

The Wire *China*

COVER STORY

Buying the Heartland

Does the U.S. need to protect its farmland from China?

BY GRADY MCGREGOR — APRIL 16, 2023

AGRICULTURE

INVESTMENT

POLITICS

TRADE



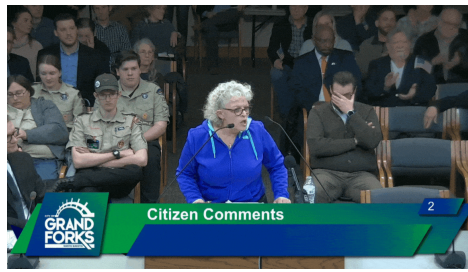
Illustration by Tim Marrs

Dana Sande sat slumped in his chair an hour into the Grand Forks city council meeting on February 6. With his tie strewn to the side, Sande, the president of the city council, looked fatigued and even slightly annoyed as an unusually packed crowd of onlookers cheered on Jodi Carlson, a local resident.

“God bless America,” Carlson started (https://www.youtube.com/watch?v=L7ITSdhiUj0&tab_channel=CityofGrandForksND) when she took the podium during the public comment period of the meeting. “You’re a bunch of fighters,” she said, pointing back to her supporters in the audience.

That night, Sande and members of the city council were set to vote on whether or not to approve a proposal from the [Fufeng Group](http://en.fufeng-group.cn/about/) (<http://en.fufeng-group.cn/about/>), a Chinese agricultural conglomerate that sought to build a wet corn milling plant on the outskirts of the city. Wet corn milling plants process corn into several profitable products, including corn oil, starch, fructose and animal feed. But Carlson and other critics had a long list of complaints about the proposed plant, including concerns that it would raise property taxes and create traffic congestion. They also objected to the city annexing land from local property owners. Tensions surrounding the project had become so heated that, last July, the FBI even visited Carlson’s home over a post she made on Facebook [allegedly calling](https://www.grandforksherald.com/news/local/police-fbi-visit-home-of-fufeng-opponent-over-social-media-activity-we-werent-sure-how-to-take) (<https://www.grandforksherald.com/news/local/police-fbi-visit-home-of-fufeng-opponent-over-social-media-activity-we-werent-sure-how-to-take>) for Grand Forks citizens to overthrow the local government.

“You sold us out to China,” Carlson said at the city council meeting. “Our city is in a terrible condition right now because of the failure of many of you to act in the best interest of the people.”



Jodi Carlson calling for Dana Sande's resignation during the Grand Forks city council meeting, February 6, 2023.

Credit: *CityofGrandForksND* via *YouTube*

(<https://www.youtube.com/watch?v=L7ITSdhiUh0>)

Sande, meanwhile, had spent much of the past year trying to get the \$700 million Fufeng project built, arguing that it represented a unique economic boost to the small midwestern city. North Dakota produces 380 million bushels (<https://www.agweek.com/business/despite-late-planting-east-central-north-dakota-corn-crop-approaching-maturity#:~:text=Average%20statewide%20yields%20are%20estimated,36%20bushels%20from%20last%20year.>) of corn per year, and the plant — which was projected to process 25 million bushels (<https://www.dtnpf.com/agriculture/web/ag/news/business-inputs/article/2022/09/28/fufeng-project-hinges-cifius-ruling>) per year — was expected to add an estimated \$90 million in wages (<https://www.grandforksgov.com/home/showpublisheddocument/42396>) to the economy and boost the value of local corn farms by \$60 per acre.

But that evening, as Carlson took the stand, Sande knew he'd have to vote against it.

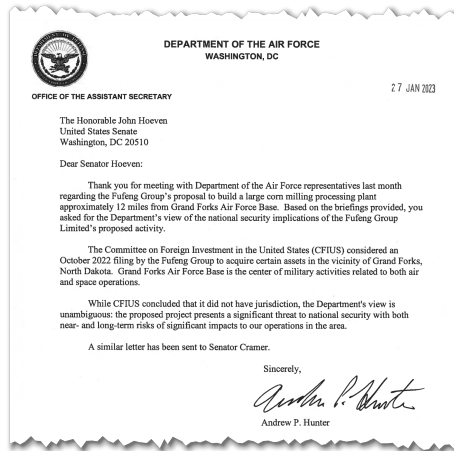
Just a few days earlier, on Jan. 27, Andrew Hunter, an assistant secretary of the U.S. Air Force, had written a letter (<https://www.hoeven.senate.gov/imo/media/doc/USAIRFORCE-FUFENG-LETTER-HOEVEN.pdf>) to North Dakota Senator John Hoeven, a Republican, saying that Fufeng's project represented a "significant threat" to national security because of its proximity to a local air force base — Grand Forks Air Force Base is 12 miles from the proposed site. Given the potential for the Fufeng plant to be used as a center for Chinese state espionage efforts, he wrote, the Air Force's opposition to the project was "unambiguous."

U.S. businesses and state governments themselves have been instrumental for the last decade in attracting [Chinese] investors in this kind of investment... You have to ask: How did we get here?

