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The Politics of Google's China Exit

By JOHN HUDSON on March 16, 2010 1:05pm



In the latest sign that Google is leaving the country, the Chinese government instructed Google to "appropriately handle remaining issues." A spokesman said that if Google pulls out, it must obey China's laws. Observers are also pointing to the fact that Google missed its deadline to register its Web site with the Chinese government. So who stands to win and who stands to lose in this widely watched showdown? Here's what technology writers are saying:

- **Comes at a Cost to Google**, writes [Sam Gustin](#) at Daily Finance: "What's the price of standing for a principle? For Google, it could be as much as half a billion dollars this year if the web giant closes its Chinese-language website, according to investment bank UBS. That outcome looked increasingly likely."
- **Comes at a Cost to China**, writes [The Associated Press](#): "China without Google – a prospect that looks increasingly likely – could mean no more maps on mobile phones. A free music service that has helped to fight piracy might be in jeopardy. China's fledgling Web outfits would face less pressure to improve, eroding their ability to one day compete abroad. Such a step could have repercussions for major Chinese companies as well as local Web surfers... Other companies rely on Google for search, maps and other services and might be forced to find alternatives. China Mobile Ltd., the world's biggest phone company by subscribers, with 527 million accounts, uses Google for mobile search and maps."
- **Helps Google's Image**, writes [Henry Blodget](#) at The Business Insider: "More likely, Google is trying to get the Chinese government to formally boot Google out of China. This would make the Chinese government look bad, and it would also look better than Google withdrawing in a huff." On top of that, Google doesn't have much to gain from China, writes [Larry Dignan](#) ZDNet. "Google's calculus in exiting China is vastly different than other players. For instance, Microsoft can play ball with China on the Internet because the real return is getting government cooperation on software piracy."
- **Makes Sense for Everyone** writes [Drea Knufken](#) at Business Pundit: "By withdrawing from China, Google is taking a stand against censorship. Google, however, has been censoring for about 4 years already, has deep ties with the Obama administration, and doesn't have a big market share in China anyway. The company's move is also in sync with Hillary Clinton's statement against the information curtain that Internet censorship represents. Meanwhile, China is already angry about US arms sales to Taiwan. There's more to this story than freedom of information (Google's spin) and the Chinese government's adherence to its "Internet clean-up" campaign."

The Debate

- [The Pullout](#) [Larry Dignan](#), ZDNet
- [Exit Costs](#) [Sam Gustin](#), Daily Finance
- [Google Stops Censoring](#) [Henry Blodget](#), Business Insider

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