

Business

# TikTok rejects Microsoft's buyout offer; Oracle sole remaining bidder

## ByteDance proposes a technology partnership with Oracle

NEW YORK: US tech giant Microsoft said Sunday its offer to buy TikTok was rejected, leaving Oracle as the sole remaining bidder ahead of a looming deadline for the Chinese-owned video app to sell or shut down its US operations.

The Wall Street Journal and New York Times reported that Oracle had won the bidding war, citing people familiar with the deal, although the company did not immediately confirm the matter to AFP. The Oracle bid would next need approval from the White House and Committee on Foreign Investment in the United States, a source told the Journal, with both parties under the belief it would meet US data security concerns.

ByteDance has abandoned the sale of TikTok in the United States to pursue a partnership with Oracle Corp that it hopes will spare it a US ban while appeasing China, people familiar with the matter told Reuters.

The Beijing-based firm had been in talks to divest the business to Oracle or a consortium led by Microsoft Corp after US President Donald Trump ordered the sale last month and threatened to shut down the short-video app in the country.

While TikTok is best known for dancing videos that go viral among teenagers, US officials are concerned user information could be passed to China's communist government. TikTok, which has as many as 100 million US users, has said it would never share such data with Chinese authorities.

TikTok has been at the center of a diplomatic storm between Washington and Beijing, and President Donald Trump has given Americans a deadline to stop doing

business with TikTok's Chinese parent company ByteDance-effectively compelling a sale of the app to a US company. Microsoft had indicated at the beginning of August that it was interested in acquiring TikTok's US operations, but said Sunday that bid had been rejected.

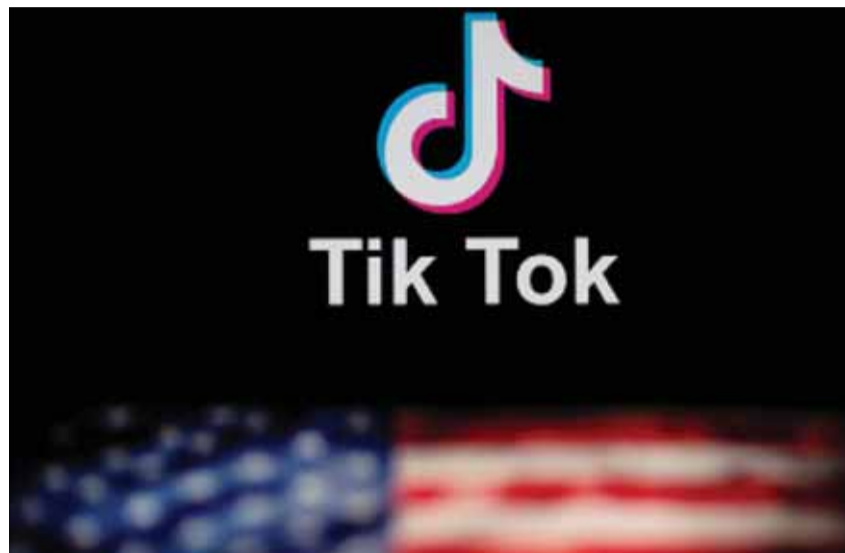
"ByteDance let us know today they would not be selling TikTok's US operations to Microsoft," the US tech giant said in a statement. "We are confident our proposal would have been good for TikTok's users, while protecting national security interests," it added. In early August, Trump issued an executive order stating that if a purchase agreement were not reached by September 20, the platform would have to close in the United States. Trump claims that TikTok could be used by China to track the locations of federal employees, build dossiers on people for blackmail and conduct corporate espionage.

### Disputed dangers In late August China's commerce



### Deadline for Chinese-owned app looms

ministry published new rules potentially making it more difficult for ByteDance to sell TikTok to a US entity by adding "civilian use" to a list of technologies that are restricted for export. ByteDance had vowed to



This photo illustration taken yesterday shows the logo of the social network application TikTok (top) and a US flag (bottom) shown on the screens of two laptops in Beijing. — AFP

"strictly abide" by new export rules. "We believe Microsoft would only buy TikTok WITH its core algorithm which the Chinese government and ByteDance was not willing to budge," Wedbush analyst Daniel Ives said in a note. "Given the need now to get a green light from Beijing after its export rules were changed a few weeks ago, TikTok's days in the US likely are numbered with a shut-down now the next step," the analyst said.

Downloaded 175 million times in the United States, TikTok is used by as many as a billion people worldwide to make quirky, short-form videos on their cell-phones. It has repeatedly denied sharing data with Beijing. Microsoft said it would have "made significant changes to ensure the service met

the highest standards for security, privacy, online safety, and combating disinformation."

A deal with Microsoft could also have included Walmart, which joined forces with the tech giant in negotiations. Ives said that even with Microsoft out of the picture, "while Oracle is technically the remaining bidder, without willing to sell its core algorithm we see no TikTok sale on the horizon."

