Microsoft has seemed to be flying high in the Peoples Republic of China lately. Bill Gates spent several days in Beijing earlier this year in meetings with high-level officials, after hosting Chinese President Hu Jintao the spring before at Gate's own home. And legitimate copies of Microsoft products appear to be at last gaining ground in comparison to pirated copies, albeit at the price of discounting them to almost unimaginable levels (students can now reportedly obtain a Windows/Office bundle for the incredibly low price of $3). Some commentators complimented Microsoft's pragmatic decision to accept Chinese realities and not insist on having everything its own way.

Others, though, wonder whether the Chinese are smiling all the way to the bank, taking everything they can get, and giving little in return. David Kirkpatrick asked that question in the title of his April Fortune piece, titled How Microsoft conquered China: Or is it the other way around? Kirkpatrick hitched a ride on Gates' April trip to Beijing, and witnessed the rock star status and high level access Gates enjoyed in the Chinese capital. In the end, Kirkpatrick concluded that both sides are doing just fine, thank you, even if China may be doing a bit "finer."

But perhaps not. One story I've been following in China for some time is the development of China's own home-grown open document format standard, called UOF (for Unified Office Format). Now, two stories involving UOF, OOXML (a Microsoft-backed XML format that is currently seeking adoption in ISO/IEC JTC1) and ODF (an already ISO/IEC JTC1-adopted XML format that is backed by IBM and Sun, among others) have appeared in the last ten days in the English language version of the state-owned Xinhua news service. Together, they provide an interesting temperature reading on the warmth of the Redmond-Beijing relationship. (You can read more about UOF here and here.)

First, some background. China has embarked upon a very aggressive state-sponsored, and state funded, standards strategy. That strategy is staffed by a multitude of government and academic employees, with estimates of their total
number running into the many thousands. At the heart of the matter is an understandable resentment by China to be relegated to the status of a low-cost, low margin job shop for Western, patent-owning companies that have their products built in China, and then mark them up significantly for sale all over the world. China is barred from selling similar products by the high patent licensing fees that it would need to pay to sell such products under it's own brand. The best example can be found in DVD players, where the licensing fees would be almost equal to the retail price of a low-end unit.

As a result, China has evolved a two-pronged approach: use western standards with abandon, when they can be implemented for free, and develop its own standards in select, high volume areas, such as wireless technology, 3G telephones - and office suite formats - when they can't. UOF was adopted as a Chinese National Standard in May of this year, and implementers will need to obtain a license to multiple Chinese patents in order to implement it.

In short, Microsoft is facing a situation in China analogous to what it is facing with ODF. Except in this case, it is dealing not with a handful of vendors, most with a tiny fraction of Microsoft's own resources, but with a sovereign nation with the largest population on earth, a determined and powerful central government, and a detailed and comprehensive national standards strategy.

Microsoft's own strategy in the face of UOF has been similar to its approach to ODF. In April, Microsoft announced that it would fund the creation of an open source translator project intended to enable UOF to OOXML document exchanges. eWEEK.com's Peter Galli quoted Jean Paoli, Microsoft's general manager for interoperability and XML architecture as follows: "This Open XML-UOF translator will be similar to the Open XML-ODF translator that has already been developed and will follow the same model." Microsoft presumably hoped that this approach would assuage the Chinese government, just as it hoped its ODF translator project would comfort European antitrust regulators.

That hope appears not to be maturing at the moment in the case of OOXML. Or at least so the tea leaves at People's Daily Online would indicate, as this is where China shows the English speaking world what it wishes it to see online. The first of the two articles, titled Microsoft 'monopoly' comes under fire, is brief, and appeared on August 7. It states in part:

Chinese academics and software developers gathered in Beijing yesterday to voice their opposition to Microsoft's latest standard document format Office Open XML (OOXML). Major software developers, academics and industry associations spoke out against Microsoft's "monopoly" on the format of digital documents....[Microsoft's] document format has helped it to unprecedented success, setting a formidable barrier for other software companies, who must make Microsoft-compatible products and cannot access the core code of the format.

