

EXPLAINER: What's up between Google, Facebook and Australia?

February 18 2021, by Joe McDonald



Front pages of Australian newspapers are displayed featuring stories about Facebook in Sydney, Friday, Feb. 19, 2021. In a surprise retaliatory move Thursday, Facebook blocked Australians from sharing news stories, escalating a fight with the government over whether powerful tech companies should have to pay news organizations for content. (AP Photo/Rick Rycroft)

For two decades, global news outlets have complained internet companies are getting rich at their expense, selling advertising linked to their reports without sharing revenue.

Now, Australia is joining France and other governments in pushing Google, Facebook and other internet giants to pay. That might channel more money to a news industry that is cutting coverage as revenue shrinks. But it also sets up a clash with some of the tech industry's biggest names.

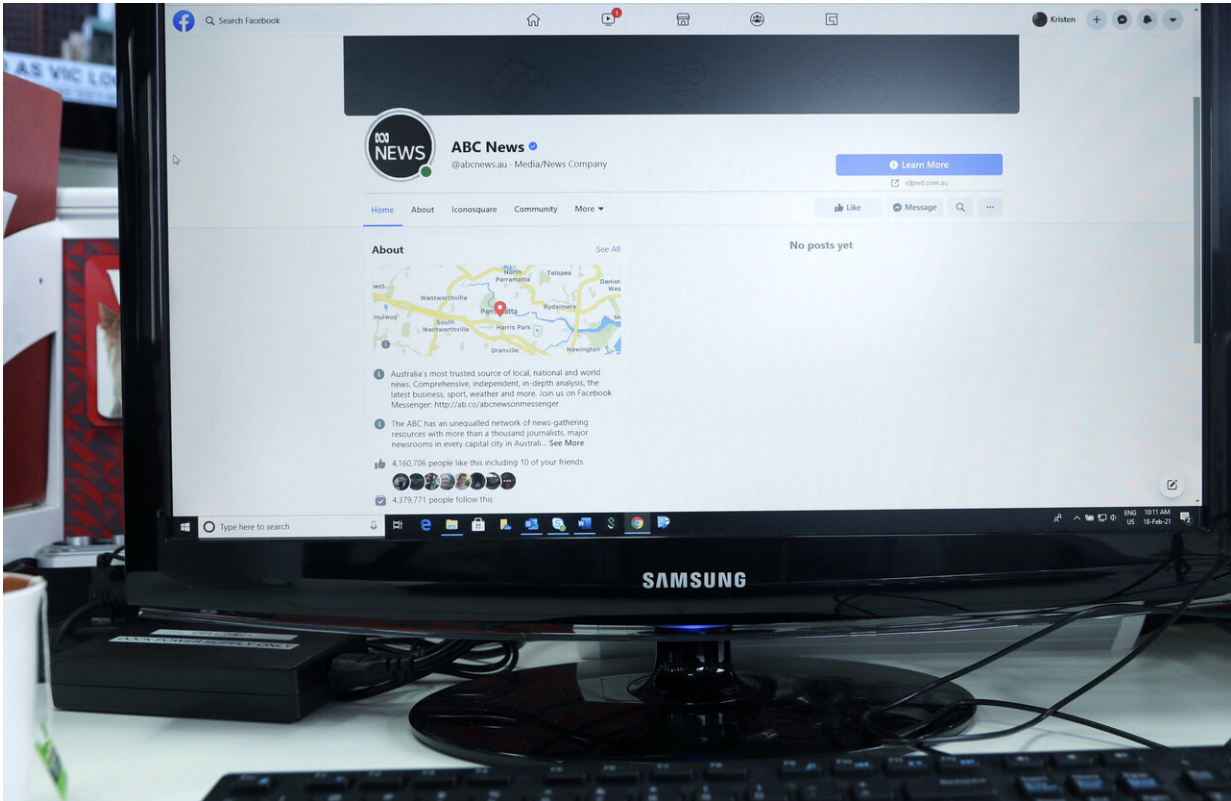
Google, a unit of Alphabet Inc., has announced agreements to pay publishers in Australia while Facebook said Thursday it has blocked users in the country from viewing or sharing news.

WHAT IS HAPPENING IN AUSTRALIA?

Facing a proposed law to compel internet companies to pay news organizations, Google has announced deals with Rupert Murdoch's News Corp. and Seven West Media. No financial details were released. The Australian Broadcasting Corp. is in negotiations.

