

Google and Yahoo tread careful line in Beijing internet row

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Since the end of last year, the California First Amendment Coalition, a free speech group with ties to the US tech industry, has been pushing the Bush administration to launch a trade dispute against China on internet censorship.

A petition the group has filed with the Office of the US Trade Representative argues that American internet service providers were being severely damaged by restrictions placed on internet usage by Beijing. The curbs violate several international trade agreements, CFAC says, including the protocol China signed when it joined the WTO in 2001.

But though CFAC's board of directors includes Nicole Wong, associate general counsel at Google, and Neil Budde, vice-president and editor in chief of Yahoo News, the petition has not won clear industry support.

Privately, some internet executives say they are wary of taking sides with CFAC, given what they see as its hard line on internet censorship in China. Pushing publicly to make it the basis of a trade case would be seen as direct antagonism by the Chinese government, according to one.

The situation illustrates the careful line both industry and government have to tread in dealing with China over issues of trade and human rights.

Yahoo said it was reviewing the proposal, but did not have a position. "While companies have an important role to play, we also believe the US government has the most significant leverage through diplomatic avenues on global issues of human rights," the company said. "Trade is one of many tools the government has in its toolbox to help effect change on these important international issues."

A Google spokesman said his company supported the idea that censorship should be seen as a trade barrier and should be included in negotiations, but added that it did not have an official position on the CFAC petition. "We're in talks on that idea," Google said.

CFAC claims that China has configured its information technology infrastructure to block thousands of US websites and "employs advanced software at the router level" to prevent people from accessing American websites. It also claims there is a "web of regulations" that forces US internet companies to register at a local level or submit content for government approval, making it practically very difficult for them to do business in China.

CFAC claims that these restrictions discriminate against US companies, putting them at a disadvantage compared with Chinese rivals such as Baidu and Alibaba, in violation of several WTO rules, as well as the protocol agreed by China when it joined the multilateral trading system in 2001.

"We look at this as a commercial issue," says Gil Kaplan, a former Reagan administration official who covers trade at lawyers King and Spalding in Washington, and is representing CFAC on a pro-bono basis.

"Ideas and intellectual content - those are some of our greatest industries. And we allow China to sell all sorts of things over here." Mr Kaplan hopes the Olympics in Beijing will shine a brighter spotlight on the censorship issue.

USTR declined to comment on whether or not it would pursue a case against China. The Chinese embassy in Washington did not return a call for comment.

Mr Kaplan claims the case against China would be simpler than critics assume. He says the Chinese "firewall" goes beyond what the WTO would allow as an acceptable content review

and, in addition, the restrictions are not spelled out clearly enough, violating the WTO's requirements on transparency.

But many Washington trade scholars view it as unlikely. Eric Altbach of the National Bureau of Asian Research, who served as deputy assistant trade representative for China until the end of 2007, says: "A case primarily focused on China's content review would be extremely unlikely to succeed at the WTO. As a general matter, USTR looks very closely at the merits of any potential WTO case, and is extremely resistant to moving forward without a strong legal basis."

Mr Altbach also suggests the administration may be reluctant to use the WTO to address what could be viewed as "non-trade foreign policy objectives".

"Attempts to address other kinds of political issues would put additional strain on the WTO at a time when its legitimacy has been weakened by the collapse of the Doha round, and could threaten to undermine its ability to enforce trade rules," he says.

Fonte: Financial Times, London, August 22 2008. Primeiro Caderno. p. 4.

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