

Senator Tom Coburn
“Global Internet Freedom: Corporate Responsibility and the Rule of Law”
Senate Judiciary Committee
Subcommittee on Human Rights and the Law
Questions for the Record for Michael Samway, Yahoo!

- 1) If the Chinese government approached Yahoo! today with the same document it used to solicit the information that led to Shi Tao’s imprisonment, how would the company handle the situation differently?**

We deeply regret that information demanded of Yahoo! China by Chinese authorities was used to prosecute citizens expressing their political views online. Today, Yahoo! Inc. has a non-controlling investment in the Chinese company Alibaba, which in turn runs China Yahoo!. Yahoo! Inc. does not manage the China Yahoo! business or make decisions regarding China Yahoo!/Alibaba’s specific responses to Chinese government demands made under Chinese law. We will, however, continue to exert what influence we can on Alibaba with respect to privacy and data disclosure issues as well as free expression and political speech issues.

Any company’s operations in foreign markets must comply with the local laws where that company is doing business – particularly with regard to law enforcement demands – just as foreign companies operating in the United States must abide by our laws. In those markets where governments limit freedom of expression and fail to sufficiently respect online personal privacy, companies contend with complex questions of local sovereignty and jurisdiction balanced against unique opportunities to offer innovative information and communications tools to ordinary citizens in that market.

In part as a result of our experiences in China, Yahoo! has developed a human rights impact assessment process by which Yahoo! assesses the human rights conditions in challenging countries as well as the legal requirements and restrictions for operating in such countries. This in-depth review allows Yahoo! to plan and structure its service offerings — as well as its legal and operational structure — to limit the potential risks to human rights, while providing services that can advance the exchange of information and communication and have a positive effect on the lives of citizens in those countries.

Yahoo! has worked closely with industry partners, human rights groups, socially responsible investors, and academics on a global framework for technology companies operating in countries that unfairly restrict free expression and privacy. As we noted in our letter to your office on August 1, 2008, we expect to launch this initiative in the fall. Yahoo! has also encouraged a more active role by the U.S. government on these issues, given the government’s diplomatic and economic leverage.

- 2) How much of Yahoo!’s decision to sell its China division to Alibaba was based on concern over its responsibility for the human rights issues that were coming to light around the same time? At the time of the sale, did Yahoo! know anything about its involvement in the case of Shi Tao?**

Yahoo!'s decision to sell its China division to Alibaba was unrelated to the Shi Tao case. Yahoo! began negotiating the sale of its China operations to Alibaba in early to mid 2005 and signed the deal with Alibaba in August 2005. Our team learned about Shi Tao's identity and imprisonment, and connection to Yahoo!, when it was reported publicly in September 2005. The sale and our ongoing minority stake in Alibaba is similar to Yahoo's investment structures in other countries, and reflected our approach to finding strong local management to run the business, as well as local engineering expertise to power the product efforts.

3) Does Yahoo! have any reservations about allowing its name to be associated with a Chinese company over which it does not have day-to-day control?

We deeply regret that information demanded of Yahoo! China by Chinese authorities was used to prosecute citizens expressing their political views online. We were a pioneer among American Internet companies, entering China around the time of normalization of trade relations by the U.S. Congress. We made a strategic business decision in 2005 to sell the Yahoo! operations in China to a Chinese company in order to grow the business in that important market more effectively. The sale included a license to Alibaba to use the Yahoo! name in China. We continue to believe engagement in markets overseas is important and that the Internet is a transformative medium that has the power to change the way ordinary citizens learn about their own communities and about the outside world as well as the way they communicate with one another. Nevertheless, we remain concerned about activities in China and anywhere in the world where citizens are punished for expressing their political views online. For this reason, we have continued to express concern to China Yahoo! about these issues and to try to exert influence upon China Yahoo! to inform users about such risks.

4) Has Yahoo!'s affiliation with Alibaba proven profitable for the company?

Our investment in Alibaba and other investments in Asia have been financially and strategically valuable to Yahoo! and its shareholders. We also recognize our obligation to be a good global corporate citizen. We take that obligation seriously and will continue to exert our influence on Alibaba with respect to privacy and data disclosure issues as well as free expression and political speech issues. We believe the best way to bring the power of the Internet to people around the world and to help promote meaningful and positive change is through global engagement and investment.