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Google and the Government of China: A Case Study in Cross-Cultural Negotiations

The team of Google executives assigned to negotiate with Chinese government officials began to arrive at San Francisco International Airport two hours before their scheduled departure. The seasoned team had been briefed on Chinese culture throughout the past two weeks by a special consultant retained for the negotiations. They had also been provided with an executive summary of press coverage on China and China's most recent policy announcements regarding the Internet. The flight across the Pacific would give the executives valuable time to prepare for the negotiations concerning the acquisition of a Chinese domain name for Google and to reflect on just how far the company had come.

By the summer of 2005, Google had matured from a cutting-edge Silicon Valley start-up to emerge as one of the world's Internet titans. In only eight years the brainchild of two Stanford University graduate students had transformed an industry and was generating impressive earnings from advertising and the licensing of its search engine technology. Google's publicly traded stock had skyrocketed since it began trading a year before (**Exhibit 1**). The company was admired for its audacious goals (nothing short of organizing and providing access to "the world's information"¹), its corporate principles (famously and succinctly encapsulated in three words: "Don't be evil"²), and its healthy balance sheet. By combining a Microsoft-like aggressiveness, an Apple-esque zest for innovation, and seemingly rigid adherence to utopian ideals, Google had captivated its users, customers, and investors. The company's flagship Web site, Google.com, stood among the most visited sites on the Internet (**Exhibit 2**).

A company that sought to organize "the world's information" would never be content with limiting its presence to the U.S. market. As Internet usage in other countries had grown, so had Google's presence in those countries (for estimates of Internet usage in various countries, see **Exhibit 3**). Google had gradually expanded its geographic presence and established itself as one of the most visited sites in the world. During this expansion, it had added other domain names to assist non-American customers with their searches. These names, such as Google.fr for French users, could be viewed as brand extensions of the original Google.com, and captured a great number of international users. This in turn netted Google additional revenue. By 2005 nearly 40 percent of Google's revenue and more than half its user traffic came from outside the United States (see **Exhibit 4** and **Exhibit 5**). Google had also added a number of complementary services to its core search engine business, including both consumer and commercial applications (see

¹ Verne Kopytoff, "Google Bows to China Pressure," *San Francisco Chronicle*, January 25, 2006.

² Ibid.

Exhibit 6 for a partial list of Google’s other products and services). While the company had made strong inroads into Europe and Asia, the team of executives headed to Beijing was keenly aware that one market remained beyond their reach: China.

Though Google.com was periodically available to Chinese users, it did not provide reliable and efficient service to that market. The company had tried to protect its financial interest in the Chinese market by acquiring a stake in the Chinese search engine company Baidu, but Chinese law prohibited Google from holding more than a minority stake. Therefore, Google decided to expand its own presence in China. In the summer of 2005, plans for an expansion became more public—and appeared more concrete—after Google finally succeeded in hiring Dr. Kai-fu Lee away from Microsoft. Lee was a world-renowned computer scientist widely praised and highly regarded in China and among the Chinese high-tech community. Court documents made public during Google’s efforts to pull Lee away from Microsoft revealed that Google intended to establish a new Chinese research and development center supporting thirty to fifty engineers, headed by Lee. The executives on the flight were aware that these revelations had fueled speculation that Google was planning to establish a more permanent presence in China.

Although users in China could access any of Google’s censorship-free offshore sites (e.g., Google.com or Google.co.uk), their searches were monitored by the Chinese government, and results found unacceptable were blocked by the censors. One notable example of this censorship was the difference in the results of searches for Tiananmen Square on Google.com and Baidu.cn (see **Exhibit 7** and **Exhibit 8**). Because Google’s searches could return results deemed contrary to China’s interests, the government tried to block access to Google’s site. This interference slowed the Google site’s speed and actively interfered with its efficiency.

