comes after a 2½-month impasse pitting the world's most powerful Internet company against the government of the world's most populous country.

Google plans to keep its engineering and sales offices in China so it can keep a technological toehold in the country and continue to sell ads for the Chinese-language version of its search engine in the U.S. The company, based in Mountain View, Calif., also intends to keep its mapping and music services on Google.cn.

But Google is still taking a financial risk. The revolt against censorship threatens to crimp Google's growth, particularly if taking the stand prompts the Chinese government to retaliate by making it more difficult for the company to do business in the country.

Google set up a search engine inside China in 2006, even though that meant complying with rules requiring the omission of search results the government deemed subversive or pornographic. Google's pages for China noted that some results had been excluded. But the complicity sparked widespread criticism among Google supporters, including some of its own employees, who believed the company was violating its "Don't Be Evil" motto.

Then on Jan. 12, the search company vowed to shake loose from government-imposed restraints on the Internet. It said it was no longer comfortable playing by the rules after it determined that Google and more than 20 other U.S. companies had been targeted in computer hacking attacks originating from China.

The attackers also tried to pry into the e-mail of human rights activists opposed to the ruling party's policies, according to Google. That raised the specter that the

Chinese government or its agents played a role in the espionage, although Google never made a direct accusation.

Despite its outrage, Google had hoped to persuade the Chinese government to let it run a search engine that could deliver unrestricted results. Failing that, Google wanted to find enough common ground to maintain its research center and sales team in the country.

It's unclear whether Google's attempt to skirt China's censorship rules by using Hong Kong as a back door will provoke more acrimony. China's Ministry of Industry and Information Technology did not issue an immediate comment early Tuesday in Beijing.

"Figuring out how to make good on our promise to stop censoring search on Google.cn has been hard," David Drummond, Google's top lawyer, wrote in a Monday blog posting. "We want as many people in the world as possible to have access to our services, including users in mainland China, yet the Chinese government has been crystal clear throughout our discussions that self-censorship is a non-negotiable legal requirement."

Drummond said it's still possible that Google may pull some of its sales force out of China if the government blocks access to the Hong Kong search engine. About 700 of Google's 20,000 employees are in China.

"We very much hope that the Chinese government respects our decision, though we are well aware that it could at any time block access to our services," Drummond wrote.

The prospects for a truce have seemed remote at times because China's communist leaders publicly did little to conceal their indignation at Google's defiance.

But many analysts believed China didn't want to lose Google completely, possibly because it might be interpreted as a setback in the government's efforts to foster more innovation.

For its part, Google wanted to stay in China so it could keep hiring computer programmers and peddling ads in the country. Google also believes its presence in China could lead to looser rules on censorship that would allow it to revive its search engine in the country eventually.

If the compromise approach works, it could ease the financial pain of Google's stand against censorship.

As it was, China accounted for a small fraction of Google's $24 billion in annual revenue. Analysts estimate Google brought in $250 million to $600 million from China. It's unclear how much of that amount flowed exclusively from Google.cn.

But investment analysts have worried about the long-term consequences of Google's actions in China. Opportunities there figure to grow faster than in the U.S.

or Europe. Even if Google remained a distant second in search behind the homegrown Baidu.com Inc. in China, Google could still prosper as more Internet ads are served up in the country.

Investors, not surprisingly, have seemed to be more interested in profit than principles. Google shares have slipped 5 percent since its Jan. 12 warning about a possible shutdown in China. The technology-driven Nasdaq composite stock index has climbed about 5 percent during the same span. Google shares fell slightly after the announcement and were trading Monday afternoon at $557.50, down $2.50 for the day.

China's financial promise is the main reason other technology companies, including Microsoft Corp., seem intent on staying in China. If Google exited the country completely, Microsoft and other technology companies might have had an easier time recruiting China's best engineers.

Yahoo Inc. closed its offices in China in 2005 when it sold its business there to Alibaba Group, but remains a major player in the market through a 39 percent stake it holds in Alibaba.

China has been one of the few markets in which Google doesn't dominate. The prospects of Google's search engine falling out of the picture have led investors to bet that Baidu will become an even more dominant force. Baidu shares have soared about 50 percent since Google raised the possibility of leaving China. Baidu's U.S. shares rose $10.84, 1.9 percent, to $580.49 in afternoon trading Monday.

Even if Google.cn had been shuttered entirely, the Chinese population might have still been able to do some Internet searching through Google. That's because the company also has a Chinese-language version of its search engine on its U.S. site, Google.com. But that might not always be reachable from China if the government uses its filters to block access, as it has done in the past.

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AP Technology Writer Jessica Mintz in Seattle contributed to this report.

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On the Net:

Google's blog post:

http://googleblog.blogspot.com/2010/03/new-approach-to-china-upd te. html

**Source URL (retrieved on *08/20/2014 - 5:03pm*):**
[http://www.ecnmag.com/news/2010/03/google-tries-route-around-chinese-web-censorship?qt-recent_content=0](http://www.ecnmag.com/news/2010/03/google-tries-route-around-chinese-web-censorship?qt-recent_content=0)