# China’s Land Grab: The Sale of U.S. Real Estate to Foreign Adversaries Threatens National Security

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## KEY TAKEAWAYS

| As China and the U.S. sink deeper into a New Cold War, national security threats stemming from Chinese purchases of U.S. land and real estate are growing. |
| Protecting the nation from these threats requires an effective response from federal national security agencies as well as state governments. |
| Lawmakers must be able to monitor, review, and prohibit transactions in U.S. farmland and other real estate that pose a national security threat. |

At both the federal and state levels, elected leaders are paying more attention to national security threats stemming from Chinese-owned real estate in the United States. The totality of Chinese-owned real estate in the United States remains unknown and, under current law, is unknowable. For agricultural land, Chinese-owned acreage reportedly only constitutes a small share of the United States’ total, but has increased rapidly in recent years, suggesting a growing threat that would best be managed now before it turns into a significant problem.

To date, media coverage and government scrutiny has focused on certain forms and instances of Chinese real estate purchases, due to the national security implications of specific transactions and properties. At the federal level, numerous proposals have...
been introduced in the U.S. Congress to enhance the government’s ability to address national security threats stemming from Chinese real estate acquisitions. In addition, at the state level, legislators in multiple states are seeking to expand existing restrictions or establish new ones based on similar concerns.

As China and the U.S. sink deeper into a New Cold War, national security threats associated with these real estate interests are growing and coming into sharper focus. Protecting the nation from these threats requires an effective response from federal national security agencies as well as state governments. It is imperative that state and federal lawmakers ensure that\[connect the two parts of the URL to make a complete URL\]
they have the capability to monitor, review, and, when necessary, prohibit transactions in U.S. farmland and other real estate that pose a national security threat.

China’s Total U.S. Land Holdings Remain Unknown

While U.S. officials most frequently cite Chinese ownership of agricultural land as a threat, national security concerns may arise from a much broader scope of Chinese involvement in U.S. real estate. For example, Chinese ownership of any real estate may be a concern if it is near critical infrastructure, whether or not it is agricultural land. Adding further complexity, national security concerns may be present even in non-ownership interests in real estate—for example, if a Chinese tech company leases office space across the street from the Pentagon or acquires an easement to build wind turbines near a military base.

The United States currently has no system for broadly monitoring Chinese ownership of U.S. real estate. Ownership of real estate is overseen by state and local governments, and even if the federal government did institute a system to collect such data, the United States’ friendliness toward shell companies would render any results incomplete at best. Non-ownership interests, such as leases, easements, licenses, and rights to water or subsurface minerals, may be even harder to discern.

Some clues can be gleaned from Chinese foreign direct investment (FDI) in the United States. Although inbound FDI from China has declined precipitously from its high of $46 billion in 2016, Chinese entities still spent nearly $700 million acquiring U.S. companies in 2021. Given that Chinese companies have spent well over $100 billion acquiring U.S. companies since 2010, many of which will have owned real estate holdings, it seems certain that Chinese companies control significant amounts of U.S. real estate. The National Association of Realtors, for example, reported that during 2020, “Chinese buyers were the top foreign buyers of U.S. commercial real estate.”

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In theory, many of these transactions would be subject to national security review by the Committee on Foreign Investment in the United States.
CFIUS can review transactions in specific types of real estate, as well as some acquisitions of and investments in U.S. companies that can hold real estate—assuming that the parties obey their legal obligations to disclose the transaction. In multiple high-profile cases discussed below, however, CFIUS has failed to address, or has even approved, transactions in real estate with clear national security concerns, forcing state and local governments to apply their own restrictions. CFIUS’s track record indicates both a failure to appropriately enforce existing authorities, and that shortcomings in those authorities have hindered CFIUS from taking critical national security actions. Given this track record, it seems unlikely that existing CFIUS authorities generate sufficient visibility into Chinese real estate interests in the United States.

