

Testimony of  
Jerry Yang  
Chief Executive Officer and Co-Founder,  
Yahoo! Inc.

before the  
Committee on Foreign Affairs  
U.S. House of Representatives

November 6, 2007

Chairman Lantos, Ranking Member Ros-Lehtinen and members of the Committee, I am Jerry Yang, co-founder and board member of Yahoo! Inc. since its inception in 1995, and since this past June, Chief Executive Officer. I appreciate the opportunity to come before you today to address our role as a global business, the complex human rights and other issues at stake, and our commitment to free expression and privacy.

Before I begin what I hope will be an ongoing and constructive dialogue about the roles and responsibilities of companies and the U.S. government on these issues, I would like to make two points clear at the outset.

First, Yahoo! has been open and forthcoming with this Committee at every step of this investigative process. We have answered every question, provided every requested piece of information and worked with you in good faith. I, in turn, look forward to a productive working relationship with all of you as we collectively tackle the difficult broader issues.

Second, Yahoo! is a company committed to doing the right thing and to protecting human rights globally. We are a company founded on openness, the exchange of information and user trust, and we believe deeply in free expression and privacy.

On a personal level, the very serious human issues at stake cause me great concern. I've invested my professional life in this company, and I believe in the Internet and its incredible power. I also know that governments around the world have imprisoned people for simply speaking their minds online. That runs counter to all my personal and professional beliefs.

Since this is my first opportunity to meet with many of you, I would like to share a bit about myself and our company. As with all of us, our life experiences shape our perspectives, our beliefs and our visions for the future.

Like many who came to America with the hope of a better life and opportunity, my mother brought me here from Taiwan as a child. We settled in California, and I grew up like any other American boy, playing sports, studying hard, and devoting time to my

family. I also did all this with a keen appreciation at an early age of the freedoms and opportunities offered in America. I believed then, as I believe now, that this country is a beacon of freedom to the rest of the world.

I dedicated long hours to my studies and was fortunate to attend Stanford University, where I focused on electrical engineering. While there, the World Wide Web began to take off, and my fellow graduate student and friend David Filo and I became fascinated by the Internet's incredible power and the opportunity it presented to people everywhere. We also realized the vastness of the information on the Internet would be overwhelming without a sensible system to organize it. That is essentially how Yahoo! was born. What started as a simple list of interesting websites has evolved into one of the world's most popular Internet destinations

When David and I founded Yahoo! in 1995, we wanted to create a business and expand access to information to improve people's lives. Today, more than 500 million people around the world use the Yahoo! network per month – roughly half of all Internet users globally.

Yahoo!'s communication tools, like Yahoo! Messenger and Yahoo! Mail – the most popular e-mail service in the world – help friends, families, work colleagues and people who share interests, communicate and stay connected in unprecedented ways. Our many services also help people find, keep-up with, comment on, and even create content around, the latest in news, finance, politics, education, sports, lifestyle, and other developments from around the world.

Our company is centered on empowering our customers. We never lose sight of the fact that our success as a business is built upon the trust we maintain with our community of global users, including citizens around the world, advertisers, publishers, and business partners.

I'd like to give you context on our global business and our entry into foreign markets, including China. As our young company grew quickly in the late 1990s, the U.S. government, including Congress, made the decision to normalize trade relations with China. Since then, and across Democratic and Republican administrations, the U.S. government has encouraged American businesses – including technology companies – to engage with China, an enormous market and one focused on modernization. With this backdrop, Yahoo! made the choice like many other companies across many other industries to engage in the Chinese market by establishing local operations and providing services to Chinese citizens.

I should note for the Committee that Yahoo! Inc. no longer operates a local subsidiary in China. In 2005, Yahoo! Inc. sold its Yahoo! China operations and in exchange became a shareholder in a Chinese company called Alibaba. We own approximately 40 percent of Alibaba. Alibaba now has management control over the Yahoo! China business. While I hold one of four seats on the board of the parent company, we are a minority shareholder and we do not control Alibaba or Yahoo! China's day-to-day operations.

