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From: Sullivan, Jacob J <SullivanJJ@state.gov>
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Fyi

Google to shut China search engine

By Richard Waters in San Francisco and Kathrin Hille in Beijing

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Google has drawn up detailed plans for the closure of its Chinese search engine and is now “99.9 per cent” certain to go ahead as talks over censorship with the Chinese authorities have reached an apparent impasse, according to a person familiar with the company’s thinking.

In a hardening of positions on both sides, the Chinese government also on Friday threw down a direct public challenge to the US search company, with a warning that it was not prepared to compromise on internet censorship to stop Google leaving.

The signs that Google was on the brink of closing Google.cn, its local search service in China, came two months after it promised to stop bowing to censorship there. But while a decision could be made very soon, the company is likely to take some time to follow through with the plan as it seeks an orderly closure and takes steps to protect local employees from retaliation by the authorities, the person familiar with its position said.

Google is also seeking ways to keep its other operations in China going, although some executives fear that a backlash from the Chinese authorities could make it almost impossible to keep a presence in the country.

When the search giant first promised to end censorship in response to what it claimed were a series of cyber-attacks mounted from inside China, many China-watchers warned that its public defiance of Beijing would provoke a stern response.

On Friday, Li Yizhong, minister for industry and information technology, said: “If [Google] takes steps that violate Chinese laws, that would be unfriendly, that would be irresponsible, and they would have to bear the consequences.”

One person close to the search company, meanwhile, said that its senior executives remained “adamant” about ending the censorship. The company has also ruled out keeping the search service going by handing majority control, or even the entire business, to a local player, this person said.

Google’s executives have made it clear that they still hope to stay in the country, whatever the fate of Google.cn. “It’s very important to know we are not pulling out of China,” Eric Schmidt, Google’s chief executive, told the Financial Times at the time. “We have a good business in China. This is about the censorship rules, not anything else.”

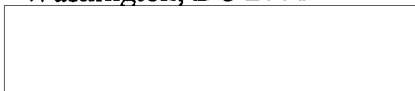
The company’s other operations, which pre-date the launch of Google.cn four years ago, include its research centre in Beijing and a sales force that sells advertising on the Chinese-language Google.com search service, based outside China, to advertisers inside the country.

Mr Li encouraged Google to continue its operations in the country. “[Google] has taken 30 per cent of the Chinese search market.

“If you don’t leave, China will welcome that, if you don’t leave, it will be beneficial for the development of the internet in China.”

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Evan S. Medeiros
Washington, DC 20010



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