**Laws to Scrutinize Agricultural Land Purchases Are Not Working**

The federal government has more insight into the specific category of agricultural land, due to the Agricultural Foreign Investment Disclosure Act (AFIDA) of 1978, which requires “[a]ll foreign persons who acquire or transfer an interest in agricultural land...to report such transactions within 90 days” to the U.S. Department of Agriculture (USDA). The most recent AFIDA report indicates that Chinese investors own only a small fraction of the United States’ overall privately held agricultural land. According to the report, as of December 31, 2022, 43.4 million acres of private U.S. agricultural land was held by foreign entities—3.4 percent of all private U.S. agricultural land. The USDA found that at that time, Chinese entities held 346,915 acres, or “slightly less than 1 percent of foreign-held acres.”

Yet, even for the relatively more transparent category of agricultural land, the reliability and accuracy of AFIDA data is questionable. The Congressional Research Service reports “inaccuracies and underreporting under current disclosure requirements.” The most recent AFIDA report’s data includes more than 2.4 million foreign-held acres for which the USDA could not identify the nationality of the owner. The Congressional Research Service has
also noted that “[l]imited information is available on AFIDA-reported data covering land held by certain countries known to provide certain tax-neutral jurisdictions for private equity firms, such as the Cayman Islands and the British Virgin Islands.” Illustrating this potential loophole, the AFIDA report logs more than 600,000 agricultural acres throughout the United States held by “Cayman Islands” entities, for example.

Furthermore, numerous types of foreign-owned interests in U.S. agricultural land are exempted from AFIDA reporting, even though they might present national security concerns, including “leaseholds of less than 10 years’ duration...non-agricultural easements and rights-of-way, and interests solely in mineral rights.”

Perfectly illustrating AFIDA’s shoddy enforcement, in January 2024 a U.S. magazine revealed that Chinese billionaire and Chinese Communist Party (CCP) member Chen Tianqiao was, unbeknownst to the U.S. government, the second-largest foreign owner of U.S. agricultural land. Chen had purchased nearly 200,000 acres of Oregon timberland in 2015, through a company named Whitefish Cascade Forest Resources, before later transferring the property to his family office, which revealed his ownership of the property through tax records.

Embarrassingly, the USDA told the press “that the department became aware of [Chen’s] land holdings through the publication of Oregon’s 2023 tax records and subsequent reporting,” even though forest land is considered agricultural land for the purposes of AFIDA. After Chen’s ownership was revealed, his family office quickly issued a statement which further revealed that the transaction had been approved by CFIUS, but which ignored his potential noncompliance with AFIDA requirements. Chen’s Oregon holdings alone likely indicate that current AFIDA reporting understates Chinese agricultural land ownership in the United States by at least 50 percent.

China’s Agricultural Land Purchases Are Increasing

Even though Chinese-owned agricultural land remains a small share of the United States’ total agricultural land, it has increased rapidly in recent years. Notably, Chinese-owned agricultural acreage increased more than fivefold between 2011 and 2021 based on AFIDA data, even though overall Chinese investment in the United States has declined significantly since 2016.

This trend is not limited to the United States. China’s overseas investment in agriculture, forestry, and fishing globally grew more than tenfold between 2009 and 2016, according to the USDA. Between 2011 and 2020,
Chinese companies acquired 6.48 million hectares of land globally for agriculture, forestry, and mining—more than 16 million acres.\(^\text{14}\) According to Japan’s English-language weekly *Nikkei Asia*, “[t]hat figure dwarfs the combined 1.56 million hectares controlled by British companies, the 860,000 hectares held by American companies and the 420,000 hectares controlled by Japanese ones.”\(^\text{15}\)

In the United States, Chinese-owned agricultural land is heavily concentrated in certain places and owners, based on what is known from AFIDA data. Sun Guangxin, a Chinese billionaire and former People’s Liberation Army officer from Xinjiang, owns about 40 percent of Chinese-owned agricultural land in the United States reported under AFIDA, primarily in Texas’s Val Verde County. More than a third of Chinese-owned land reported under AFIDA is owned by Smithfield, which was acquired by a Chinese company in 2013. Smithfield’s real estate holdings are heavily concentrated in eastern North Carolina.\(^\text{16}\)

**Location-Based Threats**

Despite the overall acceleration of Chinese ownership of U.S. agricultural land, and China’s increasing investment in natural-resource-bearing land globally, concerns about Chinese ownership of agricultural land in the United States have generally focused on specific cases that present specific geographic risks.