— *Even Pay*, (<https://triviumchina.com/media/>), a China agriculture analyst at Trivium

As the cheering for Carlson made painfully obvious, the city council was powerless to object to Hunter's letter. Sande stared blankly as Carlson took a victory lap, with his expression unchanged even as Carlson's speech turned personally vindictive against him. Sande was "compromised" by the Chinese government, she said, and had attempted to target and silence anti-Fufeng activists. He should immediately resign his position, she said to cheers. (Both Carlson and Fufeng did not respond to *The Wire China's* interview requests.)

Sande, a business development executive at a flight training non-profit, denies the allegations, and insists that Carlson and her supporters compose a small, but vocal minority of residents in the city.



Andrew Hunter's letter
<https://www.hoeven.senate.gov/imo/media/doc/USAIRFORCE-FUFENG-LETTER-HOEVEN.pdf> to John Hoeven.

The Fufeng plant, Sande told *The Wire*, “would have been the single largest investment in North Dakota in the history of the state. It would have raised the standard of living for everyone in our community.”

But in an era of ubiquitous ‘China threats,’ the national security card trumped everything. Just days after the Air Force’s letter, a [Chinese spy balloon](https://www.thewirechina.com/2023/02/12/disengaged-chinese-spy-balloon/) (<https://www.thewirechina.com/2023/02/12/disengaged-chinese-spy-balloon/>) was spotted flying over Montana, bringing the surveillance argument into stark relief for America’s heartland. Although Sande expressed some frustration to *The Wire* that the Air Force took so long before issuing its judgment on the Fufeng plant, he ultimately joined the four other city council members to unanimously vote against the project.

The meeting put an end to the year-and-a-half long North Dakota controversy, but the consequences stemming from it are still spreading across the country. In recent months, as many as [27 state legislatures](https://rollcall.com/2023/03/15/gap-in-data-complicates-legislation-to-keep-china-off-us-farms/) (<https://rollcall.com/2023/03/15/gap-in-data-complicates-legislation-to-keep-china-off-us-farms/>) have considered or passed new legislation to restrict Chinese citizens or companies from purchasing farmland. [Candice Pierucci](https://www.candicepierucci.com) (<https://www.candicepierucci.com>), an Utah state representative, credits the Fufeng project for propelling her bill, which restricts military-affiliated Chinese firms from buying Utah farmland, through the Utah legislature and becoming a law.

“My bill became a no-brainer,” she told *The Wire*, noting that the Chinese spy balloon also helped. “It felt like something we should have at the bare minimum.”

The federal government is also looking at Chinese ownership of U.S. farmland. Congress is considering several bills that would restrict Chinese land ownership and increase reporting requirements for foreign ownership of land. The new House Select Committee on China even devoted part of its [first public hearing](https://dustyjohnson.house.gov/media/press-releases/johnson-questions-ccp-involvement-global-food-sector) (<https://dustyjohnson.house.gov/media/press-releases/johnson-questions-ccp-involvement-global-food-sector>) to discussing the national security threat that Chinese-owned farmland poses to the United States.

FEDERAL LEGISLATION

[Not One More Inch or Acre Act](https://www.cotton.senate.gov/news/press-releases/cotton-no-chinese-citizen-company-sho-own-american-land#:~:text=The%20Not%20One%20More%20Inch%20or%20Acre%20Act%20would%3A,estate%20in%20the%20United%20S) (<https://www.cotton.senate.gov/news/press-releases/cotton-no-chinese-citizen-company-sho-own-american-land#:~:text=The%20Not%20One%20More%20Inch%20or%20Acre%20Act%20would%3A,estate%20in%20the%20United%20S>)

FEDERAL LEGISLATION

[Prohibition of Agricultural Land for the People's Republic of China Act \(https://newhouse.house.gov/media-center/press-releases/newhouse-leads-bill-prohibit-purchase-us-land-chinese-communist-party\)](https://newhouse.house.gov/media-center/press-releases/newhouse-leads-bill-prohibit-purchase-us-land-chinese-communist-party)

[Promoting Agriculture Safeguards and Security \(PASS\) Act \(https://www.testersenate.gov/newsroom/press-releases/testers-bipartisan-bill-aims-to-protect-american-farmland-from-foreign-entities/\)](https://www.testersenate.gov/newsroom/press-releases/testers-bipartisan-bill-aims-to-protect-american-farmland-from-foreign-entities/)

[This is Our Land Act \(https://www.hawley.senate.gov/new-hawley-bill-bans-chinese-corporations-owning-us-farmland-protect-american-farmers\)](https://www.hawley.senate.gov/new-hawley-bill-bans-chinese-corporations-owning-us-farmland-protect-american-farmers)

FEDERAL LEGISLATION

[Foreign Adversary Risk Management \(FARM\) Act \(https://www.congress.gov/bill/117th-congress/house-bill/5490?s=1&r=91\)](https://www.congress.gov/bill/117th-congress/house-bill/5490?s=1&r=91)

“Too many Americans view the Chinese Communist Party as a threat over there, when in reality it is a threat here,” Rep. Dusty Johnson (R-SD) said at the hearing.

