

Chinese govt complicates TikTok sale ordered by US govt

August 31 2020, by Tali Arbel and Zen Soo



A woman uses her phone as she passes by the ByteDance headquarters in Beijing, China, on Friday, Aug. 7, 2020. The Chinese government is complicating the U.S.-government-ordered sale of U.S. TikTok assets. China on Friday, Aug. 28, 2020 introduced export restrictions on artificial intelligence technology, seemingly including the type that TikTok uses to choose which videos to spool up to its users. That means TikTok's Chinese owner, ByteDance, would have to obtain a license to export any restricted technologies to a foreign company. (AP Photo/Ng Han Guan)

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The Trump administration has threatened to ban TikTok by mid-September and ordered ByteDance to sell its U.S. business, claiming national-security risks due to that Chinese ownership. The government worries about user data being funneled to Chinese authorities. TikTok denies it is a national-security risk and is suing to stop the administration from the threatened ban.

Prospective buyers for U.S. TikTok assets include Microsoft and Walmart and, reportedly, Oracle. Oracle has declined to comment.

On Saturday, Chinese state-owned media outlet Xinhua News Agency quoted government trade adviser and professor Cui Fan, who said that Bytedance should consider whether it should halt negotiations to sell TikTok in the U.S.

"As with any cross-border transaction, we will follow the applicable laws, which in this case include those of the U.S. and China," said ByteDance General Counsel Erich Andersen.

The Chinese government's new restrictions may be a "tactic to drive up valuation" of TikTok, said RBC Capital Markets analyst Alex Zukin, who still expects a deal announcement "relatively soon." The Wall Street

Journal reported last week that [ByteDance is asking for \\$30 billion](#) for the U.S. operations, but has faced resistance from bidders. The Journal said in a Sunday story that [deal talks had "slowed."](#)

Microsoft and Walmart declined to comment on Monday.

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