

Microsoft chief says China piracy very costly

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Microsoft CEO Steve Ballmer introduces the upcoming Windows Phone, which will arrive in China over the next few months, in Beijing on May 24, 2011. Ballmer has said rampant software piracy in China has eaten into his company's revenue in what is soon to be the world's top PC market, a report said Friday.

Microsoft chief executive Steve Ballmer has said rampant software piracy in China has eaten into his company's revenue in what is soon to be the world's top PC market, a report said Friday.

Ballmer said the world's largest software maker's revenue in China was only five percent of that in the United States, even though [personal computer sales](#) in the two countries are nearly equal, the [Wall Street Journal](#) reported.

The comments underlined the challenges faced by Western firms in protecting their copyrights in China, the largest counterfeit and piracy market in the world. The issue has long been a sticking point in Sino-US relations.

Ballmer told hundreds of employees at the company's new Beijing offices that while PC sales in China in 2011 will roughly equal US sales, "our revenue in China will be about a twentieth of our revenue in the United States".

He said Microsoft's revenue per personal computer sold in China was only a sixth of the amount the company gets in India, and that total revenue in China was less than revenue in the Netherlands, a country of only about 17 million.

"We're literally talking about an opportunity that is billions of dollars today" if China had the same level of [copyright protection](#) as India, the newspaper quoted Ballmer as saying.

He rejected the notion that [Chinese consumers](#) cannot afford his company's core Office software.



File photo of a pirated copy of Microsoft Windows Vista being sold in southern China. Microsoft rejects the notion that Chinese consumers cannot afford his company's core Office software and so turn to pirated copies.

"I'm not saying everybody in China could afford to buy a PC... but if you can, you could afford the software," he said.

Data from market research firm IDC show China is on track to surpass the United States as the world's largest PC market next year, according to the Journal.

PC unit shipments in China are likely to increase 12 percent this year to 71 million as compared with 75 million units in the US, where sales are expected to be flat, IDC said.

A Chinese government-funded survey published earlier this month showed that piracy had cost the global software industry more than \$20 billion in losses in the China market last year.

Also this month, the United States said China was making progress on improving protection of intellectual property rights but voiced concern about Beijing's longer term commitment.

It kept the country on this year's "priority watch list" for weak protection of intellectual property rights.

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