At first glance, the scale of the legislative action to restrict Chinese-ownership of U.S. farmland does not appear to match the on-the-ground reality. Chinese nationals and companies own 383,935 acres of U.S. farmland (https://www.fsa.usda.gov/Assets/USDA-FSA-Public/usdfiles/EPAS/PDF/2021_afida_annual_report_through_12_31_2021.pdf), a total land area roughly equivalent to the size of Los Angeles. Canada, by comparison, owns nearly 13 million acres of U.S. farmland — an area nearly as large as the state of West Virginia. In total, Chinese-owned land makes up less than 1 percent of all foreign owned land in the U.S. and 0.03 percent of all total U.S. farmland, according to the U.S. Department of Agriculture.

Assessing the Acres

Total privately-held U.S. farmland	=	1,290,472,010 acres
Total foreign-owned farmland in U.S.	=	40,000,000 acres
Total Chinese-owned farmland in U.S.	=	383,985 acres

Chinese-owned farmland represents
0.96%
of total foreign-owned farmland in the U.S.

Chinese-owned farmland represents
0.03%
of all privately-held farmland in the U.S.

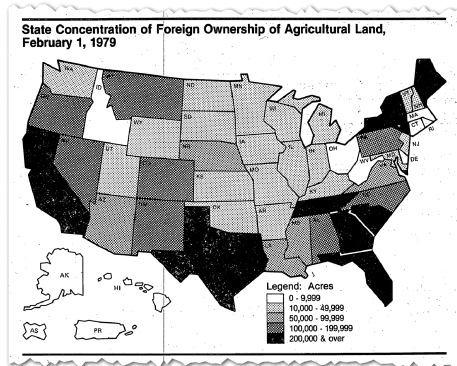
But the perception that China is encroaching on U.S. territory — either by land purchases or balloon fly overs — has captured imaginations. And it could manifest into one of the most significant and potentially consequential ‘decouplings’ in the U.S.-China relationship: agriculture. Just a few years ago, midwestern states across the U.S. were courting the types of investments from China that they have suddenly turned against.

“U.S. businesses and state governments themselves have been instrumental for the last decade in attracting [Chinese] investors in this kind of investment,” Even Pay (https://twitter.com/Even_Pay), a China agriculture analyst at Trivium, says of the Fufeng project. “Prior to 2016 and 2017, there was a real consistent pattern of just about every single state governor from this region in an active push to attract [Chinese] investment dollars. Now a whole bunch of states are talking about the risks posed by foreign investors. You have to ask: How did we get here?”

FROM FRIEND TO FOE

Ever since Thomas Jefferson promoted America's 'agrarian ideal,' the U.S. has often conflated its abundant farm land with its sense of freedom and superiority. From manifest destiny to the Homestead Act to the "amber waves of grain," the American psyche is deeply invested in its farms, which Theodore Roosevelt called "the basis of all other achievements of the American people" and "more fruitful than all their other resources."

The reflex, then, to protect the land of milk and honey from 'outsiders' is nothing new. In the 1970s, Americans feared wealthy countries in the Middle East (<https://www.nytimes.com/1979/10/01/archives/foreigners-own-few-us-farms-heavy-investments-from-4-nations-senate.html>) would buy up U.S. farmland at the expense of American farmers and U.S. food supplies. Those fears turned out to be overblown (<http://nytimes.com/1979/10/01/archives/foreigners-own-few-us-farms-heavy-investments-from-4-nations-senate.html>), but they prompted Congress to take action to understand just how much of America's breadbasket was owned by foreigners.



The state concentration of foreign ownership of agricultural land on February 1, 1979, according to the first AFIDA report (https://www.fsa.usda.gov/Assets/USDA-FSA-Public/usdfiles/EPAS/PDF/foreign_ownership/foreign_ownership_of_us_agricultural_land_feb_1_1979_thru_feb_1_1980.pdf).

President Jimmy Carter signed the Agriculture Foreign Investment Disclosure Act (AFIDA) into law in 1978, requiring the Department of Agriculture to put out an annual report detailing the amount of farmland owned by foreign entities.

The first AFIDA report (https://www.fsa.usda.gov/Assets/USDA-FSA-Public/usdfiles/EPAS/PDF/foreign_ownership/foreign_ownership_of_us_agricultural_land_feb_1_1979_thru_feb_1_1980.pdf), published in 1980, revealed that 15 Chinese owners combined to hold just 2,607 acres of U.S. farmland — a small amount that made sense given that the U.S. had only resumed agricultural ties with China a few years prior. President Richard Nixon announced the U.S.'s first grain shipment (<https://www.nytimes.com/1972/10/28/archives/new-jersey-pages-china-buys-corn-on-us-market-nixon-discloses.html>) to China mere months after his administration normalized relations with the Chinese government.

But in the coming decades, the agricultural economies of China and the U.S. would become increasingly intertwined and interdependent — to the alarm of both.

Largely due to structural problems, China has turned to the U.S. to feed itself. China has only one-third the amount of arable land as the U.S., even though its population is four times the size. China's available farmland has also been steadily declining for decades amid urbanization drives, with the trend accelerating in recent years: Chinese farmland shrank 5 percent between 2013 and 2019, according to Chinese government data.

For us to think that we have to keep our blinders on and only farm and produce products for our neighbors — it's old school. There's just so much opportunity in the global market nowadays.

