

Will TikTok's 2022 China controversies bleed into 2023?

Article

The year in review: TikTok gained esteem with consumers and advertisers alike in 2022, even as it drew more government skepticism. Will questions about its ties to China and the safety of US user data go away anytime soon? Here's a review of events tied to the short-form video app that have dominated the headlines this year.

A look back:

- **February:** The Commerce Department begins its review of comments on proposed rules that could augment the government’s oversight of any apps that could be utilized “by foreign adversaries to steal or otherwise obtain data.”
- **March:** TikTok reaches a deal with **Oracle** to house American users’ data in US-based servers owned by the enterprise technology firm.
- **May:** US Sen. Marco Rubio, R-Fla., releases a statement urging President Joe Biden to prevent **TikTok Shop**, which had entered pilot testing the prior fall, from launching full US operations.
- **June:** The company announces it has “changed the default storage location of US user data” to Oracle servers in Texas.
- **July:** TikTok announces it is “strengthening its commitment to transparency” by [giving selected researchers](#) access to the app’s framework and anonymized data about content on the platform. That same month, US Senate Intelligence Committee chair Mark Warner, a Virginia Democrat, and vice chair Rubio demanded that the Federal Trade Commission (FTC) look into TikTok in light of then-recent revelations claiming that employees in China have access to data on US users.
- **August:** Insider reported that 300 employees of TikTok parent **ByteDance** formerly worked for Chinese state media.
- **September:** President Biden [issued an executive order](#) to limit foreign investment in US tech companies. The order clarified duties of the Treasury Department’s Committee on Foreign Investments in the United States (CFIUS), which was created over 50 years ago to block foreign acquisitions of US firms with national security interests.
- **November:** It was reported that CFIUS was [reviewing TikTok’s national security implications](#), with the Department of Justice leading negotiations over a security deal with the company.
- **December:** TikTok CEO **Shou Zi Chew** addressed concerns about the app’s handling of US user data and content moderation—two issues that stand in the way of its US growth—in an interview at **The New York Times’ DealBook Summit**.
- **December:** In an interview, US FCC commissioner **Brendan Carr** called assurances of TikTok data being stored outside of Beijing as “nothing more than gaslighting.” Carr also suggested Americans are being used to train TikTok’s AI, thus developing China’s capability to use it for authoritarian purposes.

