

Google is taking its search engine out of mainland China, taking its business offshore to Hong Kong. Visitors to its mainland China search site google.cn are now being redirected to google.com.hk after talks with Beijing regarding censorship and hacking issues broke down.

Lance Ulanoff is the Editor in Chief of pcmag.com.

“I think Google is trying to use this as leverage. They're saying, look, we can very quickly shift things. We can redirect those queries anywhere we want. It's not like you guys can drop the wall.”

China says Google has violated a written promise and was totally wrong to end censorship of google.cn, according to the official Chinese News Agency. China also said that it is opposed to politicizing commercial issues, and that it is dissatisfied and angered by Google's unreasonable accusations. Ahead of that reaction, Google had said that for now, it will continue research and development work in China, and will keep its sales force there, but the size could change depending on whether mainland Chinese users can access Google Hong Kong. As a special administrative region of China, the former British colony has more freedom than mainland China, including an uncensored Internet. Google only generates a small part of its twenty-four billion dollars in China, and rival Baidu is by far the leader in that country, but it's still a big market to lose.

“This is important for hold that any American company would want to have, so Google pulling out of China is a big deal. I don't know if that opens it up for competitors because competitors in the search space are very likely to encounter the same problem,” [said Ulanoff.]

The Whitehouse says it is disappointed that the two parties could not reach an agreement to keep Google running its Chinese search services, but says Google's decision was a business decision.

Bobbi Rebell, Reuters, New York.