— *Aaron Krauter, a farmer in North Dakota and former USDA official for the state*

China's economic growth, meanwhile, has relied on this urbanization. [Zoe Zongyuan Liu](https://www.cfr.org/expert/zongyuan-zoe-liu) (<https://www.cfr.org/expert/zongyuan-zoe-liu>), a fellow at the Council on Foreign Relations, notes that Beijing needs local government cooperation to protect farmland and promote food security, “but the incentives to do that are not necessarily aligned” as local governments raise money by selling off land to property developers.

Compounding the issue is the fact that China's economic growth is straining its dwindling farmland. From 1975 to 2018, as China became more prosperous, its annual grain consumption more than tripled (<https://chinapower.csis.org/china-food-security/>) from 125 million metric tons per year to 420 million. With rising incomes, people also began eating more meat, which requires livestock feed.

China has had little choice but to grow more reliant on agricultural imports to feed its population. In 2003, China was a net exporter of agricultural products, with a \$6 billion trade surplus. By 2017, that small surplus had turned into a \$45 billion deficit (<https://chinapower.csis.org/china-food-security/#easy-footnote-bottom-1-1050>). In 2012, China became the U.S.'s largest export market for agricultural products.

Farming states in the U.S. were eager to develop and capitalize on these trends in the Chinese market. In the 2000s and early 2010s, states like Iowa, [Nebraska](https://www.ketv.com/article/nebraska-opens-china-trade-office-in-shanghai/7638427) (<https://www.ketv.com/article/nebraska-opens-china-trade-office-in-shanghai/7638427>) and [Minnesota](https://uschinaexchange.usc.edu/exchange/minnesota-greater-msp-set-joint-trade-office-shanghai) (<https://uschinaexchange.usc.edu/exchange/minnesota-greater-msp-set-joint-trade-office-shanghai>) opened official trade offices in China, and were actively pursuing Chinese investment as a means to boost local economies.

“For us to think that we have to keep our blinders on and only farm and produce products for our neighbors — it's old school,” says [Aaron Krauter](https://www.linkedin.com/in/aaron-krauter-4a7a5246/) (<https://www.linkedin.com/in/aaron-krauter-4a7a5246/>), a farmer in North Dakota and former USDA official for the state. “There's just so much opportunity in the global market nowadays. We were going to China left and right, trying to encourage investment and to find niche markets for different products, like biodiesel.”



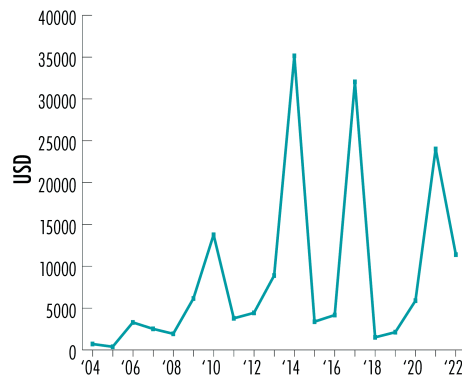
Chinese Vice President Xi Jinping looks at vases full of soybeans and corn as then Iowa Governor Terry Branstad (L) looks on during a visit to the Rick Kimberley family farm in Maxwell, Iowa. February 16, 2012. Credit: [Charlie Neibergall/AFP via Getty Images](https://www.gettyimages.ie/detail/news-photo/chinese-vice-president-xi-jinping-looks-at-vases-full-of-news-photo/155706527?adppopup=true) (<https://www.gettyimages.ie/detail/news-photo/chinese-vice-president-xi-jinping-looks-at-vases-full-of-news-photo/155706527?adppopup=true>)

In 2012, China's then-Vice President, Xi Jinping, made a point to visit Muscatine, Iowa — a place he remembered fondly from his first trip to the U.S. in 1985 as part of an agricultural delegation. Xi's trip, in which he shared tea with local residents that he met decades before, marked the peak of friendly ties between China and America's heartland.

"The atmosphere was amazing," says [Daniel Stein](https://twitter.com/daniels93158067?lang=en) (<https://twitter.com/daniels93158067?lang=en>), chairman of the China-Muscatine Initiatives Committee. "Everybody was excited and was looking for opportunities to collaborate. Both sides felt confident about the relationship and that there was more good than bad. You could feel the energy on both sides."

The North Dakota Quota

Value of North Dakota's agricultural exports to China from 2004-2022.



Data: [USDA Foreign Agricultural Service](https://apps.fas.usda.gov/gats/default.aspx)
(<https://apps.fas.usda.gov/gats/default.aspx>)

The result of all this coordination was a fivefold increase in U.S. agricultural exports to China between 2004 and 2014. In that same time frame, Iowa and North Dakota alone increased their agricultural exports to China by 10 and 50 times, respectively.