The Chinese government was able to accomplish this monitoring and blocking using its “Great Firewall,” a system “that includes a blacklist of foreign sites blocked in China and filters that can stop e-mail and make Web pages inaccessible if they contain certain keywords.”³ China’s Great Firewall was the result of laws and regulations that required Chinese Internet service providers (ISPs) to extensively filter all Web sites for illegal information. Sites targeting the Chinese market therefore faced a choice: establish a server presence in China (and submit to state regulation on the front end of the search) or maintain an offshore server and force users to endure significant delays caused by the Firewall acting on the back end of the search. Google had operated offshore in an attempt to skirt Chinese law, so its users’ results had to pass through the Great Firewall on their way to and from the company’s offshore servers. Search results were slow, if not blocked entirely. Thus, to improve performance and its users’ experiences, Google desperately needed to place servers behind the Chinese firewall. Once its servers were located in China, Google’s search speed would be more competitive. Yet obstacles remained, and time was of the essence. Baidu was gaining momentum and Google’s management was very concerned about the possibility of losing market share. The executives began to formulate their negotiation strategy shortly after takeoff.

Google’s Perspective

The negotiations team had received a list of Google’s management’s concerns prior to leaving the company’s Mountain View, California, headquarters. Management wanted to enhance

³ Philip P. Pan, “The Click That Broke a Government’s Grip,” *Washington Post*, February 19, 2006.

the company's legitimacy with Chinese users, but knew doing so might be difficult for a company labeled as another Silicon Valley success story. China was a nationalistic culture, and the Chinese consumer was less willing to accept foreign brands when Chinese alternatives existed. As an example, Zhao Jing, a journalist well known for his provocative, political blogs about the Communist Party, was sharply criticized by some Chinese bloggers for moving his blog to an American site—MSN's Spaces—instead of a Chinese blogging site.⁴ The sooner Google could acquire a “.cn” domain name, the sooner it could distance itself from its American roots. Only then would it become a member of the “in-group.”⁵ This in turn could lead to greater revenue streams from advertising to Chinese users.

However, Google's goals were not all financial. One nonfinancial consideration concerned governmental regulation of the site through monitoring and filtering. Because the company's primary goal was to satisfy users' preferences for “instant gratification”⁶ of their information needs, it opposed any interference that might slow down or restrict a user's ability to retrieve information. This was a major motive for acquiring a “.cn” domain name. However, censorship could harm Google's credibility among Chinese and non-Chinese users, which would conflict with its goal of building “the most loyal audience on the Web.”⁷

Google's management also would have to reconcile any action in China that could be viewed as censorship with its most famous principle: “Don't be evil.” If Google were to agree to the level of censorship required by the Chinese authorities, it would likely face fierce criticism in the United States for appearing to act antithetically to its philosophy (see **Exhibit 9** for excerpts from Google's code of conduct). The Google negotiations team had witnessed the media furor that Yahoo had faced when it turned over information transmitted by Chinese users of its e-mail services to the Chinese government. That information was later used to sentence three cyberdissidents to prison terms ranging from three to ten years.⁸

Yet even though the Google team would seek to avoid “evil” actions, the company's policy also required it to comply with local laws and regulations. Google complied with requests from authorities not to list neo-Nazi sites returned in searches in France and Germany and not to list results in the United States that violated the U.S. Digital Millennium Copyright Act. Google's adherence to these forms of state-mandated censorship demonstrated its willingness to abide by local laws.

The negotiations team had an alternative approach to entering the Chinese market, though it was not particularly attractive. The company could lobby China for access to a larger stake in Baidu. By upping its investment in a “homegrown” search engine company, Google could comply with the Chinese government's regulations governing Internet firms, maintain an uncensored Google.com site, and maintain its integrity. However, access to Google.com would remain painfully slow, and the result would likely be user frustration and lost market share. Further, because of regulatory limitations in China, Google might not be able to obtain a controlling interest in Baidu. Without complete control over Baidu, Google's revenue from China would be limited. Fortunately, Google's negotiations team would be assisted by Dr. Lee, who had

⁴ Philip P. Pan, “Bloggers Who Pursue Change Confront Fear and Mistrust,” *Washington Post*, February 21, 2006.

⁵ See Jeanne M. Brett, *Negotiating Globally* (San Francisco, CA: Jossey-Bass, 2001), 16 (discussing the importance of belonging to the “in-group” in collectivist cultures, such as China).

⁶ <http://www.google.com/intl/en/corporate/tenthings.html>.

⁷ *Ibid.*

⁸ Nicholas D. Kristof, “China's Cyberdissidents and the Yahoos at Yahoo,” *New York Times*, February 19, 2006.

gained experience dealing with the Chinese government while working for Microsoft. He also brought with him an element of prestige as a result of the admiration that many Chinese scientists and programmers held for him.

