

5 THINGS TO KNOW ABOUT BYTEDANCE, TIKTOK'S PARENT COMPANY

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Chinese leader Xi Jinping has <u>declared</u>, "Whoever controls big data technologies will control the resources for development and have the upper hand." ByteDance, the Chinese conglomerate behind the social media phenomenon TikTok, is central to Beijing's plans for artificial intelligence (AI) supremacy. However, ByteDance's Chinese Communist Party (CCP) connections have cast a major shadow over its global operations. In response, legislative measures like the <u>Protecting Americans from Foreign Adversary Controlled Applications Act</u> are gaining traction, aimed at ensuring TikTok can only operate in the United States if it disentangles itself from ByteDance.

1. ByteDance is Closely Connected to China's Military-Industrial Complex

ByteDance is not just a tech company; it is a cog in China's vast military machinery. In 2018, backed by China's Ministry of Science and Technology, ByteDance <u>established</u> the Beijing Academy of Artificial Intelligence. This institution stands at the crossroads of civilian Al and military applications, collaborating with Chinese universities to produce cutting-edge research for China's People's Liberation Army. Beyond academia, ByteDance is <u>enmeshed</u> with Chinese entities like iFLYTEK and SenseTime, which are complicit in Beijing's surveillance and repression of ethnic minorities — actions that landed both firms on U.S. blacklists. ByteDance's close <u>collaboration</u> with Sugon, a company contributing to China's nuclear weapons program, <u>underscores</u> the alarming symbiosis between ByteDance and the state's defense and surveillance sectors.

2. ByteDance is Bound by Chinese State Surveillance Laws

Chinese law requires ByteDance to adhere to CCP ideology. China's National Intelligence Law of 2017 obligates "all" Chinese organizations and citizens to collaborate with state intelligence operations, effectively co-opting private entities into extensions of the government's surveillance apparatus. China's recently revised Counter-Espionage Law intensifies these mandates, stipulating that all technological progress, regardless of its intended civilian or military use, must be accessible to and serve the interests of state security and intelligence efforts. In practice, these laws position firms like ByteDance at the forefront of a strategy where commerce serves the state, and data privacy norms adhered to internationally hold little weight within China's borders.

3. ByteDance's Board is Beholden to Beijing

The CCP doesn't just influence ByteDance from the shadows; it has a literal seat at the table. In the late 2010s, a <u>consortium</u> that included the Cyberspace Administration of China — effectively the country's internet censor — <u>acquired</u> a 1 percent stake in ByteDance's primary Chinese subsidiary. This stake, known as a "<u>golden share</u>," is small but mighty, <u>granting</u> the state the power to appoint one of the subsidiary's three board directors. As a result, the CCP wields substantial sway over ByteDance's operations. As in most Chinese companies, the CCP also <u>operates</u> party cells throughout ByteDance's hierarchy, affording it <u>direct</u> access to ByteDance's technology and strategic insights. This entrenched system risks transferring competitive advantages and sensitive U.S. personal data to other Chinese entities, altering global market dynamics, and threatening the international competitiveness of U.S. firms.

4. ByteDance Spies on Americans and Lies About It

ByteDance has redefined modern-day espionage through digital surveillance. On several known occasions, China-based ByteDance personnel improperly accessed sensitive U.S. user data, including information about American journalists, to identify their sources within the company. ByteDance initially denied such claims, stating TikTok's systems were impervious to such abuse. However, internal disclosures later confirmed the opposite, revealing that the surveillance occurred precisely as ByteDance sought to assuage U.S. concerns about its data practices. This and other examples paint a disturbing portrait of a company willing to exploit its technological prowess for purposes that could potentially serve the interests of the CCP, to the detriment of U.S. national security and democratic forces around the world.

5. ByteDance Lavishly Funds a Political Powerhouse in Washington

ByteDance wields a lobbying contingent unmatched by any other Chinese firm. The company's lobbying muscle includes over 45 lobbyists from storied K Street firms — such as Crossroads Strategies, K&L Gates, and Mehlman Consulting — as well as a litany of other influential insiders. These power players include former advisors to former U.S. House Speakers Kevin McCarthy and Nancy Pelosi and ex-aides to President Joe Biden. The roster is further distinguished by former members of Congress, like Senator John Breaux (R-LA) and former Senate Majority Leader Trent Lott (R-MS). This lobbying arsenal has proven adept at navigating the corridors of power, evidenced by efforts last year to derail legislation that threatened ByteDance's operational freedom in the United States.