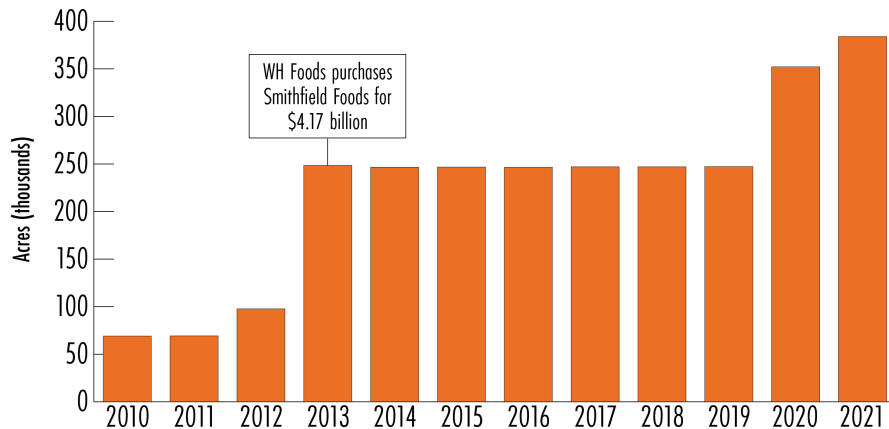
More trade opened the door to new business opportunities. Some Chinese companies and investors sought to cut out the middlemen, buying up U.S. farms and agricultural companies themselves. Some projects were small, such as in 2013 when Chinese investors bought a few [alfalfa farms in Utah](http://usa.chinadaily.com.cn/epaper/2012-07/18/content_15594852.htm) (http://usa.chinadaily.com.cn/epaper/2012-07/18/content_15594852.htm), and others were blockbusters, such as in 2013, when the Chinese meat processing behemoth the [WH Group](http://www.wh-group.com/html/about.php) (<http://www.wh-group.com/html/about.php>) (formerly known as the Shuanghui Group) bought [Smithfield Foods](https://www.smithfieldfoods.com) (<https://www.smithfieldfoods.com>), one of America's biggest pork producers, for [\\$4.7 billion](https://www.cnbc.com/id/100772235) (<https://www.cnbc.com/id/100772235>) and then state-owned [ChinaChem](http://www.chemchina.com.cn/chemchinaen/21010.html) (<http://www.chemchina.com.cn/chemchinaen/21010.html>), bought seed giant Syngenta for [\\$43 billion](https://www.nytimes.com/2016/08/23/business/dealbook/us-china-chemchina-syngenta-merger.html) (<https://www.nytimes.com/2016/08/23/business/dealbook/us-china-chemchina-syngenta-merger.html>) in 2016. (Syngenta was a Swiss company, but at the time the North American market accounted for [one quarter of the firm's sales](https://www.cnbc.com/2016/08/22/us-watchdog-clears-chemchinas-takeover-of-syngenta.html) (<https://www.cnbc.com/2016/08/22/us-watchdog-clears-chemchinas-takeover-of-syngenta.html>)).

Between 2012 and 2016, largely thanks to the Smithfield acquisition, Chinese ownership of U.S. farmland shot up 250 percent. But analysts note it likely wasn't the land that the Chinese buyers were after.

"The Smithfield purchase more than doubled China's land holdings, because they acquired all the land assets that were part of Smithfield," says [Mykel Taylor](https://agriculture.auburn.edu/about/directory/faculty/mykel-taylor/) (<https://agriculture.auburn.edu/about/directory/faculty/mykel-taylor/>), a professor at Auburn University's College of Agriculture. "But they bought Smithfield for the purpose of having access to the genetics in the hog industry." (China consumes roughly 50 percent of the world's pork.)

The Lay of the Land

An overview of China-owned U.S. land from 2010-2021.



Data: *USDA* (<https://www.fsa.usda.gov/programs-and-services/economic-and-policy-analysis/afida/annual-reports/index>)

Despite the large uptick in Chinese ownership and investments, suspicions about Chinese land acquisitions were fairly nonexistent until the late 2010s. The Fufeng project might have even skated through had it not been for a different controversial Chinese farm project 1,200 miles directly south of the North Dakota mill: a Texas wind farm called *Blue Hills Wind* (<https://apnews.com/article/texas-chinese-wind-farm-green-energy-6cd629303e8870e1942c170ebc52d7bc>).

THIS LAND IS OUR LAND?

Thanks to its favorable terrain, Texas is the U.S.'s leading wind energy producer, and in 2016 a U.S. company called GH America Energy LLC proposed using 15,000 acres of its Texas land to build *Blue Hills Wind*: 46 wind turbines (<https://www.eenews.net/articles/chinese-backed-wind-project-sparks-texas-border-brawl/>) that would produce 303 megawatts of wind energy per year, enough to power over 35,000 homes annually.



The view downstream along Devil's River, Texas. Credit: *mlradio* via *Flickr* (<https://www.flickr.com/photos/matthigh/4583007824/>)

But environmental activists opposed the project (<http://tribtalk.org/2019/01/15/dont-blow-it-unregulated-wind-farms-encroach-on-pristine-texas-wilderness/>). Although it would provide southwest Texas with renewable energy, the wind farm's 700-foot-tall whirling blades would threaten wildlife; the proposed site — along the Devil's River waterway — represents one of the last wild and undeveloped ecological areas in Texas.

The activists' environmental pleas failed to gain much traction, but in the course of their opposition they did due diligence on GH America Energy as well as its parent company, GH America Investments Group, and discovered they are owned by *Sun Guangxin* (<https://www.forbes.com/sites/johnhyatt/2021/08/09/why-a-secretive-chinese-billionaire-bought-140000-acres-of-land-in-texas/?sh=600e207d78c3>), a Chinese real estate tycoon.

