Europe takes on Google, looks to Brazil with hope

October 31 2012, by Lori Hinnant

In this Dec.6, 2011 file photo, the Google logo is seen on the carpet at Google France offices before its inauguration, in Paris. Publishers in France, Germany and Italy want their governments to impose a "news tax" on Google to save them from extinction, demanding a law that would charge the search engine small payments in exchange for links to stories. Google, in response, says it will cease to index the sites altogether, warning that the proposals do nothing to solve the industry's problems on the continent that invented the printing press. (AP Photo/Jacques Brinon, Pool, File)

(AP)—European news organizations bleeding money and readers are trying to avoid extinction by asking governments in France, Germany and Italy to step in and charge Google for links to stories the Internet search giant has always gotten for free.

Critics—including, unsurprisingly, Google—say the strategy is shortsighted and self-destructive, and the search engine warns it will stop indexing European news sites if forced to pay for links. But publishers advocating a "Google tax" aimed at benefiting their industry point to the example of Brazil, where their counterparts abandoned the search engine and say repercussions have been minimal.

The dispute underscores a fundamental question facing media agencies around the world: Who should benefit from links to online content that is costly to produce and yet generates a fraction of the ad revenue that once allowed newspapers to flourish?

Europe has tried to sidestep Google before. Six years ago, then-French President Jacques Chirac unveiled plans for Quaero (Latin for "I search") as the answer to U.S. dominance of the Internet. The multi-platform search and operating system was supposed to work with desktop computers, mobile devices and even televisions.

Despite millions spent to develop Quaero, it went nowhere.

This week, implicit threats hovered over a meeting between current French President Francois Hollande and Eric Schmidt, Google's executive chairman.

Hollande demanded Google reach a deal with publishers over the copyright dispute and also address the French taxes it escapes by basing its European headquarters in Ireland. Google essentially reiterated a point it made in a recent letter to French publishers: Paris' latest attempt to impose itself would force readers to "Anglo-Saxon" sites based in countries with more favorable copyright laws, such as Britain and

Ireland.

Google's post-meeting statement said the discussions dealt with "the contributions of the Internet to job creation and the influence of French culture in the world."

Adding to the pressure on Google in France, a French newspaper reported Wednesday that French authorities are threatening Google with a 1 billion euro tax bill and investigating alleged financial wrongdoing.

Google France denied being notified of such a tax bill and said it will "continue to cooperate with the French authorities." Government spokeswoman Najat Vallaud-Belkacem wouldn't comment on the report in the weekly Canard Enchaine, except to say that if there were a tax probe, it would be covered by laws on fiscal secrecy.

In this Oct. 29 2012, file photo, Google executive chairman Eric Schmidt arrives at the Elysee Palace for a meeting with French President Francois Hollande, in Paris. Publishers in France, Germany and Italy want their governments to impose a "news tax" on Google to save them from extinction, demanding a law that would charge the search engine small payments in exchange for links to stories. Google, in response, says it will cease to index the sites altogether, warning that the proposals do nothing to solve the industry's problems on the continent that invented the printing press. (AP Photo/Remy de la Mauviniere, File)

French publishers, along with counterparts in Germany and Italy, are hoping Brazil will be the proof that there is a successful way to confront Google.

After failing to come to terms with Google in the past year, Brazil's biggest papers—representing 90 percent of circulation—decided to boycott Google News by essentially making their content unavailable to anyone using the search engine. The result? Negligible losses in Web traffic, the Brazilian papers say.

Brazilian newspapers haven't ruled out reopening talks with Google, if the company whose name is synonymous with "search" agrees to pay for their content. Unlike in Europe, the Brazilian publishers have not turned to their government to act as a mediator or impose a tax as part of their dealings with Google.

"Newspapers live off advertising revenues, like Google. They're our competition and they have billions and billions in revenues globally," said Ricardo Pedreira, executive director of Brazil's National Association of Newspapers.

Still, Pedreira is not convinced Brazil is a good model for European nations. "Every country has a specific reality, and I think there will probably evolve different models in each nation," he said.

Others in Brazil have warned about long-term consequences of the boycott.

Carlos Castilho, a media critic and TV journalist, writing on the press watchdog website Observatorio da Imprensa, argued that the boycott was a backward strategy, because "news is everywhere today and to surround it with walls of copyrights is like trying to dry ice."

The growth of search engines as a way to find information is affecting news organizations in different ways.

Print news was suffering in the United States and Europe long before financial crises took hold in recent years, its business model eroded by television and the Internet. As print advertising revenues have declined, more media organizations are trying to boost circulation and earn more through subscriptions, including charging for online content.

The New York Times is among the most prominent news organizations with a website paywall. The Associated Press and Google have a long-standing business agreement that includes Google licensing of AP content as well as joint efforts to improve news products and services.

European publishers have seen less rapid change in readership patterns as a result of the Internet and have been able to stave off the dramatic losses that gutted American print journalism. Still, competition has grown fiercer and profits slimmer with the onset of the European debt crisis. In France, the once-iconic newspaper France Soir went into liquidation in July. In October, dapd, a major Germany news agency, filed for bankruptcy protection.

German publishers already are getting some government support: A measure is headed through the legislature to force search engines to pay for links that include excerpts of content.

And in Italy, publishers say they are willing to risk leaving Google if the search engine refuses to pay, citing a study that indicates that clicks from Italian readers would drop by 6 or 7 percent—"a very low percentage," said Isabella Splendore, lawyer for the Italian Newspaper Publishers Federation.

The European publishers insist they are not trying to keep readers from getting information, but that they deserve compensation for use of their intellectual property. But Jeremie Zimmerman, of the French Internet liberty group the Quadrature of the Net, described engaging in the dispute with Google as "idiotic."

"It shows that the industry hasn't understood anything about the Internet and is fundamentally conservative about its future, and defending private interests rather than adapting to technology," he said.

Emma Llanso of the Washington-based Center for Democracy and Technology said that, at least for now, the dispute among governments, Google and publishers is a loss for readers.

"When we're looking at the free flow of information online, how much relevance do national boundaries have?" she said. "As the Internet becomes a primary source of information around the world, governments see a threat or a way to benefit. I think we are seeing a lot of national governments struggling to think of what they want it to be."

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