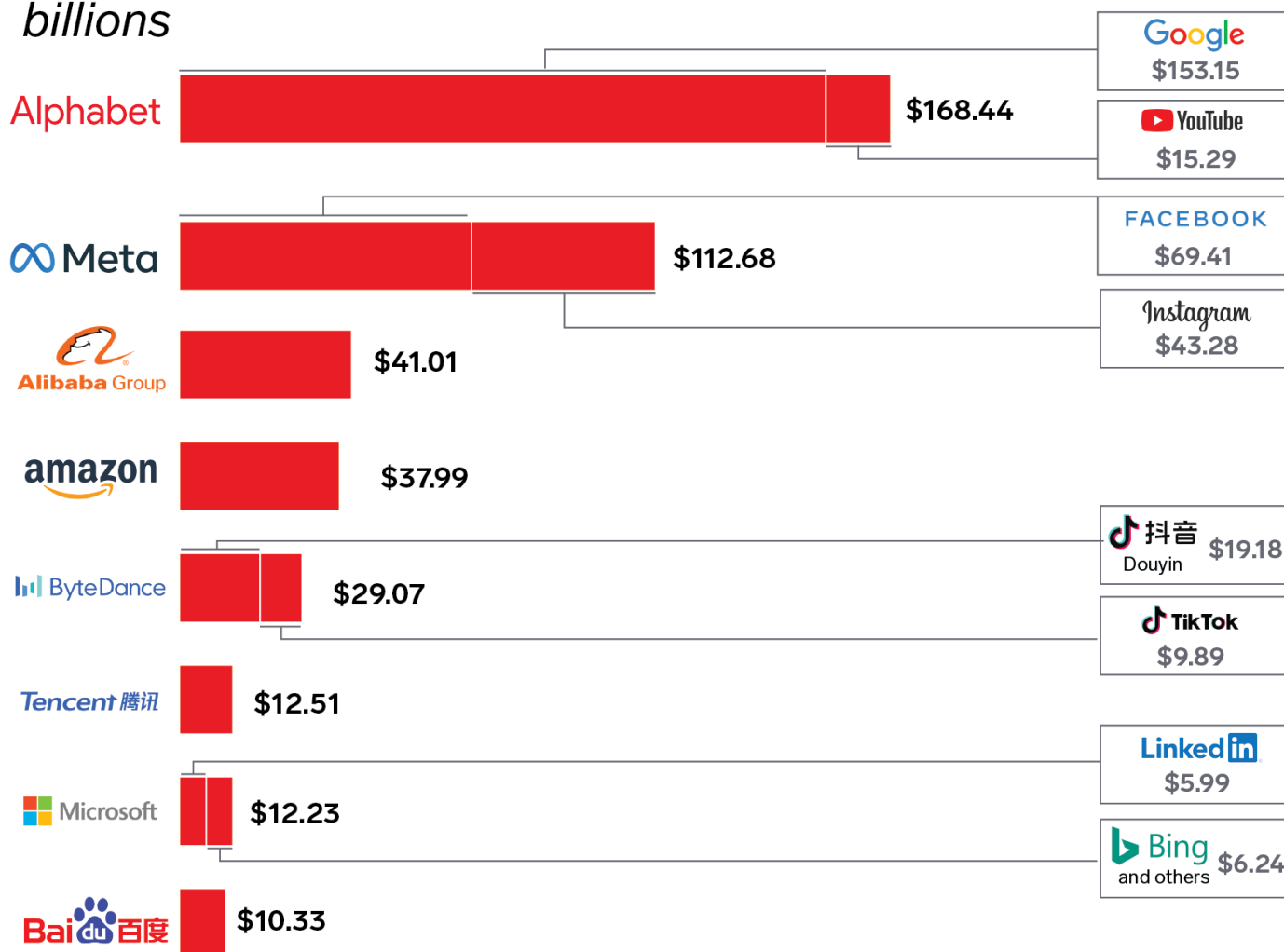
- **December:** Multiple states ban the use of TikTok on government devices, as the US Senate passes a bill that would ban the platform from federal devices as well. A bipartisan bill was also introduced to [ban TikTok in the US more generally](#). Meanwhile, the state of Indiana sues the platform for reportedly deceiving users about Chinese access to their data.

TikTok's moves are being scrutinized to determine how it navigates political waters. The social video app is currently in the regulatory spotlight in the US and faces inquiries from senators about China-based staff's access to its user data.

Why it matters: ByteDance properties **Douyin** and TikTok have been making waves inside and outside China for several years. Their combined spectacular growth [will result](#) in ad revenues of more than \$35 billion in 2022, good enough to place ByteDance in [fifth place](#) among ad platforms worldwide.

Companies With Over \$10 Billion in Net Digital Ad Revenues Worldwide, 2022

billions



Note: includes advertising that appears on desktop and laptop computers as well as mobile phones, tablets, and other internet-connected devices, and includes all the various formats of advertising on those platforms; net ad revenues after companies pay traffic acquisition costs (TAC) to partner sites; Alibaba total includes Youku Tudou; ByteDance total does not include smaller properties inside China such as Toutiao and Baike

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- As TikTok pursues social commerce in a bigger way, it could gain more valuable user data—something that will undoubtedly make the US more concerned, not less. In October, we wrote how the platform is doubling down on social commerce by [hiring staff for its own US fulfillment centers](#).

- Ultimately, concern about the platform's parent ByteDance and its ties to the Chinese government don't look likely to go away anytime soon. While some lawmakers have shown a willingness to embrace an outright ban on the app, some type of half-measure is far more likely to pass. What such a measure would look like remains a compelling 2023 storyline to follow.