Sun had recently purchased 140,000 acres in southwest Texas for \$110 million. The American subsidiary of his China-based conglomerate [Xinjiang Guanghui Industry Investment Group](http://en.guanghui.com/page-25.html) (<http://en.guanghui.com/page-25.html>) had real estate and natural gas holdings in California and Texas, and with Blue Hills, Sun was hoping to capitalize on the ongoing [wind energy boom in Texas](https://www.technologyreview.com/2016/10/03/157226/the-one-and-only-texas-wind-boom/) (<https://www.technologyreview.com/2016/10/03/157226/the-one-and-only-texas-wind-boom/>).

Despite uncovering Blue Hills Wind's Chinese ownership — the activists even discovered that Sun was a former soldier in the People's Liberation Army — the project seemed to be on track. A bill that would have threatened the project on environmental grounds failed to pass the Texas legislature, and the Committee on Foreign Investment in the U.S. (CFIUS) — which reviews certain foreign transactions — cleared the purchase in 2020.



Sun Guangxin speaking at a signing event between Guanghui Group and the Xinjiang Branch of the Agricultural Development Bank of China, June 28, 2018.
Credit: Guanghai Group

So, the activists doubled down on a new strategy: the project's potential national security risk. The wind farm, they said, would allow an investor from an “adversarial country” to connect to Texas' electrical grid and let him set up shop just 40 miles from Laughlin Air Force Base, the U.S. Air Force's largest pilot training center.

That argument proved much more persuasive and was well-timed. Rapidly souring [American attitudes](https://www.pewresearch.org/fact-tank/2017/02/10/americans-have-grown-more-negative-toward-china-over-past-decade/) (<https://www.pewresearch.org/fact-tank/2017/02/10/americans-have-grown-more-negative-toward-china-over-past-decade/>) towards China suddenly made opposing the project politically popular. Politicians like Texas Senator Ted Cruz said the wind farm could become a center for Chinese espionage efforts and could be used to hack into the Texas electrical grid. “China has demonstrated a willingness to invest billions of dollars in specific, targeted economic initiatives through private companies to expand the global reach of their security and espionage capabilities,” Cruz told *Foreign Policy* in 2020.

By June 2021, Texan lawmakers were inspired to create a new law that banned “hostile nations” from accessing the state's electricity grid and other critical infrastructure. Sun's wind farm was no longer financially feasible, and he sold the project to Spanish renewable energy firm Greenalia last year, likely at a significant loss.¹

Just a few months after Texas passed its bill, Grand Forks [announced plans](https://www.grandforksherald.com/news/local/fufeng-may-be-nearing-its-end-in-grand-forks-heres-a-timeline-of-the-much-debated-project) (<https://www.grandforksherald.com/news/local/fufeng-may-be-nearing-its-end-in-grand-forks-heres-a-timeline-of-the-much-debated-project>) for its “historic” corn mill project with Fufeng.



A large pile of harvested field corn waits to be loaded and sent on to an ethanol plant in North Dakota, April 20, 2008. Credit: Michael Williamson/The Washington Post via [Getty Images](https://www.gettyimages.com/detail/news-photo/corn-photos-by-michael-williamson-neg00000-4-20-08-a-large-news-photo/97072396?adppopup=true) (<https://www.gettyimages.com/detail/news-photo/corn-photos-by-michael-williamson-neg00000-4-20-08-a-large-news-photo/97072396?adppopup=true>)

Sun's proposed wind farm and the Fufeng project were similar in some ways; both were located within 50 miles of Air Force bases, for instance. But Fufeng's proposed factory did not tap into a piece of the state's critical infrastructure, and the project was transparent about its ties to China.

Still, the Fufeng project soon ran into the same national security concerns that Sun faced, underscoring how drastically the environment had changed regarding Chinese investments and purchases.

"A corn-processing facility in the U.S. heartland is just not going to fly the way it used to even three years ago," says [Darin Friedrichs](https://sitoniaconsulting.com/about/) (<https://sitoniaconsulting.com/about/>), an agricultural analyst at Sitonia Consulting. "And the politics of this have gotten dramatically worse in the last year or two."



Protesters at a rally in Houston opposing Texas Senate Bills 147 and 552, February 11, 2023. Credit: AALC via [Twitter](https://twitter.com/AALCusa/status/1624469361560891394/photo/2) (<https://twitter.com/AALCusa/status/1624469361560891394/photo/2>)

The momentum is indeed building on itself. After watching the Fufeng controversy unfold, lawmakers in Texas introduced even harsher restrictions against Chinese land ownership earlier this year. State senator Lois Kolkhorst initially [proposed legislation](https://senate.texas.gov/members/d18/press/en/p20221212a.pdf) (<https://senate.texas.gov/members/d18/press/en/p20221212a.pdf>) that would bar all Chinese citizens from buying property in the state. (Kolkhorst has since carved out exceptions, including for green card holders and dual citizens.)

The perceived threat to the U.S. is also becoming more nebulous, evolving from espionage concerns to a vague fear that China is plotting to steal America's food right from under its nose.

“The CCP’s interest in American agriculture poses an immediate threat to U.S. national security and food security,” Rep. Dan Newhouse (R-WA) told *The Wire China*. “As an authoritarian regime, the CCP has the ability to plan far ahead into the future. The CCP’s goal is to achieve ‘global supremacy’ — we must take necessary action to protect our nation’s most essential resources and ensure that Americans have access to food right here at home.”

