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US to China: Green Dam Won't Pass Muster With WTO

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Pressure is building on China to abandon its requirement that all computers sold in the country come with Green Dam Web-filtering software installed. Freedom of expression and privacy ignited the initial protests against the plan, quickly followed by allegations that the software is full of security bugs. Now, U.S. officials are contending that the requirement violates WTO rules.

The Obama administration filed its first official complaint about China to the World Trade Organization on Tuesday, and it was all about steel, aluminum and access to raw materials.

Its second complaint may focus on software, PCs and access to the Internet.

U.S. Trade Representative Ron Kirk and Commerce Secretary Gary Locke sent a joint letter Wednesday to Chinese economic and technology ministers, asking them to back off on demands that all computers heading for sale into the Communist country include the Green Dam filtering software.

The letters complain that the mandate -- which sets up a July 1st deadline -- may violate WTO regulations against trade barriers.

China insists on the software to help protect children against pornography, but global free speech advocates say Green Dam would also allow for monitoring of political dissent. Also, a University of Michigan professor and his students have discovered major security holes in Green Dam, and its makers are denying allegations that parts of Green Dam were stolen from a U.S. cybersecurity company.

"Protecting children from inappropriate content is a legitimate objective, but this is an inappropriate means and is likely to have a broader scope," Kirk said.

"Mandating technically flawed Green Dam software and denying manufacturers and consumers freedom to select filtering software is an unnecessary and unjustified means to achieve that objective, and poses a serious barrier to trade," he added.

"China is putting companies in an untenable position by requiring them with virtually no public notice to preinstall software that appears to have broad-based censorship implications and network security issues," said Locke.

The Process

The joint letter from Locke and Kirk begins the delicate process of negotiation on yet another tense trade issue with China. Yet despite the impending July 1 deadline, immediate action may not be forthcoming. If the U.S. doesn't think the Chinese are listening to its complaints, then the next step would be to file an official WTO complaint. From there, it would take anywhere from a year and a half to three years before a final ruling would come down from the organization, which acts as an arbitrator in world trade disputes.

"In the meantime, the country can keep on doing what it wants to do," said Kathryn Dewenter, associate professor at the University of Washington Foster School of Business.

"From a strategic standpoint, China could actually say, 'OK, let's do this and start the process' -- which is an extremely long process -- and meanwhile, it can go ahead and required that the software be implemented," Dewenter told the E-Commerce Times.

The U.S. is no doubt aware of that lengthy process, but it may be laying the groundwork for a precedent-setting WTO ruling regarding a stricter definition of "censorship" and its impact on commerce and trade.

"With all that's going on in Iran, with all the Web-snooping by the government there, it may be good to have the WTO rule generally on this kind of activity," Dewenter said. "If China gets away with it, there may be other countries who will step in and say, 'This is a good idea, I want to have this level of control over my citizens too.'"

Fair Play, Fair Trade

U.S. companies have a good case against the Chinese, said Usha Haley, Asia fellow with the Harvard Kennedy School.

"It's an extra layer of costs that goes into accessing these markets for foreign companies," Haley told the E-Commerce Times, "along with the other concerns about transparency and freedom of speech."

China and Iran aren't the only countries that attempt to control the Internet; Singapore, which might be considered benignly repressive, does so as well, noted Haley, "but in this case, the market is so large -- and the PC market is growing. China is a member of the WTO, and it has protested itself about access to other markets. This is a protectionist move, and it restricts access to the market."

The letter from Locke and Kirk melds concerns about censorship with the consumer and business implications of loading leaky software into PCs bound for China. It invites the

e that would address parental concerns along with user

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