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China Takes Its Hammer to iTunes



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MacNewsWorld
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China is butting heads with a new antagonist: Apple's iTunes music store. The government closed off access to the popular Web site in the country, apparently in response to reports that dozens of Olympic athletes were among those who had gone there to download an album promoting freedom for Tibet.

China has apparently blocked access to [Apple](#) (Nasdaq: AAPL)  iTunes, perhaps in response to the publicity surrounding a pro-Tibet album that was released about a month ago and just recently made its way onto the much-trafficked Web site.

Produced by the [Art of Peace Foundation](#), the album features songs from such artists as Moby, John Mayer and Alanis Morissette, as well as a 15-minute talk by the Dalai Lama.

Reports that 40 Olympic athletes had downloaded the album apparently galled the Chinese government; early this week the site went dark.

Apple did not respond to a query from MacNewsWorld in time for deadline; however, it is reportedly investigating the shutdown.

The Chinese have said little about it as well.

"There is no direct proof" that the album triggered the blockage, Mike Wohl, executive director for the Art of Peace Foundation, told MacNewsWorld.

Most likely, though, it was, said Usha Haley, a business professor at University of New Haven and author of *The Chinese Tao of Business*.

"China has used the Olympics to clamp down on protesters and dissidents," Haley told MacNewsWorld, and Tibet has always been a sore point with the Chinese.

Butting Heads

Despite the tens of thousands of censors China employs to scour the Internet for offending material, the government's restrictive stance on information exchange and expression is under increasing pressure from the encroachment of Web 2.0 [technologies](#).

China usually winds up the winner in any Internet policy disputes, thanks to its market size.

For instance, [Yahoo](#) (Nasdaq: YHOO)  found itself in court after a human rights organization filed a lawsuit alleging that its cooperation with the Chinese government resulted in the torture and 10-year jail term of Wang Xiaoning. Wang had used a Yahoo account to anonymously post materials online relating to the Tiananmen Square massacre.

The Chinese government requested -- and received -- identification of the account holder from Yahoo, and subsequently [arrested the dissident](#).

[Google](#) (Nasdaq: GOOG)  caved to Chinese demands that it remove objectionable information from the Chinese version of its Web site.

China censors anything that it believes could threaten the Communist Party -- and that list apparently now include iTunes, William Gamble, an attorney and author of [Freedom: America's Competitive Advantage in the Global Market](#), told MacNewsWorld.

There will be bottom line implications for Apple if iTunes remains dark in this market, Haley said. "Apple just opened its first store in China and is negotiating right now to be able to sell the iPhone there."

Indeed, the idea that companies need to kowtow to Chinese government sensibilities has become ingrained in the thinking of many who do business there.

By selling "[Songs for Tibet](#)," Apple has placed these efforts in jeopardy, [writes a Beijing-based blogger](#):

"Apple has given the government all the excuse it needs, not only to block the iTunes Music Store, but to raise extra barriers on permits for further Apple retail stores, to throw barriers in the path of Apple's iPhone deals with state-controlled carriers, and to make the creation of a Chinese iTunes Music Store and App Store a distant dream (unless [they] let the carriers run it.)

"Not to mention make the lives of thousands of dedicated Apple customers here in China just a little more miserable -- especially those of us who count on [iTunes] as our sole source of legitimate (non-pirated) music."

Economic System Crash

Eventually, Gamble speculated, China will push its information restriction too far, affecting

its mighty economy.

Free markets operate on the free flow of information, he said. By cutting off that flow, China risks the economic progress it has made over the years. 

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