

Q&A: TikTok saga continues with Microsoft talks. Now what?

4 August 2020, by Tali Arbel



A man wearing a shirt promoting TikTok is seen at an Apple store in Beijing on Friday, July 17, 2020. U. S. President Donald Trump says he wants to take action to ban TikTok, a popular Chinese-owned video app that has been a source of national security and censorship concerns. (AP Photo/Ng Han Guan)

The latest twist in the TikTok saga is an especially strange turn in a tale filled with strange turns. Suddenly, Microsoft—known primarily for work software like Windows and Office—is in talks to buy the popular Chinese-owned video app, which has raised national-security concerns for U.S. officials.

The U.S. government is effectively forcing ByteDance, TikTok's owner, to sell so it can salvage the app in the U.S., a huge and valuable market. President Donald Trump has threatened a "ban" on TikTok and other administration officials and U.S. lawmakers of both parties have said the app's Chinese ownership is a concern.

It's unclear what shape such a ban would take or whether the sale will go through. TikTok's users are posting videos saying they are upset and angry. Here's what's at stake.

Q. What is TikTok again?

A. The app is a home for fun, goofy videos that are easy to make and to watch. That's made it immensely popular, particularly with young people, and U.S. tech giants like Facebook and Snapchat see it as a competitive threat. TikTok says it has 100 million U.S. users and hundreds of millions globally. It has its own influencer culture, allowing people to make a living from posting videos on the service, and hosts ads from major U.S. companies.

ByteDance Ltd., a Chinese company, launched TikTok in 2017, then bought Musical.ly, a video service popular with teens in the U.S. and Europe, and combined the two. A twin service, Douyin, is available for Chinese users.

Q. What concerns U.S. officials about the app?

A. TikTok, like most other social networks, collects data about its users and moderates what's posted. It grabs people's locations and messages they send one another, for example, and tracks what people watch in order to know what kinds of videos they like and how best to target ads to them.

Similar behavior has raised concerns about American social networks, but Chinese ownership adds an additional wrinkle, because the Chinese government can demand that companies help it gather intelligence. In the case of TikTok, this remains a hypothetical threat, said Samm Sacks, a researcher at Yale Law School's Paul Tsai China Center—but it could be happening.

TikTok has vowed that U.S. user data is not stored in China and that it would not hand over user data to the government. But experts have said that if the Chinese government wants information, it will get it. The U.S. government has also cracked down on Chinese telecom companies Huawei and ZTE because of this worry. The companies deny that they facilitate spying.

There are also concerns about TikTok censoring videos critical of China, which TikTok denies, or pushing propaganda. Advocates in the U.S. also say the company is violating children's privacy laws.

Q. Is the threat from TikTok unique?

A. No. China's economic espionage is a well-known threat, and similar user data concerns were raised about Huawei, the telecom equipment maker. The Chinese military or groups with ties to it are accused of massive hacks of sensitive information from credit bureau Equifax and the federal Office of Personnel Management.

But several experts say that the U.S. government is lashing out at Chinese tech companies without taking significant steps to protect Americans' privacy with federal legislation and while working to undermine encryption, which allows secure communications that can't be easily read by outsiders.

"We're trying to solve the issue of how you manage all the security risk that comes from massive data collection in an unregulated space, and we're trying to solve it by playing whack-a-mole with different Chinese companies that we see as threats," Sacks said. "We get into dangerous territory where the U.S. government is controlling what Americans can and can't do.... This is technonationalism."

Trump may also have reason to personally dislike TikTok, which has started to join the U.S. political conversation. In June, [young people](#) carried out a campaign on TikTok and other apps to troll the president by artificially boosting expected turnout for a Trump rally in Oklahoma. Sarah Cooper, a comedian who lip-syncs Trump's statements in videos that make him look ridiculous, is a TikTok star.

Q. Would a purchase by Microsoft address the administration's concerns?

A. "I think the security concern frankly has come down to the parent company is Chinese and that's what U.S. lawmakers have a problem with," Sacks said. If that's the issue, a Microsoft deal would

solve the problem.

In remarks to reporters Monday, Trump said he supported such an arrangement. He said "we'll close down (TikTok) on September 15 unless Microsoft or somebody else is able to buy it." He said such a deal would require that the U.S. government "gets a lot of money" because it's enabling the deal to happen. But not everyone in the White House may be in agreement; presidential trade adviser Peter Navarro said on Fox News Monday that the deal was a problem because of Microsoft's operations in China.

Q. So, Microsoft might buy TikTok? Really?

A. Really. Other potential Big Tech buyers, especially Facebook and Google, would likely face antitrust concerns if they tried to buy TikTok.

Microsoft does already own the professional and job-hunting site LinkedIn, and it is the No. 4 digital ad company in the U.S., after Google, Facebook and Amazon. But TikTok would be a sharp change in direction away from workplace services for Microsoft.

Q. What happens next?

A. Microsoft is in talks with ByteDance and plans to complete those by Sept. 15. Any deal may involve other American investors as well.

Microsoft's plan would be to own and operate TikTok in the U.S., Canada, Australia, and New Zealand. That might complicate things if the service has different owners in different parts of the world.

Q. How would a ban of TikTok work, anyway?

A. That's also not clear. TikTok could have been put on a Commerce Department list, like Huawei is, that cuts it off from business with U.S. companies. That could mean it wouldn't work on the Apple and Google app stores. But it's an unprecedented situation for a consumer app.

"Never in our history since we've had app stores on smartphones have I been able to find an example where an app was actually banned by the U.S.

government," said Theresa Payton, the former White House Chief Information Officer and CEO of a cybersecurity consultancy.

Q. What are the political consequences for a ban on TikTok?

A. Tensions between China and the U.S. have been increasing over trade policy, diplomatic relations and cybersecurity concerns. The U.S. has pressed allies to crack down on Huawei and imposed sanctions. Trump has also misleadingly blamed China for the coronavirus pandemic, calling it the "China virus."

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