China's Perspective

After discussing its options, the negotiations team began to review its executive summary on China. The documents made it clear that the two parties would have different objectives during the negotiations. While the Google team would focus on profits and brand management, China would focus on a number of other considerations. The Chinese government had a goal of achieving technological parity with the United States, and consistently strove to provide its citizens and companies with access to the very best technology. Allowing Google to have a Chinese domain name and set up a research and support facility site in China would give some Chinese engineers access to Google's proprietary research technology. This access might help curtail the "brain drain" (loss of technologically talented students and engineers to the United States and other countries) and create jobs for Chinese citizens. The possibility of retaining key talent might have been reinforced by the hiring of Dr. Lee, whose continued presence in the country might encourage other scientists and engineers to remain in China.

It was also clear that China's leaders viewed the issue of Internet regulation (or censorship) as extremely important. They recognized how important Internet access and use was to China's economic development, but also sought to control the Internet's power. In order to squash dissent and limit political opposition, the government had long had a policy of strict media control. Content in newspapers, radio, television, and now the Internet was heavily controlled by the state, and these sources were prevented from reporting on or providing access to news deemed contrary to the Chinese government's interests.

The report provided to the Google negotiations team noted China's leaders' desire to improve their nation's economy while preserving political stability. This balancing act was conducted "bearing in mind the history and culture of China."⁹ In a September 2004 address to the Central Committee of the Communist Party, President Hu had warned that outsiders were attempting to westernize China.¹⁰ The government was striving to prevent this process, and an unambiguous mode of doing so was to censor political discussions. The Internet was "unwittingly ushering an age of startling social change" in China, and the government was willing to employ censorship, including more than 30,000 Internet policemen to patrol the Internet, to put the brakes on it.

The summary also discussed China's leaders' bureaucratic efforts at self-preservation. Both the functionaries in the Internet Propaganda Management Department and the Ministry of Information Industry (which issued the Internet content provider [ICP] licenses) sought to please the party hierarchy to ensure their jobs and political longevity. The media had reported that despite initial hopes that President Hu would introduce democratic reforms, the president "has placed particular emphasis on tightening the party's control over public opinion, presiding over a crackdown to restore discipline to state media and intimidate dissident intellectuals."¹¹ Thus, it was firmly in the interest of the Chinese bureaucracy to insist that, as a condition of getting a

⁹ James V. DeLong, "Google Is Right on China," *TCS Daily*, January 31, 2006, <http://www.tcsdaily.com>.

¹⁰ Philip P. Pan, "Hu Tightens Party's Grip on Power," *Washington Post*, April 24, 2005.

¹¹ *Ibid.*

license to establish a server within China, Google had to agree to censor its content and search results.

Finally, in restricting westernizing elements of the Internet through censorship, China could affirm its status as an independent actor in the global marketplace. As head of a hierarchical culture that valued status, the Chinese government sought to promote China as a powerful and independent actor in world forums. The government had in the past been critical of other Internet businesses that refused to follow its objectives and directives. For example, the online encyclopedia Wikipedia was completely banned in China until 2006 (see **Exhibit 10**). An anonymous post on the Wikipedia site claimed that Wikipedia's users had been acting as "running dogs for American imperialism."¹² "Running dog" is an expression in Mandarin that means servile follower or lackey.¹³ Many Chinese suspected the post had been made by a government agent. The government would likely seek to prevent any loss of face that might accompany a decision to cave in to any of Google's demands concerning Chinese law and the government's official policy on the availability of information deemed contrary to the state's best interests.

China had another option as well. Instead of allowing Google access to a ".cn" domain name, China could deny Google the license and continue to rely on local search engine alternatives to provide Chinese consumers with Internet searching services. Baidu had been steadily gaining market share, and was already one of the most visited sites in the world. It was a known entity and the Chinese government was already monitoring its compliance with Chinese law. The site was very similar in substance and style to Google. Though failure to bring a technologically advanced company such as Google to China would damage the regime's international reputation, it would likely produce fewer domestic repercussions.

Searching for a Resolution

As the Google negotiators arrived in Beijing, several concerns lingered. Chief among them was how the team would be able to reconcile the company's principles with its profit motives. The Chinese government officials assigned to negotiate with the Google team had concerns as well. Given the distance between the two parties on a number of important issues, neither party was confident that a deal would be reached. It would take a keen understanding of each other's issues, positions, and interests to understand their motivations. Moreover, each party would have to understand how the culture of its counterpart might influence the outcome of the discussions. The Google team settled into its accommodations and prepared to meet with government officials later that day.

