Microsoft looks beyond China amid piracy problem

Microsoft Corp. Chief Executive Steve Ballmer said Wednesday that China's weak enforcement of copyright laws has undermined revenues and pushed the company to focus on markets elsewhere in Asia.

China accounts for between 15 percent and 20 percent of global computer sales - and will overtake the U.S. this year as the world's biggest computer market - but only 1 percent of Microsoft's revenue comes from China, Ballmer said.

Microsoft makes operating system and desktop applications software that is used in about 80 percent of personal computers globally.

"Intellectual property protection in China is not just lower than other places, it's very low, very, very low," Ballmer told reporters at a Microsoft conference in Singapore. "We see better opportunities in countries like India and Indonesia than China because the intellectual property protection is quite a bit better."

Despite attempts to stamp out piracy, China's protection of intellectual property remains weak and is among a growing number of sore points for foreign companies operating in the world's No. 3 economy. There has been growing resentment at Beijing's moves to favor local companies including an "indigenous innovation" policy giving domestic products priority in government procurement contracts. U.S. Treasury Secretary Timothy Geithner said Tuesday that Beijing had promised to modify the policy.

Ballmer also said he's worried Europe's debt crisis could undermine economic growth in the rest of the world.

Ballmer said Microsoft's customers have been expressing concern to him in recent weeks that contagion from Europe's debt and financial turmoil could spread to the rest of the world.

"The world economy is very linked and everybody is very nervous that any problems that we might see in Greece or other countries in Europe would not be isolated to Europe," he said.

Ballmer's comments reflect the sea-change in investor and corporate sentiment since a European Union and International Monetary Fund bailout for Greece triggered fears of defaults in Spain, Portugal and Italy. Those countries are now scrambling to cut government spending to help shore up their weakened financial positions.

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