Chinese government entities have made numerous well-documented attempts to gain access to strategic locations in the United States. During the Obama Administration, the FBI had to step in to stop China’s “donation” of a pagoda to the National Arboretum, one of the highest points in Washington, DC, which China planned to equip with signals collection equipment shipped in diplomatic packages.\(^\text{17}\)

In 2017, the FBI had to stop China’s “donation” of a pagoda to the National Arboretum, one of the highest points in Washington, DC, which China planned to equip with signals collection equipment shipped in diplomatic packages.
The National Arboretum case was an early milestone in a counterintelligence effort which ultimately led the FBI to conclude that Chinese-made equipment “atop cell towers near US military bases in the rural Midwest... was capable of capturing and disrupting highly restricted Defense Department communications, including those used by US Strategic Command, which oversees the country’s nuclear weapons.”

Despite this conclusion, in June 2020, CFIUS approved the Blue Hills Wind development project, backed by Xinjiang billionaire Sun Guangxin and involving a portion of the 140,000 acres he purchased through front companies in Texas’s Val Verde County. The project drew immediate scrutiny from local leaders—based on national security concerns due to its proximity to Laughlin Air Force Base, environmental concerns, and its questionable profitability.

Nonetheless, CFIUS “found that the wind farm does not currently pose a national security concern,” even though its approval simultaneously required the project to mitigate problems it could cause for Laughlin’s flight routes. The erratic nature of AFIDA enforcement was further illustrated when, in April 2021—long after the Chinese ownership of Blue Hills had been circulating in the news and received CFIUS approval—the USDA penalized two of Sun’s front companies for failing to register under AFIDA. After these federal failures, two months later the Texas legislature acted to halt the project with the passage of the Lone Star Infrastructure Protection Act, blocking Sun’s access to Texas’s electrical grid. The wind farm development was later bought by a Spanish firm, and remains mired in local environmental concerns.

More recently, a similar case played out in Grand Forks, North Dakota. In 2021, the Chinese agribusiness giant Fufeng Group purchased 370 acres in Grand Forks as the site for a $700 million corn mill project. The industrial facility would have been located just 12 miles from Grand Forks Air Force Base and near Cavalier Space Force Station, which “tracks over half of all earth-orbiting objects” to “provide critical missile warning and space surveillance data.” The project drew immediate scrutiny at the local level, from the Air Force, and from the U.S. Congress, with both of North Dakota’s Senators and its Governor requesting a CFIUS review in July 2022. That December, CFIUS instead informed Fufeng that it lacked jurisdiction to review the land purchase. Fufeng slipped through two separate loopholes in CFIUS’s authorities for this project. Rather than an acquisition which CFIUS can review, it was categorized as a greenfield investment omitted from CFIUS jurisdiction. Greenfield investments are “truly start-up investments not involving existing US business entities or assets comprising a US business.” Meanwhile,
Grand Forks Air Force Base was also inexplicably omitted from a Defense Department list of “sensitive sites” that would trigger CFIUS’s separate real estate jurisdiction. In a letter from August 2022, the Air Force appealed to North Dakota Senator John Hoeven (R) with scathing clarity: “While CFIUS concluded it did not have jurisdiction, [the Defense Department’s] view is unambiguous: The proposed project presents a significant threat to national security with both near- and long-term risks of significant impacts to our operations in the area.” Weeks later, the Grand Forks City Council voted unanimously to strike down the project, and in June 2023 the Biden Administration quietly updated the list of sensitive sites to add Grand Forks and several other locations.

In September 2023, reports indicated that Chinese-national “gate-crashers” have accessed military bases and other sensitive sites at least 100 times in recent years.

In both the Val Verde and Grand Forks cases, existing federal government mechanisms proved manifestly unable to contend with threats that were clearly perceivable to the Americans living nearby—as well as, seemingly, to the Defense Department itself. Frighteningly, China’s threat to U.S. military infrastructure only continues to evolve. In September 2023, reports indicated that Chinese-national “gate-crashers” have accessed military bases and other sensitive sites at least 100 times in recent years. The Wall Street Journal, quoting anonymous U.S. officials, described the incidents as “a form of espionage” involving “Chinese nationals pressed into service and required to report back to the Chinese government.” As of October 2023, Members of the House Select Committee on the CCP were conducting oversight activities around these incidents, but Congress has yet to take any concrete action.