¹² Philip P. Pan, "Reference Tool on Web Finds Fans, Censors," *Washington Post*, February 20, 2006.

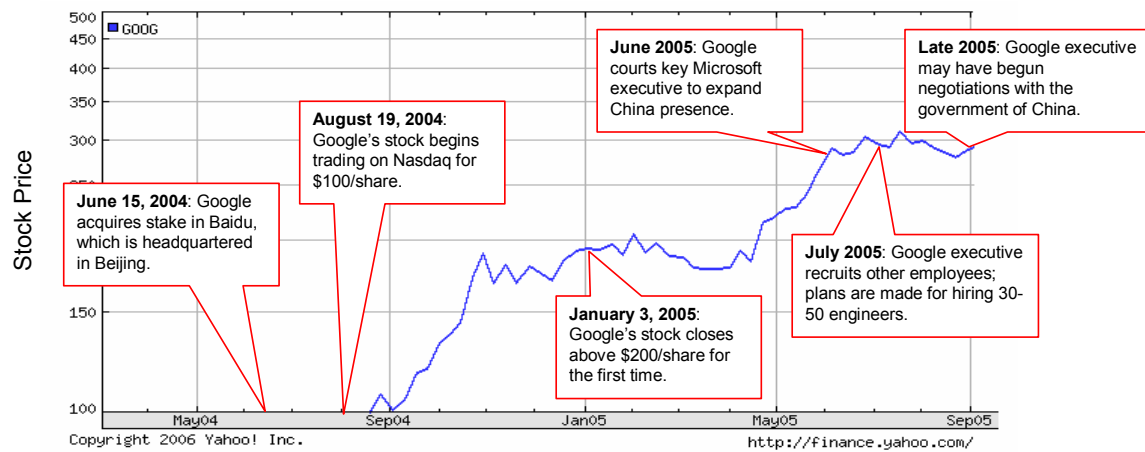
¹³ Dictionary.com, available at: <http://dictionary.reference.com/search?q=running%20dog>.



Preparation for the Classroom Discussion

1. Develop a negotiations planning document using the Kellogg format in **Exhibit 11**.
2. Come to class prepared to support and explain the priorities that you see for the Chinese government and Google, and discuss their respective best alternative to a negotiated agreement (BATNAs).¹⁴
3. What ethical dilemmas do you foresee for Google? Is there any way to resolve them?
4. Do you see any potential for an integrative agreement that creates value for both parties?

¹⁴ See Roger Fisher, William Ury, and Bruce Patton, *Getting to Yes* (New York: Penguin Books, 1991).

Exhibit 1: Timeline of Key Events and Google's Stock Price**Exhibit 2: Top Ten Most Popular Web Sites in the World, March 2006**

1. www.yahoo.com
2. www.msn.com
3. www.google.com
4. www.baidu.com
5. www.yahoo.co.jp
6. www.sina.com.cn
7. www.ebay.com
8. www.sohu.com
9. www.myspace.com
10. www.qq.com

Source: http://www.alexa.com/site/ds/top_sites?ts_mode=global&lang=none.

