

SOFTWARE/CHINA

Breakthrough for Microsoft in piracy battle

Microsoft has claimed a breakthrough in its battle against software piracy in China by striking an agreement with most of the country's top PC makers to bundle new operating system into their computers.

The US software giant announced the agreement yesterday with Legend Holdings, China's top PC maker, TCL Computer Technology, and the computer divisions of Tsinghua Tongfang Co and Great Wall Corporation. The four companies, which together account for more than half of China's home computer market, will pre-install the operating system, Windows XP, before their PCs reach retailers.

Contains risk

The deal contains risks for the companies as they are likely to have to raise their prices by about 10 per cent to cover payments to Microsoft.

China's second largest PC maker, Founder Holdings, is still negotiating with Microsoft and may wait to see how the agreement affects sales of its rivals.

Windows XP was on sale for less than \$5 in pirated versions in China soon after its recent launch in the US.

Authentic versions of the system-

cost about \$180 on the Chinese mainland. Software piracy, widespread throughout Asia, presents particular dangers for Microsoft, and other software companies, in China. The mainland is both one of Microsoft's most important strategic markets as well as one of the worst piracy offenders.

The agreement with the four manufacturers marks a sea change for Microsoft in China, according to Kelvin Hou, the company's deputy general manager.

"If you set a good example and build up a nice platform, and you work with these manufacturers, then you can move forward. In the past it was like guerrilla warfare," he said at a press briefing in Beijing.

More than doubled

China's software market, worth about \$2bn in 1997, grew to an estimated \$8.2bn by this year. By 2004, according to the Gartner group, it will have more than doubled to \$17.8bn, reflecting a compound annual growth rate over seven years of 36 per cent. In the same period, the Gartner group estimates the computer hardware market will grow from \$9.7bn in 1997 to \$29.9bn in 2004, a more modest growth rate of 17 per cent.

Gartner's figures are more bullish than those of IDC Greater China, which estimates the combined IT market on the mainland will rise from \$16.3bn in 2000 to \$50.7bn in 2005.

RICHARD MCGREGOR

FOREIGN POLICY/ANTI-AMERICANISM

Why people love to hate America

Anti-Americanism needs to be understood and combated. That includes reducing the volatility and inconsistency of US foreign policy, says Moises Naim

For all the post-September 11 focus on Islamic anti-Americanism, the world's reaction has in fact exposed the variety, complexity and ubiquity of antipathy towards the US.

In Argentina, Hebe de Bonafini, an internationally known human rights activist and president of the Association of the Mothers of Plaza de Mayo (mothers of Argentines who "disappeared" during the dictatorship), has said: "When the attack happened I felt happiness." In France, the editor of *Le Monde Diplomatique* offered his summary of the world's reaction: "What's happening to [Americans] is too bad but they had it coming."

Although few America-haters resort to terror, their simmering rage not only incubates violence; it also provides the moral support that can transform a crime against humanity into the opening salvo of a political, religious, cultural and economic struggle. Thus there is a need to understand it better.

Political-economic anti-Americanism represents a reaction to current US foreign policies: support for Israel or for repressive governments in the Middle East; the US's role in the Balkans; its embargo on Iraq and Cuba; the lack of support for the Kyoto protocol on climate change or for the establishment of the international criminal court.

Mish-mash of grievances

Anti-Americanism's most frequent expressions usually reflect a mish-mash of grievances. But one can identify five types: politico-economic, historical, religious, cultural and psychological.

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Historical anti-Americanism has its roots in past US behaviour. In a column titled "The Last September 11", Ariel Dorfman, a Chilean novelist, reminds his readers that on September 11 1973 the democratically elected government of Salvador Allende, the Socialist president, was overthrown in a military coup backed by the US.

Religious anti-Americanism is most virulently expressed by Islamic fundamentalists. In the words of Ayatollah Khomeini, Iran's late spiritual leader, "[Americans] are the great Satan, the wounded sna-



Protesters burning the American flag is not an uncommon sight today.

ke." But religious anti-Americanism is by no means exclusively Muslim. Roman Catholic liberation theologians, Greek Orthodox prelates, fundamentalist Jewish rabbis and US televangelists also condemn American society's "corrupting immorality".

