SAN JOSE, California (Reuters) - Web search leader Google Inc., which stores vast amounts of data on the Web surfing habits of its users, sees government intrusions rather than accidental public disclosures of data as the greatest threat to online privacy, its chief executive said on Wednesday.

CEO Eric Schmidt told the Search Engine Strategies industry conference here that Google had put all necessary safeguards in place to protect its users' personal data from theft or accidental release. His remarks followed last weekend's discovery by online privacy sleuths that AOL, a key Google search customer, had mistakenly released personally identifiable data on 20 million keyword searches by its users.

But Schmidt said a more serious threat to user privacy lay in potential demands on Google by governments to make the company give up data on its customer's surfing habits.

"You can never say never," Schmidt said during an onstage interview with Web search industry analyst Danny Sullivan.

"The more interesting question is not an accidental error but something where a government, not just the U.S. government but maybe a non-U.S. government would try to get in (Google's computer systems)," Schmidt said.

Google won kudos earlier this year from privacy advocates for going to court to block a U.S. government request for data on Google users. Schmidt warned that such intrusions could occur again.

Google operates one of the world's largest collections of computer databases at its Mountain View, Calif. headquarters. It asks users for permission to store personal data, which it uses to speed Web searches to help advertisers target ads.

But Google also operates computer data centers in other countries, including China,
where its entry into the market earlier this year stoked controversy over the risks of doing business under China's censorship laws.

Sullivan asked Schmidt why Google does not purge its users' data from its computers every month or two to guard against building up too much history of any Web user's search habits.

"We have actually had that debate," Schmidt said, adding that security protections Google has put in place would make it very difficult, if not impossible, to steal customer data. He said keeping users' trust was Google's most essential mission.

AOL, the online unit of media conglomerate Time Warner Inc., apologized on Monday and said it had launched an internal probe into how a research division of the company mistakenly released the data on its Web site two weeks ago.

The trove of personal data continues to circulate on the Web, where it can be downloaded and probed for details on user interests.

Release of the data on searches by about 658,000 anonymous AOL users over a three-month period has provoked a firestorm of criticism over the risks created by collecting vast stores of personal data as many online companies do, including Google, Microsoft, Yahoo, Amazon.com.

Even though the users' names are not attached to the data, they can be identified by the personal nature of many Web searches.

"It is obviously a terrible thing," Schmidt said of the AOL data breach. "The data that was released was obviously not anonymized enough."

He said Google has very sophisticated security plans to protect its databases. The federal Sarbanes-Oxley law also requires companies to have demonstrable procedures for protecting against not just external threats but also the risk that a company insider could release Google data, he said.