Exhibit 3: Worldwide Internet Usage Rates

#	Country or Region	Internet Users, Latest Data	Population (2006 Est.)	Internet Penetration (%)	Source and Date of Latest Data	% of World Users
1	United States	207,161,706	299,093,237	69.3	Nielsen//NR Aug. 2006	19.1
2	China	123,000,000	1,306,724,067	9.4	CNNIC June 2006	11.3
3	Japan	86,300,000	128,389,000	67.2	eTForecasts Dec. 2005	7.9
4	India	60,000,000	1,112,225,812	5.4	ITU Sept. 2006	5.5
5	Germany	50,616,207	82,515,988	61.3	Nielsen//NR Aug. 2006	4.7
6	United Kingdom	37,600,000	60,139,274	62.5	ITU Sept. 2006	3.5
7	Korea (South)	33,900,000	50,633,265	67.0	eTForecasts Dec. 2005	3.1
8	France	29,521,451	61,004,840	48.4	Nielsen//NR Aug. 2006	2.7
9	Italy	28,870,000	59,115,261	48.8	ITU Sept. 2005	2.7
10	Brazil	25,900,000	184,284,898	14.1	eTForecasts Dec. 2005	2.4
11	Russia	23,700,000	143,682,757	16.5	eTForecasts Dec. 2005	2.2
12	Canada	21,900,000	32,251,238	67.9	eTForecasts Dec. 2005	2.0
13	Spain	19,204,771	44,351,186	43.3	Nielsen//NR Aug/06	1.8
14	Mexico	18,622,500	105,149,952	17.7	ITU Sept. 2006	1.7
15	Indonesia	18,000,000	221,900,701	8.1	eTForecasts Dec. 2005	1.7
16	Turkey	16,000,000	74,709,412	21.4	ITU Sept. 2006	1.5
17	Australia	14,189,557	20,750,052	68.4	Nielsen//NR Aug. 2006	1.3
18	Taiwan	13,800,000	22,896,488	60.3	C. I. Almanac March 2005	1.3
19	Netherlands	10,806,328	16,386,216	65.9	Nielsen//NR June 2004	1.0
20	Poland	10,600,000	38,115,814	27.8	C. I. Almanac March 2005	1.0
	Top 20 Countries	850,166,585	4,064,319,458	20.9	IWS Sept. 2006	78.3
	Rest of the World	236,084,318	2,435,377,602	9.7	IWS Sept. 2006	21.7
	Total World Users	1,086,250,903	6,499,697,060	16.7	IWS Sept. 2006	100.0

Source: <http://www.internetworldstats.com/top20.htm>.

Exhibit 4: Google's Sources of Revenue (\$)

	Three Months Ending September 30,		Nine Months Ending September 30,	
	2004	2005	2004	2005
	(unaudited)			
Advertising revenues				
Google Web sites	411,671	884,679	1,058,645	2,278,848
Google network Web sites and magazines	384,285	675,012	1,064,263	1,889,369
Total advertising revenues	795,956	1,559,691	2,122,908	4,168,217
Licensing and other revenues	9,931	18,765	34,814	51,251
Revenues	805,887	1,578,456	2,157,722	4,219,468

Source: Google's Third Quarter 2005 10-Q SEC Statement.

Exhibit 5: Google's Revenue—United States vs. International (%)

Segment	Year Ending December 31,				
	2001	2002	2003	2004	2005
United States	86	79	71	66	61
International	14	21	29	34	39














Note: Google slightly revised its 2003 figures in its 2005 10-K filing. Moreover, it supplied additional data beginning in 2006 as to how much of its international revenue was earned in the United Kingdom. In 2003 earnings in the United Kingdom accounted for 10 percent of revenue, and rose to 13 and 14 percent in 2004 and 2005, respectively.

Sources: Google's S-1 Statement (filed in 2004) and Google's 2005 10-K Statement.




*The growth in international revenues from the three and nine months ended September 30, 2004 to the three and nine months ended September 30, 2005 is the result of our efforts to provide search results to international users and deliver more ads from non-U.S. advertisers. **We expect that international revenues will generally continue to grow as a percentage of our total revenues during 2005 and in future periods.** While international revenues accounted for approximately 39% of our total revenues in the nine months ended September 30, 2005 and 33% in the nine months ended September 30, 2004, **more than half of our user traffic during these periods came from outside the U.S.***

Source: Google's Third Quarter 2005 10-Q SEC Statement, p. 24 (emphases added).









Exhibit 6: Partial List of Google's Services**More Google products****Search**

-  [Alerts](#)
Get email updates on the topics of your choice
-  [Blog Search](#)
Find blogs on your favorite topics
-  [Book Search](#)
Search the full text of books
-  [Catalogs](#)
Search and browse mail-order catalogs
-  [Checkout](#)
Complete online purchases more quickly and securely
-  [Desktop](#)
Search and personalize your computer
-  [Directory](#)
Browse the web by topic
-  [Earth](#)
Explore the world from your PC
-  [Finance](#)
Business info, news, and interactive charts
-  [Froogle](#)
Shop for items to buy online and at local stores
-  [Images](#)
Search for images on the web
-  [Local](#)
Find local businesses and get directions
-  [Maps](#)
View maps and get directions

Explore and innovate

-  [Code](#)
Download APIs and open source code
-  [Co-op](#)
Contribute your expertise to help improve Google search
-  [Labs](#)
Explore Google's technology playground

Communicate, show & share

-  [Blogger](#)
Share your life online with a blog -- it's fast, easy, and free
-  [Calendar](#)
Organize your schedule and share events with friends
-  [Docs & Spreadsheets](#)
Create and share your projects online and access them from anywhere
-  [Gmail](#)
Fast, searchable email with less spam
-  [Groups](#)
Create mailing lists and discussion groups
-  [Picasa](#)
Find, edit and share your photos
-  [SketchUp](#)
Create 3D models for Google Earth
-  [Talk](#)
IM and call your friends through your computer

Source: <http://www.google.com/intl/en/options/>.

