

GOOGLE'S PAYMENT DEAL WITH AUSTRALIAN MEDIA FIRM

TAGS: GS-2: International Relations

CONTEXT:

- **Seven West Media** has become the **largest Australian news media business** to strike a **deal with Google to pay for journalism** in a partnership announced on Monday.
 - Meanwhile Nation's Parliament considers draft laws to force digital giants to pay for news.



BACKGROUND:

- The deal comes in the light of a **new regulation being proposed by Australia** which would **force social media companies** such as **Google, Facebook** and others online tech companies **to pay for inclusion of news items in their feed.**

IMPORTANT OF DEAL FOR GOOGLE AND AUSTRALIA:

- **De-escalation of stand-off b/w Government and Google:** The deal could mark the start of de-escalation of the stand-off. It is likely to pave the way for other deals between large media conglomerates.
- **Proposal by Australian Competition and Consumer Commission:** In July 2020, ACCC, **to tackle the rising powers of companies such as Google and Facebook**, proposed that media companies could bargain terms of payment for their articles featured in news feed of online tech giants.
- **Platforms to Pay principle:** If Google and Facebook include news from media companies on their platform such as Facebook News Feed, Instagram, Google Search, Google News, they would have to pay the media companies.
 - The amount can be on a per click basis on the link or a fixed amount per month or per year.
- **Why needed?** Since a large number of internet users now get their daily news digest from these tools instead of visiting the media companies' website.
- **Level playing field:** "We are not seeking to **protect traditional media companies** from the rigour of **competition or technological disruption**, which we know benefit consumers.

- Rather, we are seeking to create a **level playing field** where **market power is not misused** and there is appropriate compensation for the production of original news content,” said by **Economics Legislation Committee of the Australian.**

IMPACT ACROSS GLOBE:

- **France model:** In countries such as France, the search engine giant has already inked deals with news publishers to pay for the news being included in its search feed.
- **Spill over effect:** Owing to their worldwide presence, both Google and Facebook are likely to be under pressure to start paying for the news content they use in other countries as well.
- **Google News Showcase:** Apart from these, Google had in October last year also launched a \$1 billion initial investment to launch Google News Showcase which would benefit both publishers and readers.
 - Google claimed it had signed similar payment deals with 450 news publishers from across the world.
- **Scrutiny by Other Country:** Though Google claims it has offered similar deals to other news and media agencies across the world, governments across countries are likely to scrutinise these deals so as to check for balance of bargaining power of the company.
- **European Union:** EU is also **likely to propose a legislation forcing big tech companies to pay for the content** they use, despite the offer made by Google.
- **FACEBOOK REACTION:** Though Facebook said it would remove the user’s ability to post news on their feed if it was forced to pay media outlets.
 - However, experts believe that Google’s deal with Seven West Media could force Mark Zuckerberg’s companies to rethink their strategy.

SOURCE: Indian Express

CHINTAN MAINS QUESTION:

Q. Australian news media business stroked a deal with Google to pay for journalism. What are the challenges for digital giants to strike such a deal? Do you support such deal? Substantiate your points.