The article goes on to quote Ni Guangnan, a professor at the Chinese Academy of Engineering, as follows: "Microsoft's move to make its OOXML format the international standard is an extension of its goal to maintain its monopoly in the
world's software market. We are calling on the government to veto the OOXXML format at the International Organization for Standardization (ISO)." According to the article, Ni wrote an open letter to Chinese Media on July 17, which Tim Chen, senior vice-president of Microsoft and chairman and CEO of its China operation, answered on July 31. Chen called Ni's assertions "unfair," and continued, "We are promoting the new format in response to our users' needs."

I was not sure how much to make of this single article, notwithstanding its posting at the state information agency's English news site, given its brevity and the fact that its quotes were attributed to a single "academic." Chinese news stories make statements to the world, and how – and by whom – those statements are made are intended to signal the seriousness with which they should be taken.

The next article appeared on August 13, and this article was not only more forceful, but quoted several industry sources. It was titled Microsoft doc standard meets opposition in China, and runs to almost 900 words – quite long for a People's Daily Online article. The article begins as follows:

BEIJING, Aug. 13 (Xinhua) -- The OOXXML, Microsoft's newest document standard, is facing growing opposition as China's software producers, IT experts and netizens continue to urge the government to vote against it at the International Organization of Standardization (ISO) conference in September.

"An international standard can't be built on the private technologies of a single company. If something goes wrong with the company, nobody can open files based on its standard," said Co-Create Software (CCS) vice secretary general Yang Chuanyan.

"We appreciate the sophisticated technologies of the MS document, but doc standard has to be open to allow anybody, at anytime, to develop applications to operate on the saved files," Yang said.

The article goes on to note that Microsoft has already developed a converter able to convert documents based on ODF, a "standard promoted by Sun Microsystems, IBM and Oracle and approved as the international standard by the ISO," and that it is working with Chinese partners on a similar solution.

But that solution does not seem to be working any better in China than it is elsewhere. The article goes on to quote not just Ni again, but also Beijing Redflag CH2000 Software Co. Ltd. manager Hu Caiyong, who states, "The MS doc standard contains too many MS patents, which we have to get round and re-develop new protocols for compatibility. It took almost five years for Chinese software producers to develop software that is compatible with MS Office."

The article also quotes a vice president of Evermore Software, another Chinese company: "The MS will seize the entire market during our research and development period. Which means the fledging domestic producers will be destroyed and consumers will have few options," as well as an Executive Vice President of China Standard Software, who was also critical.
Intriguingly, it returns to Ni and Hu on the subject of bringing UOF and ODF into harmony, a goal called for by Sun’s Scott McNealy in Beijing earlier this year:

Ni said that the UOF and the ODF should combine to fight the OOXML since the two standards have a significant integration potential as 70 percent of them are the same and 20 percent of them are transferable. "Although the MS Office has more than 400 million users globally, users of Star Office and Open Office, software based on ODF, have reached tens of millions worldwide," Hu Caiyong told Xinhua....

"Considering the potential Chinese market and the maturity of the self-developed software, the integration of the UOF and the ODF is quite realistic and able to gather enough strength to fight the OOXML," Hu said.

Apparently, OOXML has struck a popular nerve as well. The article says, "Enter 'resist', 'Microsoft' and 'document standard' in Baidu, the largest search engine for the Chinese language, [and] 112,000 web pages will show up."

It should be noted that the article also quotes the Secretary General of the China Software Association, who called OOXML "a very good thing" for China to vote in favor of OOXML, and something that would be good for both the government as well as Chinese software vendors. Xinhua states that it was unable to obtain a statement from the Ministry of Information Industry, which will cast China's vote on OOXML

What to make of all this? Is the government signaling that its vote can't be taken for granted? Are there concessions that it is asking for from Microsoft behind the scenes? And most intriguingly, which way will China ultimately vote?

I have no idea. But as in over a hundred countries around the world that are finalizing their votes, we should find out very soon.

**Epilogue:** China cast its vote in ISO/IEC JTC1 against adoption of OOXML.


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