Exhibit 7: First Images Returned when Searching for “Tiananmen Square” on Google.com (accessed March 2006)

The screenshot shows the Google Images search interface. At the top, there are navigation links for Web, Images, Groups, News, Froogle, Local, and more. The search bar contains the text "Tiananmen Square" and a "Search" button. Below the search bar, there are links for "Advanced Image Search" and "Preferences". A "SafeSearch is off" notification is visible. Below the search bar, there is a "Showing:" dropdown menu set to "All image sizes". Two image results are displayed:

- Image 1:** A photograph of military tanks on a street. The caption reads: "The **Tiananmen Square** photo 494 x 449 pixels - 23k - jpg" with the source "www.rollins.edu".
- Image 2:** A photograph of military tanks on a street, similar to the first image. The caption reads: "An icon at **Tiananmen Square** 1989 600 x 380 pixels - 102k - jpg" with the source "multigraphic.dk".

Exhibit 8: First Images Returned when Searching for “Tiananmen Square” on Baidu.cn (accessed March 2006)

The screenshot shows the Baidu image search interface. At the top, there are navigation links for 新闻 (News), 网页 (Web), 贴吧 (Baidu Postbar), 知道 (Knowledge), MP3, and 图片 (Images). The search bar contains the text "Tiananmen Square" and a "百度搜索" (Baidu Search) button. Below the search bar, there are links for "帮助" (Help) and "高级搜索" (Advanced Search). Below the search bar, there are radio buttons for "新闻图片" (News Images), "全部图片" (All Images), "大图" (Large Image), "中图" (Medium Image), "小图" (Small Image), and "壁纸" (Wallpaper). Below the search bar, there is a "把百度设为首页" (Set Baidu as homepage) link. Below the search bar, there are three promotional links: "美女图片明星写真!免费看!", "双鱼座音乐专题, New!", and "快来体验最新的mp3铃声". Two image results are displayed:

- Image 1:** A photograph of a modern building. The caption reads: "90x90 4k gif" and "PEK Capital . Beijing 机场".
- Image 2:** A photograph of a modern building, similar to the first image. The caption reads: "90x90 4k gif" and "PEK Capital . Beijing 机场".

Exhibit 9: Excerpts from Google's Code of Conduct

PREFACE

Our informal corporate motto is “Don’t be evil.” We Googlers generally relate those words to the way we serve our users—as well we should. But being “a different kind of company” means more than the products we make and the business we’re building; it means making sure that our core values inform our conduct in all aspects of our lives as Google employees.

The Google Code of Conduct is the code by which we put those values into practice. This document is meant for public consumption, but its most important audience is within our own walls. This code isn’t merely a set of rules for specific circumstances but an intentionally expansive statement of principles meant to inform all our actions; we expect all our employees, temporary workers, consultants, contractors, officers and directors to study these principles and do their best to apply them to any and all circumstances which may arise.

The core message is simple: Being Googlers means striving toward the highest possible standard of ethical business conduct. This is a matter as much practical as ethical; we hire great people who work hard to build great products, but our most important asset by far is our reputation as a company that warrants our users’ faith and trust. That trust is the foundation upon which our success and prosperity rests, and it must be re-earned every day, in every way, by every one of us.

So please do read this code, and then read it again, and remember that as our company evolves, The Google Code of Conduct will evolve as well. Our core principles won’t change, but the specifics might, so a year from now, please read it a third time. And always bear in mind that each of us has a personal responsibility to do everything we can to incorporate these principles into our work, and our lives.