Cultural anti-Americanism is stirred by the ability of the American of life to influence and often displace local cultures. Satellites that beam US television overseas and commercial brands that attract billions of consumers also stoke anxiety and anger about cultural invasion.

Psychological anti-Americanism is fuelled by jealousy, resentment, ambivalence and crushed expectations. The seductive allure of American capitalism, freedoms, products and culture often co-exists with ambivalence about them as being economically or politically unattainable.

What to do? The various types of hatred should be viewed as a vital component not just of fighting terrorism but also of creating a more stable world. US foreign policies need to be screened against this overarching interest.

May be insurmountable

The five types of hostility towards the US are not equally difficult to overcome. Religious anti-Americanism may be insurmountable but some of the negative sentiments rooted in politico-economic causes may be more easily allayed. Think, for example, about the effect that US reluctance to pay its United Nations dues had on global opinion. Is the ill will generated by such actions worth it?

Inconsistent policies, double standards and policy volatility also feed anti-Americanism. The US government's principled defence of the property rights of pharmaceuticals companies holding the patents for drugs used to treat

HIV-Aids in Africa was quickly revised when it became necessary to treat anthrax in the US. Americans isolate the Cuban Communist dictator while engaging the North Korean one.

Too frequently, policies that are trumpeted by successive administrations as deeply rooted in American values are sacrificed at the altar of short-term expediency or are contradicted by other policies.

Given the unpredictability of the international environment and the way US democracy, politics and institutions work, the system will always produce policies that are fickle or contradictory. Nonetheless, reducing the volatility and inconsistency of US foreign policies is possible and should be seen as an important goal in terms of advancing US national interests.

Often dismissed

US politicians and policymakers should also recognise that, tempting as it may be for the US to act alone in world affairs, unilateral actions usually bear a price in stoking anti-American feelings. For years that cost was seen as negligible. Even today anti-Americanism is often dismissed as an unavoidable by-product of superpowerdom or as mere hypocrisy.

As one former US diplomat puts it: "Lots of those folks who burn the US flag in front of our embassies are back applying for visas a few days later."

That is true but, as we now know, not all of those who burn US flags also want visas. Some really want to burn the US and are willing to die in the process. These suicidal anti-Americans will never be persuaded to change their minds.

But other critics might; others might even be converted into friends. It seems worth trying.

TELECOM/GERMANY

Siemens does not quit mobile phones

Heinrich von Pierer, chief executive of Siemens, on Thursday quashed speculation the German electronics and engineering group would withdraw from mobile phone manufacturing by folding its handset unit into a joint venture.

The speculation arose after Volker Jung, the board member responsible for telecommunications, said he was looking for a handset manufacturing partner as he unveiled his restructuring strategy for the telecom units last month.

Speaking at the group's annual press conference in Munich, Mr von Pierer also poured cold water on some of Mr Jung's other goals.

His plan to fold the enterprise networking activities of ICN, the group's fixed telephony unit, into SBS, its IT services business "makes sense", he said, but would not happen in the immediate future.

"We believe that both [ICN and

SBS] first have to make progress with their restructuring efforts before we can turn to the idea of a reorganisation. And we expect these efforts to take some time," Mr von Pierer said.

The sharp drop in demand for telecoms equipment resulted in hefty restructuring charges and write-downs at ICN and ICM in the second half of Siemens' fiscal year to September. The units reported full-year operating losses of E861m and E307m respectively.

Siemens said on Thursday it would give the two businesses another year to fulfil their 2003 operating margin targets - ranging from 8 to 11 per cent - set last December.

"Those [business units] which don't meet their goals and can't sustain their performance won't remain at Siemens for long," said Mr von Pierer. He declined to give a detailed outlook for the coming year but said restructuring charges would still burden results in the current quarter.

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