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US president's TikTok deal is a gift to China

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The deal to sign over TikTok's US operations to a joint venture led by American investors has ended a stubborn stand-off over one of the world's most popular apps — and spared US President Donald Trump from implementing a politically costly ban. In practice, however, it amounts to a victory for TikTok's Chinese owner ByteDance.

Trump first tried to ban TikTok in 2020 following concerns about China's collection of the personal data of US citizens. ByteDance, which operates TikTok alongside its Chinese sister app Douyin, has spent the past five years navigating questions about the extent of Beijing's leverage over its platforms.

The uncertainty cast doubt over the company's access to one of its most important markets.

Although Americans are estimated to account for less than a tenth of TikTok's near 2bn global audience, they generate a disproportionate share of its content. US creators shape trends that circulate beyond the American market and their engagement patterns help to train the company's recommendation engine.

For ByteDance, a US ban would have ended TikTok's ability to function as a single platform, making it less attractive to advertisers and creators. Worse, a forced divestment would have required the company to create a US competitor armed with the accumulated logic of how TikTok works.

But Beijing was never prepared to allow ByteDance to hand over this core intellectual property. It made that clear by placing recommendation algorithms under export controls in 2020.

In the US, an outright ban of TikTok would have been deeply unpopular with users. The Trump administration has settled for a compromise, splitting governance from technology. Content moderation will sit with a new US entity, with Oracle hosting the data and auditing the algorithm's operation. ByteDance still owns the algorithm — licensing it rather than selling it outright — and continues to run TikTok's commercial activities. Instead of a clean break, the structure resembles a franchise.

For ByteDance, this outcome could hardly be more favourable. It lifts a persistent drag at an opportune moment. The company generated an estimated \$155bn in revenue in 2024 and about \$33bn in profit, according to investor estimates, outpacing China's older internet champions such as Alibaba

and Tencent. In the first quarter of 2025 it even overtook Meta in quarterly sales, making it briefly the world's largest social media business by revenue.

With the US question settled, ByteDance now sits in the top tier of global technology companies and at the centre of China's tech ambitions. It is investing heavily in AI — its chatbot Doubao is the most widely used in China — supported by large spending on computing power. In recent years it has become a major buyer of Nvidia chips, planning roughly \$14bn in purchases this year.

Both the US and China rely on a few national tech champions with the scale, talent and capital to translate commercial success into strategic capability. ByteDance is now firmly in that category. Its ability to operate globally has been preserved with data flows and core technology intact.

Trump's deal solved a narrow political problem: keeping a popular app online without backlash.

But he has also removed a restriction from a Chinese company that is moving quickly. Washington has stabilised one of Beijing's most important technology companies at a moment when both governments are leaning heavily on their private sectors to set the pace of innovation.

ByteDance was constrained not by technical capacity but political risk. That constraint is gone.

Whether securing TikTok's future in the US has made the country safer, or simply cleared the runway for a formidable global competitor, remains an open question.