

# A Plan for Decisive Action Against the Threat of CCP Land Use in the U.S.

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## KEY TAKEAWAYS

The CCP's acquisition of land is without question an immediate threat to America's national security, economy, and infrastructure.

Eliminating the CCP's malicious land use threat requires even more aggressive measures than state's rightly banning foreign ownership of farmland.

The U.S. must implement strategic, sophisticated federal, state, and local policies to thwart and ultimately punish China's efforts to undermine U.S. interests.

**M**ake no mistake: The Chinese Communist Party (CCP), which has absolute control of the Chinese nation, would like to see a world without America. China openly admits that it is America's adversary. Therefore, every aspect of Chinese activity in the United States is suspect. Concerns about Chinese acquisition of agricultural land, industrial and commercial property, and other infrastructure in the U.S. are valid. This threat should be met decisively in a manner that sends a strong deterrent message both to the CCP and to CCP General Secretary Xi Jinping, not only blocking the potential for malicious activity in the U.S. but punishing entities and individuals in the Chinese military, government, state-owned enterprises (SOEs), and the CCP for efforts to undermine and exploit American security or economic might.

This paper, in its entirety, can be found at <http://report.heritage.org/ib5285>

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## Why We Should Care

All Chinese activity in the United States should be cause for concern because of a fundamental tenet of Chinese governance. The CCP is the supreme authority in China, and one of its governing doctrines is civil–military fusion: the merging of civilian and military power as a comprehensive weapon to know, influence, exploit, and defeat an enemy.<sup>1</sup> Therefore, all Chinese activities in the U.S., particularly those related to the Chinese military, government, SOEs, and the CCP, can be linked to offensive action against this country’s national security, economy, and civil society. Even activities ostensibly conducted by Chinese citizens and enterprises require the full approval and sanction of the CCP. The CCP sees them as extensions of state action and can use them to direct malicious activities.

A further cause for concern is that we have already seen examples of such malevolent activity. For example:

[S]ince at least 2017, federal officials have investigated Chinese land purchases near critical infrastructure, shut down a high-profile regional consulate believed by the US government to be a hotbed of Chinese spies and stonewalled what they saw as clear efforts to plant listening devices near sensitive military and government facilities.<sup>2</sup>

This is demonstrable evidence of a clear and present danger. Of additional concern is that we do not know the full scope of the CCP land and infrastructure acquisition plan in the U.S. Furthermore, the CCP has demonstrated that its planning is both adaptive and innovative. It may well acquire now and decide how to exploit later. This threat dictates that the U.S. take strong measures to mitigate risks and prevent China from injuring America’s economy, infrastructure, and national security.

In addition, there is no reciprocity between what the CCP, Chinese individuals, and businesses can buy here and what foreigners are permitted to buy in China. In law, not even Chinese citizens can truly own property. All land is legally owned by the state, which means that it is owned ultimately by the CCP. Although foreigners, like Chinese citizens, are permitted to buy fixed-term land use rights, there are shockingly strict rules with respect to land ownership and purchases by foreigners.<sup>3</sup> Each property purchase must pass a strict approval process, and in the case of commercial property deals, government authorities carefully vet the intended use of the land.

In China, agricultural land is among the most tightly controlled, and most foreign involvement in agriculture is prohibited. Yet in America, Chinese

citizens and entities, including those with ties to the CCP, are allowed to purchase agricultural land subject to very little U.S. government oversight. On this and many other issues, when the CCP does not allow reciprocity and gets away with it, China interprets this as a sign of strength for them and weakness in others.

Finally, the U.S. current deterrent posture against the CCP is weak, as evidenced by the recent exchange between General Secretary Xi and President Joe Biden. During their recent phone conference, Xi laid down the law, saying that if the U.S. plays with fire (referring to Taiwan), it will get burned. In contrast, the White House readout indicates that Biden responded with perfunctory citations of America's one-China policy.

Such a statement is clearly both insufficient and ineffective. The President's weakness on this call is of a piece with a general weakening of the Administration's approach to China over the past 12 months. The Biden Administration is clearly following the same strategy of "seeking cooperation" and "ameliorating competition" that was followed by the Obama Administration, which failed to deter malicious Chinese global activity. This makes ignoring the land use issue even more grave. Doing nothing signals to China yet again that the U.S. will not protect its interests.

There are also clear and legitimate concerns that members of the Administration may have ties to and relationships with the CCP. These concerns have not been adequately addressed and further detract from the overall level of confidence in Administration policy.

## Scope of Threat and Response

Of course, any U.S. actions should be about mitigating serious risks. Further, in responding to China and protecting U.S. interests, we ought not to take actions that undermine the freedom, prosperity, and security of Americans.<sup>4</sup> Getting it right is about scoping a strong and aggressive response that is appropriate for the threat.