* * *

I. Serving Our Users

Google has always flourished by serving the interests of our users first and foremost. Our goal is to build products that organize the world’s information and make it accessible to our users. Here are several principles that all Googlers should keep in mind as we work toward that goal.

a. Usefulness

Our products, features and services should make Google more useful for our users, whether they’re simple search users or advertisers, large or small companies. We have many different types of users, but one primary goal for serving them all. “Is this useful?” is the one question every Googler should keep in mind during any task, every day.

b. Honesty

Our communications with our users should be appropriately clear and truthful. Our reputation as a company our users can trust is among our most valuable assets, and it is up to all of us to make sure that we nourish that reputation.

c. Responsiveness

Part of being useful and honest is being appropriately responsive: recognizing relevant user feedback when we see it, and doing something about it. We take pride in responding to communications from our users, whether in the form of comments or questions, problems or compliments.

Exhibit 9 (continued)

d. Taking Action

Saying that Google, and the products and services we produce, should be useful, honest and responsive is one thing; achieving that goal 100 percent of the time is, of course, quite another. That means that improving our work over time is largely contingent on the vigilance of our staff. Any time you feel our users aren't being well served, don't hesitate to bring it to the attention of the appropriate person. Googlers don't sit back and say nothing when the interests of the user are at stake. When you feel it's warranted, we encourage you to take a stand.

* * *

VII. Obeying the Law

Google takes its responsibilities to comply with the laws and regulations applicable to it very seriously. Although we recognize that it is probably impossible for you to understand all aspects of every applicable law, please take the time to try to generally familiarize yourself with the major laws and regulations that apply to your work and take advantage of our Legal Department to assist you and answer questions. We must all always remember that our reputation is the foundation of our present and future success—and that earning, and then maintaining, that reputation requires attention and effort to stay in compliance with the law.

a. The Foreign Corrupt Practices Act

Google requires full compliance with the Foreign Corrupt Practices Act, export control regulations, antitrust laws and other trade regulation statutes.

The Foreign Corrupt Practices Act prohibits any “corrupt” offer, payment, promise to pay, or authorization to pay any money, gift, or anything of value to any foreign official, or any foreign political party, candidate or official, for the purpose of: influencing any act or failure to act in the foreign official or party's official capacity; or inducing the foreign official or party to use influence to affect a decision of a foreign government or agency, in order to obtain or retain business for anyone, or direct business to anyone.

What all does this legal jargon mean to you? Simply put: that any attempt on the part of any Google employee or contractor to bribe or otherwise unethically influence any United States or foreign official, in either the public or private sector, is probably illegal and regardless, is completely unacceptable and against Google's Code of Conduct.

As always, though, there's a gray area here: you should take great caution with any gifts or other inducements that could be perceived as bribes. That doesn't mean all minor gifts or promotional and marketing materials are unacceptable (although, in general, government officials in the United States and in many other countries may be very reluctant to accept any gifts or items of value to avoid the appearance of impropriety); just that the care we all take to stay on the right side of ethical business practices also must be adhered to in the international arena.

* * *

Exhibit 10: Wikipedia's Experience with the Chinese Government

Though users were able to access Wikipedia in China in October 2006, many pages remained blocked. There was speculation that the government of China was blocking only pages (as opposed to entire sites) deemed contrary to its interests.

Blocking Wikipedia

A look at Wikipedia and China

- **Jan. 15, 2001** Wikipedia project officially begins
- **October 2002** The first article is written in the Chinese-language Wikipedia.
- **June 2-21, 2004** China blocks Wikipedia for the first time. After the block, the numbers of new users, articles and edits on Chinese Wikipedia sharply decline for more than six months.
- **Sept. 23-27, 2004:** Wikipedia is erratic or unavailable to some users in China.
- **Oct. 19, 2005:** People in China can no longer access any of Wikipedia's articles.
- **Oct. 10, 2006** The ban on Wikipedia in China seems to be partially lifted, although users are still unable to access the Chinese-language site.

Source: Wikipedia

Source: Loretta Chao, "Beijing Eases Ban on Wikipedia; Chinese-Language Filter Remains," *Wall Street Journal*, October 17, 2006.

Exhibit 11: Planning Document

Directions: First identify the issues to be negotiated, putting each issue in a separate box in the issue column. In the Google column, identify Google’s position on each issue, then the interests underlying that position. After you have completed all the positions and issues for Google, prioritize the issues, with 1 being the most important. Follow the same steps to identify the positions, interests, and priorities for the Chinese government.

Issue	Google		Chinese Government	
Issue 1	Priority	Position	Priority	Position
	Interests		Interests	
BATNA				
Reservation Price				