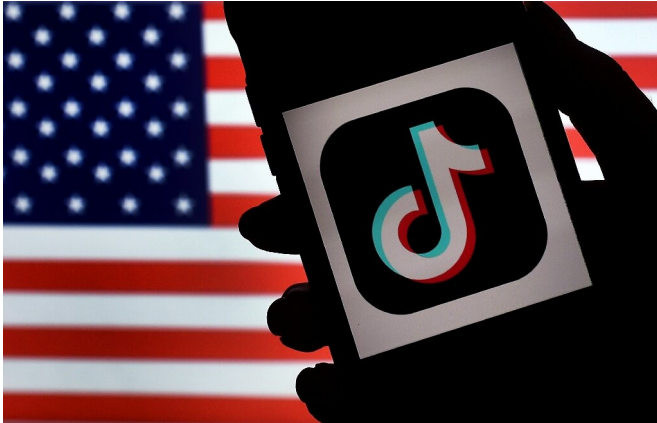


Trump vows to block any TikTok deal that allows Chinese control

21 September 2020, by Rob Lever



Details of a planned spinoff of the popular Chinese-owned video app TikTok remained murky as President Donald Trump vowed to block any deal allowing China-based parent firm ByteDance to retain control

A deal to restructure ownership of the popular video app TikTok was thrown into doubt Monday when President Donald Trump vowed to block any deal that allows its Chinese parent firm to retain any control.

The comments raised fresh concerns over a weekend deal that appeared to avert a US-ordered ban of TikTok, which the Trump administration has called a national security risk and has threatened to ban without ownership changes.

The deal would make Silicon Valley giant Oracle the data partner for TikTok, with retail giant Walmart also taking a stake in a new entity to be called TikTok Global.

But details of the plan remained unclear, amid differing accounts on the American and Chinese shares of the new firm, and who would be in control of the data and algorithms.

Trump on Monday told Fox News that TikTok's Chinese parent firm ByteDance "will have nothing to do with it, and if they do, then we just won't make the deal."

He added that Oracle and Walmart "are going to own the controlling interest. Everything is going to be moved into a cloud done by Oracle... and it's going to be controlled—totally controlled by Oracle."

Later in the day, Trump told reporters the deal was "working its way through," and added, "I've given a preliminary OK."

Battle for algorithms

ByteDance, under pressure in China not to give in to US demands, said it would hold an 80 percent stake in TikTok Global after a public share offering.

The Chinese firm said the current plan "does not involve the transfer of any algorithms and technologies," and that reports to the contrary were "rumors."

A separate statement from Oracle offered a different view of the transaction.

"Upon creation of TikTok Global, Oracle/Walmart will make their investment and the TikTok Global shares will be distributed to their owners, Americans will be the majority and ByteDance will have no ownership in TikTok Global," Oracle vice president Ken Glueck said.

TikTok—which became a global phenomenon with its brand of short, addictive phone videos and has some 100 million US users—has come under fire in recent months as tensions escalate between China and the west.

Trump has increasingly put national security and his aggressive stance toward China at the center of his re-election campaign, claiming without providing

evidence that TikTok is collecting user data for Beijing.

It is the latest digital battleground between Beijing and Washington, which has also sought to cut off Chinese giant Huawei from the global tech supply chain on similar security concerns, and has moved to ban the multi-usage Chinese app WeChat in the United States.

'US bullying'

China's Commerce Ministry on Saturday condemned what it called US "bullying," saying it violated international trade norms and that there was no evidence of any security threat from TikTok.

Some analysts expressed skepticism that the TikTok deal could be structured in a way to win approval both from the US and China.

"It looks like Oracle and TikTok have made just enough concessions to pass the US administration but now comes the test of whether these concessions are too much for China," independent technology analyst Richard Windsor said in a blog post.

St. John's University said Trump's moves on TikTok and other China-based firms are seen by many Chinese as a "villainous" act and have led to "a growing patriotism in China" with respect to its companies.

The Chinese state-controlled newspaper Global Times suggested Beijing may block the deal, denouncing "Washington's bullying style and hooligan logic."

China "will not yield to US intimidation and will not accept an unequal treaty that targets Chinese companies," the newspaper said in an editorial.

The plan unveiled over the weekend would allow Oracle to take a 12.5 percent stake in TikTok and Walmart a 7.5 percent stake in a share offering valuing the platform at some \$60 billion.

The ownership stake held in Chinese hands has been subject to differing interpretations, since

ByteDance is 40 percent owned by American investors.

Also in doubt was Trump's claim that the new entity would make a \$5 billion contribution to a "patriotic education" initiative.

Oracle and Walmart said TikTok Global would "pay more than \$5 billion in new tax dollars" as part of the plan, which according to US officials would also lead to 25,000 new US jobs.

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