Newhouse, a farmer and former state agricultural official in Washington, and Sen. Josh Hawley (R-MO) have both proposed legislation that would ban all individuals and companies linked to the CCP from buying any U.S. farmland due to national and food security risks.

Critics, such as [Joe Glauber](https://www.ifpri.org/profile/joseph-glauber) (https://www.ifpri.org/profile/joseph-glauber), senior research fellow at the International Food Policy Research Institute and former USDA chief economist, contend that the food security argument is “totally specious.”

“It ignores the fact that China is a huge destination for U.S. agricultural goods already,” Glauber says. “What China owns within the U.S. is miniscule compared to what we export to China.”

[Click here to read more articles from The Wire China on agriculture.](https://www.thewirechina.com/topic/agriculture/)
(https://www.thewirechina.com/topic/agriculture/)

Others say such laws will do little but fuel anti-Asian American racism across the country.

“Concern for national security and espionage is valid,” says [Russel Jeung](https://faculty.sfsu.edu/~rjeung/) (https://faculty.sfsu.edu/~rjeung/), co-founder of Stop AAPI Hate. “But the proposed solutions to address those possibilities aren’t effective policies. They’re just sort of outlandish, xenophobic responses that deprive people of their civil rights and freedoms and stir up more racism.”

Even some hawkish voices believe that the concerns about Chinese land ownership have gone too far.

[Dustin Carmack](https://www.heritage.org/staff/dustin-carmack) (https://www.heritage.org/staff/dustin-carmack), a research fellow at the Heritage Foundation, [laid out](https://www.heritage.org/asia/report/plan-decisive-action-against-the-threat-ccp-land-use-the-us) (https://www.heritage.org/asia/report/plan-decisive-action-against-the-threat-ccp-land-use-the-us) “A Plan for Decisive Action Against the Threat of CCP Land Use in the U.S.” last year. Still, he says, “I really don’t want to worry about somebody trying to purchase a house in Austin, Texas. Our government’s got to get its act together, and really kind of narrow down and say, what are we truly concerned about?”

The federal government, for its part, seems to be trying. Congress is considering a range of proposals to address farmland ownership in the U.S., but to start, policymakers want to get a handle on how much land China already controls. Lawmakers and observers have complained that the USDA’s AFIDA relies largely on voluntarily reported data and may be undercounting the true scale of foreign land ownership. In Texas, for example, Sun did not report the entirety of his land purchases, meaning that some of his land holdings were not counted in AFIDA data.

USDA Secretary Tom Vilsack Speaks to NACD Conference



USDA Secretary Tom Vilsack speaks during the annual conference of the National Association of Conservation Districts in New Orleans, February 13, 2023. Credit: [USDA \(https://www.youtube.com/watch?v=flm8lkoqj-M\)](https://www.youtube.com/watch?v=flm8lkoqj-M).

“It would be good for USDA to improve these systems just for general data transparency purposes,” says [Lars Schonander \(https://lincolnpolicy.org/author/lars/\)](https://lincolnpolicy.org/author/lars/), a policy analyst at the Lincoln Network, the San Francisco-based non-profit group. “Because it’s very easy for people to get caught up in hysterics. Accurate data makes it easier to put into scope what the actual issue is, which is not Chinese investors buying large amounts of American acres. It’s CCP-connected investors buying property next to American military bases.”

Schonander notes this is happening abroad already. Last year, Japanese lawmakers raised objections to a Chinese company acquiring land roughly 21 [miles away \(https://asia.nikkei.com/Politics/International-relations/Indo-Pacific/Chinese-purchases-of-land-near-U.S.-Japan-bases-spark-warnings\)](https://asia.nikkei.com/Politics/International-relations/Indo-Pacific/Chinese-purchases-of-land-near-U.S.-Japan-bases-spark-warnings) from a Japanese Air Force base in Hokkaido, where [American military units sometimes operate \(https://asia.nikkei.com/Opinion/Hokkaido-must-be-a-strategic-priority-for-Japan-and-U.S.\)](https://asia.nikkei.com/Opinion/Hokkaido-must-be-a-strategic-priority-for-Japan-and-U.S.). A Chinese firm’s ownership of [a port in Australia \(https://www.latimes.com/world-nation/story/2023-02-02/us-military-expand-australia-darwin-port-china-controls\)](https://www.latimes.com/world-nation/story/2023-02-02/us-military-expand-australia-darwin-port-china-controls), meanwhile, has sparked concerns that the port company may be feeding data about U.S. and Australian military movements to Beijing.

Military concerns and food security are not the only perceived threats. The focus on farm land has also sparked debate on the agricultural sector’s overreliance on China. Last year, the U.S. sent a record [\\$36.4 billion \(https://www.fas.usda.gov/data/record-us-fy-2022-agricultural-exports-china\)](https://www.fas.usda.gov/data/record-us-fy-2022-agricultural-exports-china) worth of agricultural products to China — a 9 percent rise from the \$33.4 billion record set the previous year.

There’s even a strong case to be made for China agricultural trade activity to continue to grow into the future. But farmland has always been a trope in democratic politics.