"Oracle could be a technology partner, but a sale/divestiture of the US operations for TikTok remains the focus," he said. TikTok meanwhile has filed a lawsuit challenging the crackdown by the US government, contending that Trump's order was a misuse of the International Emergency Economic Powers Act because the platform is not "an unusual and extraordinary threat." —Agencies

## Canada eyes fight over C\$1bn bill for Huawei gear

OTTAWA: Canada is signaling it might not compensate major telecommunications providers if the federal government bans equipment made by China's Huawei from 5G networks, setting up a potential fight over a bill that could hit C\$1 billion (\$758 million).

Canada, under pressure from the United States to ban Huawei Technologies Co Ltd gear on security grounds, is studying whether to allow the firm into the country's next-generation 5G networks. If Ottawa does announce a formal ban, the affected companies have made clear they want compensation for tearing out their existing Huawei gear, said two sources close to the matter.

But the Liberal government, already pressing wireless providers to cut what it says are excessively high bills, seems less convinced. "I'm not sure there is a solid legal case that we would have to compensate for making a proper national security decision," said a government source who requested anonymity given the sensitivity of the situation.

Federal politicians, said the source, also had to worry about "the public perception of handing over a billion dollars or more to very large companies." Ottawa has spent almost two years studying whether to allow Huawei into 5G networks and in June, with no sign of a decision coming any time soon, impatient Canadian providers took matters into their own hands.

Bell Canada and Telus Corp said they would partner with Ericsson and Nokia Oyj, even though they use Huawei in their 4G networks. Technical experts say it is hard to marry one company's 5G equipment with 4G gear from another provider. — Reuters

## Thai Airways gets court nod for restructuring

BANGKOK: A Thailand court yesterday approved the restructuring of Thai Airways, which is billions of dollars in debt and struggling to survive the coronavirus tourism crash. The global aviation sector was plunged into crisis by the pandemic as countries severely restricted travel, forcing airlines to ground vast numbers of planes and seek government help as they haemorrhaged cash.

The kingdom, once a majority shareholder in Thai, reduced its stake in May and went to the insolvency court to resolve the airline's debt—which totalled 332.2 billion baht (\$10.6 billion) by the end of June, according to local media. "The problem that caused debtor's financial situation is not from

its business but from the rapid change in aviation, particularly the impact from Covid-19," Bangkok's Central Bankruptcy Court said yesterday.

It approved Thai's request for a rehabilitation plan, which would see its debt and company organization restructured. Thai said after the ruling that it would propose that plan by the end of the year. It has long been accused of mismanagement, and Thailand's transport ministry found in August that some of its financial damage was due to corruption, including "bribes" paid for the acquisition of 10 aircraft.

The government was previously mulling a 54 billion baht bailout for the airline, which was met with a public outcry. Thai has restructured multiple times over the last several years but it never "went deep enough to resolve many of the long-standing systemic issues", aviation expert Brendan Sobie told AFP.

Thailand's tourism-reliant economy has been battered by the pandemic, and is expected to shrink by more than seven percent this year according to government estimates. — AFP



BANGKOK: A Thai Airways aircraft is parked on the tarmac at Suvarnabhumi Airport in Bangkok. A Thai court gave green signal yesterday to restructuring the kingdom's cash-strapped national carrier. —AFP

## China investment in Australia drops as tensions mount

SYDNEY: Chinese investment in Australia almost halved in 2019, new data released yesterday showed, as relations between the two countries deteriorated. Researchers from the Australian National University said Chinese investment Down Under plunged from Aus\$4.8 billion (\$3.5 billion) to just Aus\$2.5 billion last year.

Professor Peter Drysdale, who led the data research, said the Aus\$1.43 billion purchase of infant formula producer Bellamy's Australia by China's Mengniu Dairy accounted for more than half of that investment. It was the third consecutive year that Chinese investment in Australia dropped since peaking at Aus\$15.8 billion in 2016. The steep fall far outpaced a global decline in China's overseas ventures of 9.8 percent last year, reflecting the bilateral political tensions, Drysdale said.

"(In) the last few years, clearly Chinese investors

have found the investment environment in Australia less certain and have been more cautious about undertaking investment in Australia," he told AFP. In June, Australia announced tougher measures to block or overturn new foreign investments deemed to compromise national security—a move widely viewed as an effort to limit growing Chinese influence.

The country has barred Chinese telecoms giant Huawei from being a major player in its 5G rollout owing to concerns about its relationship with state security agencies, a decision that riled Beijing.

Drysdale said structural changes were also partly to blame, with Chinese investors retreating from mining and resources as the commodity boom weakened. While Chinese investment in Australian real estate and agriculture also fell in 2019, the ANU researchers found some "modest gains" in the construction, education and finance sectors.

Drysdale said it was important for Australia to consider how to reverse the "continuing downward trend" due to the key role of foreign investment in supporting economic growth and trade. "Whether that can be changed quickly or not is another question altogether because it very much depends on how purposeful (an) approach there is to mending the relationship between the two countries," he said. — AFP

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