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April 29 (Bloomberg) -- China passed amendments to its state secrets law that requires the nation's telecommunications carriers and internet companies to assist authorities with investigations of leaks.

Transmission of state secrets over public information networks must be stopped immediately once discovered, according to a copy of the amendment distributed at a press briefing in Beijing today. Network operators must also keep records of transmission and report possible leaks to authorities.

The new requirements may be an additional challenge to foreign technology companies in China such as Yahoo! Inc., Microsoft Corp. and Cisco Systems Inc., which have been criticized by U.S. lawmakers who say they help the Chinese government censor information. Google Inc. shut its China search site in March after saying it was no longer willing to censor content as required by Chinese law.

"Foreign companies may have some difficulties with these requirements on an ethics front," said Edward Yu, chief executive officer of research company Analysys International. "It won't have much of an impact on Chinese companies and users because it's something they don't have a choice about it."

Changes to the law are aimed at making people, companies and organizations more responsible for protecting state secrets, according to the amendments that were passed by Chinese legislators today.

State-Owned Carriers

China to force internet companies to help in probes

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All of China's telecommunications carriers are state-owned. China Mobile Ltd., the nation's biggest wireless carrier with 539 million users, has more subscribers than the combined populations of the U.S. and Japan. China had 384 million Web users at the end of 2009, the most of any nation, according to the China Internet Network Information Center.

The amendments passed today also require network operators to keep records of transmissions and report possible leaks of state secrets to authorities. They must also delete information from networks upon government request.

"In my opinion, it is likely that we will witness an actual tightening of the state's grip on information," Flora Sapio, a lecturer on Chinese legal institutions at the University of Naples L'Orientale, wrote in an e-mail. "Given the broad definition of state secrets, another consequence may be a restriction of privacy rights in the name of security."

The amendment's definition state secrets includes items that damage the country in fields ranging from defense and diplomacy to "national economic and development" projects and technology. The government also has the power to label anything else a state secret, it said.

State Secrets

"State secrets without protection are not allowed to be spread on the public internet," Du Yongsheng, deputy director of the National Administration for Protection of State Secrets, said at today's briefing in Beijing. "This is a universal regulation all over the world."

Google began redirecting traffic from its Chinese home page to its unfiltered Hong Kong site last month, after saying in January that the company would stop censoring search results. The Mountain View, California-based company opened its Google.cn Web site in China in 2006, agreeing to exclude links to content banned by the government. Written by Bloomberg Friday, 30 April 2010 16:05

China censors pornographic, gambling and political content by shutting locally based sites and blocking access to foreign ones such including those of Facebook Inc. and Google's Youtube. The government control content in traditional media through state ownership of all newspapers, television and radio stations.

Former Yahoo Chief Executive Officer Jerry Yang apologized to the mother of an imprisoned Chinese dissident during a 2007 Congressional hearing looking into the company's decision to give Chinese officials the man's e-mail records. Executives from Yahoo, Google, Microsoft and Cisco were called to testify in 2006 before U.S. lawmakers on their activities in China.

Yahoo, which sold its Chinese business to Alibaba Group Holding Ltd. in 2005, is "committed to protecting our users' right to freedom of expression and privacy," said Dana Lengkeek, a spokeswoman for Yahoo.