— [Dan Rosen \(https://www.thewirechina.com/2021/11/14/daniel-rosen-gets-situated-on-the-china-bull-bear-spectrum/\)](https://www.thewirechina.com/2021/11/14/daniel-rosen-gets-situated-on-the-china-bull-bear-spectrum/), a partner at the Rhodium Group

“I don’t think dependence on China or any other source for our exports is a good idea,” says [Usha Haley \(https://www.wichita.edu/profiles/academics/business/office_of_the_dean/department-of-management/Haley-Usha.php\)](https://www.wichita.edu/profiles/academics/business/office_of_the_dean/department-of-management/Haley-Usha.php), who teaches at Wichita State University’s Barton School of Business, adding that China could use it for strategic leverage. “It’s not a great idea to depend overwhelmingly on one country as a market. The U.S. should start diversifying away from China right now.”

Booming trade ties suggest that a full agricultural decoupling may still be a distant prospect. But if it truly comes to pass, Beijing may have a head start.



Fufeng Group chairman Li Xuechun speaks to media after touring a production plant in Hohhot, Inner Mongolia, January 7, 2007. Credit: Sandy Li/South China Morning Post via [Getty Images](https://www.gettyimages.ie/detail/news-photo/fufeng-group-chairman-li-xuechun-speaks-to-media-after-news-photo/1125001625?adppopup=true) (<https://www.gettyimages.ie/detail/news-photo/fufeng-group-chairman-li-xuechun-speaks-to-media-after-news-photo/1125001625?adppopup=true>)

“In recent years China has made an effort to open up new agricultural trade markets,” says Friedrichs, at Sitionia Consulting. “I think the goal over, let’s say 10 years, is to build up a few small markets to add up to something bigger [to displace the United States]. Given the volumes, the U.S. and China are always going to need each other at some level. But at the margin, Chinese companies are probably going to think it’s safer to buy from Brazil than it is to buy from the United States.”

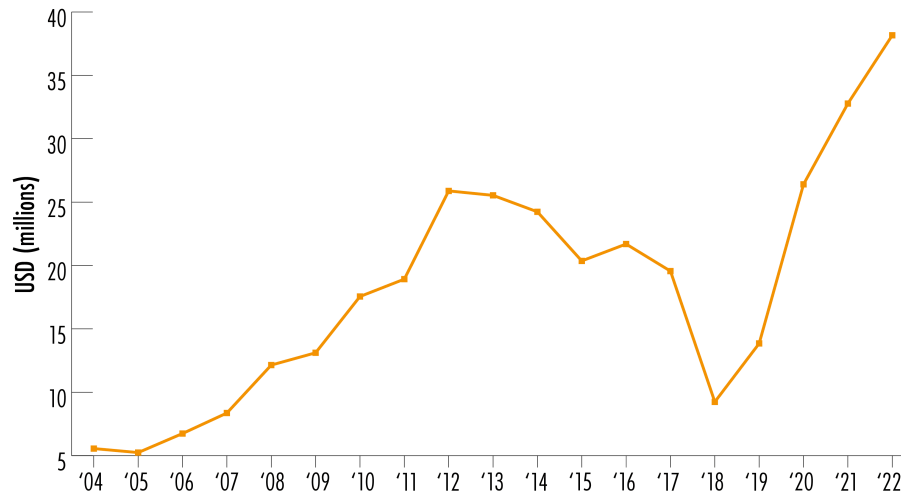
Indeed, some argue that scuttling projects like Fufeng — a private firm with loose government ties² — could eventually hurt America’s economic competitiveness. [Madeline Hsu](https://liberalarts.utexas.edu/history/faculty/myh95/) (<https://liberalarts.utexas.edu/history/faculty/myh95/>), a history professor at the University of Texas at Austin, notes that in 1965 Texas repealed what were called ‘Alien Land Laws’ that restricted foreigners from buying land because they made Texas seem like a “hostile” place to invest in.

“It was contrary to good business practices,” she says, “and it was undermining larger goals for the state.”

[Dan Rosen](https://www.thewirechina.com/2021/11/14/daniel-rosen-gets-situated-on-the-china-bull-bear-spectrum/) (<https://www.thewirechina.com/2021/11/14/daniel-rosen-gets-situated-on-the-china-bull-bear-spectrum/>), a co-founder and partner at the Rhodium Group, agrees that many of the proposals currently under consideration could lead to “a severe erosion of our economic interests without any concomitant achievement of national security.”

Going with the Grain

An overview of the value of U.S. agricultural exports to China from 2004-2022.



Data: *USDA Foreign Agricultural Service* (<https://apps.fas.usda.gov/gats/default.aspx>)

“The U.S. is a net food exporter. China is a net food importer,” he says. “There is no really compelling national security reason not to engage in that trade. There’s even a strong case to be made for China agricultural trade activity to continue to grow into the future. But farmland has always been a trope in democratic politics.”

And an effective trope at that. Sande, the Grand Forks city council president, says he’s dismayed that Grand Forks will lose out on jobs and other economic benefits that the Fufeng plant would have brought to his city. Critics of the Fufeng project, he says, were able to tap into a fundamental fear that Americans increasingly harbor towards China — a fear that transformed a small corn mill in Grand Forks to the epicenter of a national debate over Chinese espionage efforts.

“When I first ran for city council,” Sande says, “I wasn’t thinking that one day, I’d be setting a national policy on foreign land ownership.”



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