Google accounts for 53% percent of Australian online advertising revenue and Facebook 23%, according to Treasurer Josh Frydenberg.

Google had threatened to make its search engine unavailable in Australia in response to the legislation, which would create a panel to make pricing decisions on news.



An Australian Broadcasting Corporation page on Facebook is displayed without posts in Sydney, Thursday, Feb. 18, 2021. Facebook is vowing to restrict news sharing as Australian lawmakers consider forcing digital giants into payment agreements. (AP Photo/Rick Rycroft)

On Thursday, Facebook responded by blocking users from accessing and sharing Australian news.

Facebook said the proposed law "ignores the realities" of its relationship with publishers that use its service to "share news content." That was despite Frydenberg saying this week Google and Facebook "do want to enter into these commercial arrangements."

WHAT IS HAPPENING IN OTHER COUNTRIES?

Australia's proposed law would be the first of its kind, but other governments also are pressuring Google, Facebook and other internet companies to pay news outlets and other publishers for material.

In Europe, Google had to negotiate with French publishers after a court last year upheld an order saying such agreements were required by a 2019 European Union copyright directive.

France is the first government to enforce the rules, but the decision suggests Google, Facebook and other companies will face similar requirements in other parts of the 27-nation trade bloc.



In this Sept. 24, 2019, file photo a woman walks below a Google sign on the campus in Mountain View, Calif. Australia's government said on Tuesday, Feb. 16, 2021, it will amend draft laws that would make Google and Facebook pay for

news to clarify that publishers would be paid in lump sums rather than per click on news article links.(AP Photo/Jeff Chiu, File)

Google and a group of French publishers have announced a framework agreement for the American company to negotiate licensing deals with individual publishers. The company has deals with outlets including the newspaper Le Monde and the weekly magazine l'Obs.

Last year, Facebook announced it would pay U.S. news organizations including The Wall Street Journal, The Washington Post and USA Today for headlines. No financial details were released.

In Spain, Google shut down its news website after a 2014 law required it to pay publishers.

WHY DOES THIS MATTER?

Developments in Australia and Europe suggest the financial balance between multibillion-dollar internet companies and news organizations might be shifting.

Australia is responding to complaints internet companies should share advertising and other revenue connected to news reports, magazine articles and other content that appears on their websites or is shared by users.



A disclaimer is shown on the bottom of Australia's Bureau of Meteorology page on the Facebook app Thursday, Feb. 18, 2021, in Tokyo. Australia's government has condemned Facebook over its shock move to prevent Australians sharing news that had also blocked some government communications. The Bureau of Meteorology's weather warnings, a Hobart women's shelter and the Betoota Advocate, a satirical website named after an Australian ghost town, were among those surprised to find their content blocked at least temporarily. (AP Photo/Kiichiro Sato)



This Sept. 24, 2019, file photo shows a sign on a Google building at their campus in Mountain View, Calif. Google was quickly negotiating generous deals with big and small Australian media companies to pay for news as the Parliament considers forcing digital giants into such remuneration agreements, a minister said on Wednesday, Feb. 17, 2021. (AP Photo/Jeff Chiu, File)



In this March 29, 2018, file photo, the Facebook logo on a screen at Nasdaq in Time Square, New York. Australia's Parliament will debate making Google and Facebook pay for news after a Senate committee on Friday, Feb. 12, 2021 recommended no changes to the world-first draft laws. (AP Photo/Richard Drew, File)

The government acted after its competition regulator tried and failed to negotiate a voluntary payment plan with Google. The proposed law would create a panel to make binding decisions on the price of news reports to help give individual publishers more negotiating leverage with global internet companies.

WHAT DOES THIS MEAN FOR THE PUBLIC?

Google's agreement means a new revenue stream for news outfits, but whether that translates into more coverage for readers, viewers and listeners is unclear.

The union for Australian journalists is calling on media companies to make sure online revenue goes into news gathering.

"Any monies from these deals need to end up in the newsroom, not the boardroom," said Marcus Strom, president of the Media, Entertainment and Arts Alliance. "We will be pressing the case for transparency on how these funds are spent."

In the meantime, access occasionally could suffer: Facebook's move Thursday initially blocked some Australian commercial and government communications pages.

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