The land use threat as it relates to China is a case in point. While China's land ownership in the United States remains low, it is also true that China has been extremely aggressive in its overseas agricultural investments (including land acquisition). As explained by the U.S. Department of Agriculture (USDA), in less than a decade, this overseas investment grew more than tenfold. And this is likely understating the investment. Representative Dan Newhouse (R-WA) highlights an important point: "At first, you look at China's acreage here and think it is small, but that has almost all been acquired in the past decade."<sup>5</sup>

Hard data support this point. By the end of 2010, according to USDA *Foreign Holdings of U.S. Agricultural Land* reports, China had invested in 13,720 acres of U.S. land; by the end of 2020, the number had risen to 194,179 acres.<sup>6</sup> All told, at the end of 2020, China held a total of 352,140 acres of U.S. land.<sup>7</sup>

Further, it is crucially important that the scope of this threat is properly understood. This requires looking not just at the size of purchases, but also at the nature of the acquisitions. We may not know the full extent of Chinese activities, but we already know that China has attempted to buy land to spy and interfere with sensitive U.S. military sites. We should also recognize that China has already proven that it is not a good actor within the agricultural space. In fact, in response to the COVID outbreak and the Russian war against Ukraine, Beijing quickly moved to lock down half the world's grain reserves, driving up food prices globally including those for Americans. This is likely part of Beijing's pursuit of greater food security.<sup>8</sup>

Nevertheless, we do not yet know the full extent of China's activities. Therefore, to understand the scope of the threat, it is critical that we look at *all* aspects of Chinese activity, not just the size and nature of its acquisition of land, to ensure that legitimate national security concerns are addressed.

## A Plan for Action

This plan lays out a series of actions that can eliminate the CCP land use threat. This is not just a simple act of prohibiting China from buying land. That will not stop a sophisticated Chinese threat. We need a more complex and aggressive response. The threat should be attacked on multiple fronts on the federal, state, and local levels.

- **Prohibit Chinese land use.** The fastest route to action is at the state level. States are closest to the problem. Therefore, state and local action on China is essential.<sup>9</sup> The states do not have to wait for action by Washington, which in any event might be convoluted and ineffective. Hawaii, Iowa, Minnesota, Mississippi, North Dakota, and Oklahoma already ban foreign ownership of farmland, and legislation has been introduced in Texas to prevent malicious use of infrastructure.<sup>10</sup> These could serve as models for other states.

- **Stop Chinese influence.** As the U.S. seeks to frustrate CCP malicious activity, the Chinese government will work to undermine and prevent these efforts. That must be blocked. For example, the Chinese are already barred from donating money to candidates in all U.S. elections, but not to state referenda. Congress should prohibit all foreigners/foreign governments from participating in the state referenda process.<sup>11</sup> Further, we should bar all CCP, government officials, representatives of SOEs, and related persons from being able to lobby federal, or state, and local governments.

Finally, Congress has never taken a serious look into the widespread Chinese influence in the United States and the U.S. government. Since China's influence and control run through corporate and private actors as well, they must all be the subject of congressional scrutiny and oversight. This ought to be a priority for the next Congress. In particular, the impact on land use and infrastructure must be addressed.

- **Build more mechanisms to defeat Chinese land use acquisition strategies.** China can circumvent restrictions on its land ownership by buying large U.S. corporations that own agricultural land. We need more robust mechanisms to prevent that. Specifically:
  1. By law, require that the USDA be included in the CFIUS process.<sup>12</sup>
  2. Require the Department of Homeland Security to define critical infrastructure in the land use space, coordinating with the Department of Defense, Department of Agriculture, Department of Justice, and other departments or agencies as appropriate.
  3. Prepare and execute an interagency operational strategy to defeat Chinese acquisition activities.
  4. Also consider other mechanisms to increase transparency, oversight, and enforcement.<sup>13</sup>
- **Punish the CCP.** We need robust intelligence and law enforcement efforts to investigate, identify and target for punishment through counterintelligence efforts, legal prosecutions, and sanctions against individuals and entities that are using land use to threaten U.S. interests. In particular, the Administration should immediately restart the Department of Justice China Initiative.<sup>14</sup>

## Conclusion

As noted above, China's acquisition of agricultural land, industrial and commercial property, and other infrastructure in the U.S. represents a threat that should be met decisively in a manner that sends a strong deterrent message both to the CCP and to CCP General Secretary Xi Jinping.

It is imperative that the United States gives this threat the attention it deserves. We are playing catch-up, and we need to move faster.

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