In addition to the clear business opportunities various American companies recognize in China and other emerging markets, we know the presence of technology companies like Yahoo! in markets abroad can have a transformative effect on people's lives and on local and national economies. Access to information has and will continue to change what people know about the world around them. For a company founded on the principle of increased access to information, these markets hold enormous promise.

These markets also present companies with challenges in the areas of free expression and privacy. In response to these challenges, let me describe to you some of the concrete steps we've taken independently as a company and then also in working with our industry peers and also with human rights groups and others.

I have personally met with senior State Department officials, Members of Congress and others to ask for help with this challenge.

In the last year, we established a cross-functional team of senior Yahoo! employees worldwide to coordinate our efforts to address privacy and freedom of expression issues. This team consists of Yahoo! employees from a variety of disciplines and departments, including our legal department, public and government relations, privacy, community affairs, global law enforcement and compliance, security, emerging markets and our international operations.

Members of the team also consult with U.S. government agencies, like the State Department, and outside professionals in the field, including experts at academic institutions. This team, learning from our experiences in China, also conducted a formal human rights assessment of the impact of new products and market-entry plans, designing strategies that limit risks around challenges to freedom of expression and privacy in new markets.

We've also supported independent research on these tough human rights issues involving technology and the Internet. Last year Yahoo! funded a Knight fellowship at Stanford University to bring in journalists from countries where press freedoms are limited. The first journalist was from Pakistan, and this year's Yahoo! Fellow is from Zimbabwe. We also funded a Yahoo! international fellowship on global values and technology at Georgetown University's School of Foreign Service, and the first Yahoo! Fellow recently began her academic work.

For the past year and a half, we have been actively engaged in a formal human rights dialogue co-facilitated by two non-profits – Business for Social Responsibility in San Francisco and the Center for Democracy & Technology in Washington, D.C. This is a formal process to design an industry code of conduct with other leading global Internet, technology and communications companies. We're working closely with various NGOs, including the most prominent human rights groups. Also included in this formal group are academics and socially responsible investors. We're all focused on protecting and promoting free expression and privacy in the online world.

This diverse group has made a public commitment to creating a set of global principles and operating procedures on freedom of expression and privacy to guide

company behavior when faced with laws, regulations, and policies that interfere with human rights. The group's goals also include creating an implementation, accountability and governance framework – real teeth – as well as a forum for sharing ideas. The companies are driving to complete this human rights code of conduct in early 2008.

We believe governments, because of their enormous leverage, have a vital role to play independently, teaming with other governments and international institutions, and working with companies. The State Department's engagement and support through their global initiatives, including a Global Internet Freedom Taskforce or GIFT announced in February 2006, reinforces our belief that governments – through trade relationships, bilateral and multi-lateral forums, and other diplomatic means – should be a powerful force for creating a global environment where Internet freedom is a priority and where people are not imprisoned for expressing their political views online.

We continue to believe in engagement in markets like China. Why? Today, despite broad limitations on sensitive political subjects, Chinese citizens know more than ever before about local public health issues, environmental causes, politics, corruption, consumer choice, job opportunities, and even some foreign affairs. According to a 2007 Pew Internet study, there are 137 million Internet users in China – second in number only to the United States – with double digit growth rates over the last three years. An estimated 16 million bloggers are active in China today. The Internet drives innovation across sectors, including in science, medicine, business, and journalism just to name a few.

Information is empowering in both ordinary and extraordinary ways. It can be disruptive or even revolutionary. It's the single greatest reason certain governments fear open use of the Internet and the free flow of information. We also know we must work collectively to find approaches that maintain this engagement in markets like China and also put companies in the position to act responsibly.

Mr. Chairman, I hope my testimony helps illustrate some of the global challenges, and even opportunities, American companies face in markets abroad. I also hope you understand our commitment to continue to work in good faith with the Committee and the deep belief among Yahoo! employees in free expression and privacy. I would like to express my own personal commitment to human rights. I understand, respect, and share this Committee's intense interest in these issues, and welcome your constructive efforts to address them.

We have been and will continue to be actively engaged for the long-term. As a company entering its teenage years now, with hundreds of millions of users, and with the human stakes more challenging than ever, we remain fully committed to protecting human rights in the business world's most challenging markets.

Thank you. I look forward to answering any questions you have today.