

US-China conflict over TikTok intensifies as Trump's forced divestiture deadline approaches

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The aggressive move by the US to force the Chinese firm ByteDance to sell the video sharing app TikTok to an American company is intensifying as the September 15 deadline imposed by President Donald Trump for divestiture approaches.

Before boarding Air Force One for a trip to Kenosha, Wisconsin on Tuesday, the president reiterated to reporters the two conditions required for TikTok—which claims 100 million active users in the country—to continue to operate in the US.

“I told them they have until September 15 to make a deal—after that we close it up in this country,” Trump asserted, adding, “I said the United States has to be compensated, well compensated.”

While the forced divestiture of TikTok is contained in his executive order of August 6, Trump has not specified under what authority he has issued the compensation requirement. As reported by *Bloomberg*, government fee assessments on transactions of this type normally do not amount to more than \$300,000, which “appear to fall short of what Trump has demanded.”

The imposition of massive fees to be paid to the US government for brokering the sale of the highly valued Chinese tech firm's assets to an American owner—at bargain basement prices—is unprecedented and amounts to a White House-orchestrated fencing operation with TikTok as the loot.

This aspect of the Trump administration's bullying of ByteDance has not been lost on the Chinese government, which has referred to the September 15 deadline as “a forced fire sale.”

Late Friday, China's Commerce Ministry retaliated and imposed a new set of export controls on the country's businesses, stating that artificial intelligence

(AI) interface technologies such as speech and text recognition software and algorithms that analyze data and make personalized content recommendations are matters of national security.

It just so happens that AI and content recommendation tools are a core part of TikTok's platform and success. In a June 18 blog post, TikTok explained some details of how these sophisticated technologies work: “When you open TikTok and land in your For You feed, you're presented with a stream of videos curated to your interests, making it easy to find content and creators you love. This feed is powered by a recommendation system that delivers content to each user that is likely to be of interest to that particular user. Part of the magic of TikTok is that there's no one For You feed—while different people may come upon some of the same standout videos, each person's feed is unique and tailored to that specific individual.”

The core capability—and value—of the TikTok recommendation engine is not just its ability to analyze the previous behavior of users and serve up content that is specific to their interests. It is TikTok's ability to predict future behavior that is the “holy grail” of social media advertising revenue because its compelling individualized content keeps users viewing their feed for longer and longer periods of time.

According to Eugene Wei, a tech startup investor from San Francisco, it is TikTok's mastery of AI and “deep learning” that has made the platform a success. As Wei told the *Wall Street Journal*, “When you gaze into TikTok, TikTok gazes into you. To see it as merely a novelty meme video app for kids is to miss what is its much greater disruptive potential.”

The possibility that American companies can acquire these advanced systems at a fraction of their market value and without having to develop them from the ground up makes the acquisition of TikTok an especially attractive proposition. Facebook, for example—with its nearly 3 billion worldwide users and present stock market value of \$850 billion—has only recently implemented a service called Reels on Instagram that emulates the capabilities of TikTok that have been in place for more than two years.

This fact is also clearly understood by the Chinese government and is the reason why Beijing has intervened with export rules to hold back this capability from a possible sale of the assets of the platform. According to the *Journal*, Chinese Foreign Ministry spokesman Zhao Lijian said at a regular media briefing on Monday, that the US is using “economic-bullying and political-manipulation tactics against non-U.S. companies.”

The Trump administration’s emergency order threatening to shut down TikTok in the US is based on completely bogus and unproven national security claims that the Chinese-based company has been gathering the private information of American citizens and turning it over to Beijing state intelligence. The campaign is entirely motivated by the domestic and international political needs of the Trump administration for whipping up anti-Chinese sentiments within the US and prosecuting aggressive geostrategic goals aimed at suppressing the emergence of a major threat to American global hegemony.

The campaign against TikTok—along with the China-based WeChat mobile application—was initiated by Democratic Party leaders in Congress who began demanding in late 2019 along with their Republican counterparts that the app be banned among Transportation Safety Administration employees and US military personnel as a threat to national security.

The unity between the Democrats and Republicans on Trump’s xenophobic anti-Chinese economic measures is most clearly expressed by the *New York Times*, which has published a steady stream of articles that have applauded the forced sale of TikTok. In an article published on Monday, the *Times* takes a notably supportive position in relationship to the actions of the White House, noting, “If China does move to block TikTok’s sale, that could goad Mr. Trump into taking

harsher action, further escalating tensions between the United States and China.”

On Monday, rumors that a sale of TikTok was imminent were being widely reported in the corporate business media. According to CNBC, the bidders for the platform included the software companies Microsoft and Oracle and the retailer Walmart. The report said, “Walmart emerged as a surprise contender last week, saying the social media app would augment its e-commerce efforts.”

However, unnamed individuals who are familiar with the negotiations said that the US government demanded that a tech company lead the offering and Walmart then entered into a consortium that included Alphabet (parent of Google and YouTube) and Softbank. When these two latter firms dropped out of the negotiations, Walmart teamed up with Microsoft.

The CNBC report said that a buyer had been selected to purchase TikTok’s US, New Zealand and Australian operations, and “Microsoft, in partnership with Walmart, and Oracle are the two top contenders. The sale price is expected to be in the range of \$20 billion to \$30 billion.”



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