

ByteDance and US government seek middle ground for TikTok's future

Article

The news: TikTok parent ByteDance and the US government have resumed discussions about the app's status in the country after a long hiatus. This follows a stern warning half a year ago, when the Biden administration gave ByteDance the ultimatum to either sell TikTok or risk a nationwide ban.

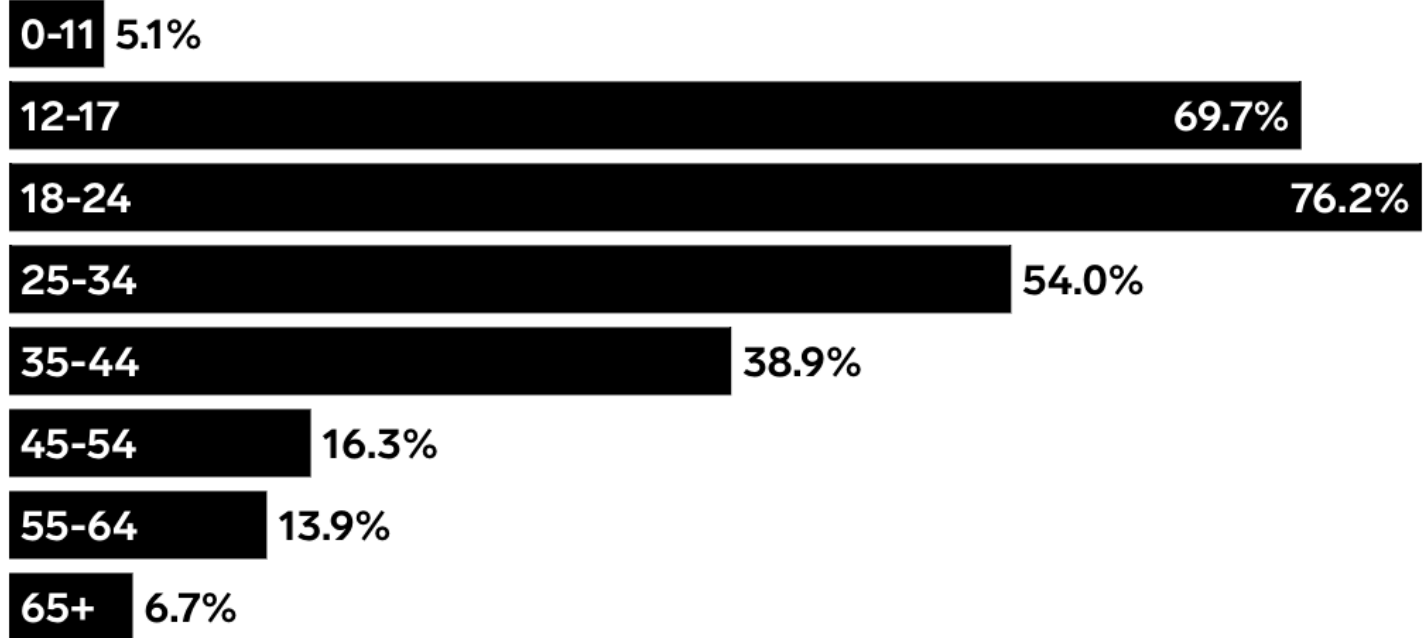
- According to documents reviewed by The Washington Post, the agreement would provide the US government unparalleled oversight over TikTok, which boasts 150 million US users. The deal's terms would far surpass restrictions placed on US rivals like **Meta** and **Google** by granting government agencies sweeping rights over TikTok's operations, **including access to facilities, hiring decisions, and potential alterations to its source code.**
- Recent meetings between ByteDance and the **Committee on Foreign Investment in the United States (CFIUS)** have focused on a comprehensive proposal under which ByteDance would yield control of TikTok's US operations to a board largely appointed by CFIUS.
- Doubts regarding the administration's capacity to unilaterally ban TikTok and legislative gridlock in Congress to provide this authority have led to the talks' revival.

Why it matters: If you're in the US, most/many of your customers are on TikTok—and these negotiations make it more likely that **they'll continue to be for the foreseeable future**, despite nearly half of US adults [supporting a TikTok ban](#).

- The stringent conditions discussed could reshape TikTok's US operations, potentially altering the user experience and the app's autonomy. This increased oversight might also raise worries about the government's influence on user content.
- Lawmakers are considering the platform's potential role in influencing future elections given its popularity among Gen Z and younger users.

TikTok User Penetration, by Age US, 2023

% of Population



Note: internet users who access their TikTok account via any device at least once per month

Source: Insider Intelligence | eMarketer, May 2023

Insider Intelligence | eMarketer

Implications for marketers: If there's anyone who thrives on predictability, it's marketers—and there's been an element of uncertainty surrounding TikTok for some time. Advertisers who've been waiting on the sidelines could jump in if the platform's stateside presence is assured.

- If the proposed changes increase the platform's data security, it could enhance trust among users. For marketers, this trust can translate into more willingness from users to engage with ads or branded content.
- The potential for government influence on TikTok's content could bring increased regulation for areas like politics.

- US regulators' move away from a ban puts pressure on other markets abroad to play nice with the app—or, at the very least, come to terms that it's here to stay.

The final word: Both ByteDance and the US government are seeking middle ground, albeit in a landscape rife with anxiety about foreign surveillance and data privacy.

- Ironically, the proposed conditions, while ensuring US oversight, risk the very essence of TikTok's operations and could inadvertently mirror the surveillance concerns initially levied against the platform.