**Long-Term Threats to Food, Water, and Energy Security**

Chinese acquisitions of real estate also present long-term threats due to the natural resources inherent in real estate. The United States’ food security, abundance of energy, plentiful water resources, and other natural endowments give the U.S. a major strategic advantage over China. This advantage could be threatened by Chinese entities’ access to U.S. natural resources.
China faces a water crisis that, according to the Lowy Institute, “has the potential to act as a material handbrake on China’s development,” entailing a significant overall shortage of water, pollution of dwindling sources, and highly lopsided distribution throughout the country.\textsuperscript{31} China’s arable land—already less than half that of the United States—is decreasing further and becoming less productive due to numerous interconnected factors, including urbanization, reforestation, desertification, pollution, and overuse, all of which are exacerbating China’s food insecurity.\textsuperscript{32} Even though China produces a quarter of the world’s grain, it is still a net food importer, with less efficient agricultural production than the United States and its food self-sufficiency decreasing year-over-year.\textsuperscript{33}

Water shortages are also hurting China’s hydropower capacity and contributing to a surge in coal-fired power generation, exacerbating China’s significant reliance on energy imports, which is only expected to grow.\textsuperscript{34} China uses more coal than the rest of the world combined, and is increasingly reliant on imported coal.\textsuperscript{35} China is also reliant on foreign imports for most of its crude oil and is projected to become reliant on imports for a majority of its natural gas consumption.\textsuperscript{36} Xi and the CCP view China’s reliance on energy imports, and developments that would make China more import-dependent, as national security threats.\textsuperscript{37} In contrast, the United States is a net energy exporter, and, according to the U.S. Energy Information Administration, U.S. energy production in 2022 was the highest on record.\textsuperscript{38}

A Chinese company purchased Smithfield—the largest pork producer in the U.S.—in 2013; during the pandemic, Smithfield increased exports to China while the U.S. was suffering widespread meat shortages.

Real-life cases illustrate how China and other foreign powers seek to capture U.S. natural resources to make up for their own shortcomings. In perhaps the best-known example, the United States’ largest pork producer, Smithfield Foods, was acquired by a Chinese company in 2013—another transaction that CFIUS approved.\textsuperscript{39} The acquisition gave the Chinese company control of hundreds of U.S. farms, more than 140,000 acres of agricultural land, and more than a quarter of the U.S. pork market.\textsuperscript{40}
CFIUS’s ambivalence notwithstanding, the resulting threat to food security did not take long to emerge. Research from the Center for Strategic and International Studies found in 2021 that during the COVID-19 pandemic, “Smithfield increased pork exports to China even as the United States experienced widespread meat shortages due to supply chain disruptions and Smithfield closed some of its plants.”

More than 2,000 miles and more than 1,000 miles from Smithfield’s farms in North Carolina and Missouri, respectively, another critical U.S. resource has been extracted to shore up a foreign landowner’s needs overseas. Arizona’s Governor Katie Hobbs (D) recently took action to terminate a Saudi Arabian–owned corporation’s use of an alfalfa farm. The Saudi farming operation was essentially a way to use U.S. groundwater to support Saudi Arabia’s domestic dairy livestock by leveraging Arizona law on subsurface water rights. As The New York Times put it, the Saudi company had been “mired in controversy over its pumping of unlimited amounts of groundwater, free of charge, to irrigate its water-thirsty alfalfa crop. The company then ships the alfalfa to Saudi Arabia, where the crop is fed to dairy cows.”

Arizona does not restrict foreign acquisition of its real estate, including its agricultural land. The Saudi company was thus able to secure access to the land and its groundwater through leases, illustrating an avenue that could be exploited by foreign adversaries when states do not have capabilities in place to scrutinize their real estate acquisitions.

Foreign adversaries’ access to real estate in the United States also presents risks related to American energy security. Sun Guangxin, the tycoon behind the scuttled Texas wind farm and the largest Chinese national owner of AFIDA-reported real estate in the United States, leased natural gas rights in Texas’s Barnett Shale in 2016. These holdings received far less attention than his wind project, despite being located three miles from Dallas Fort Worth International Airport. It is unclear whether CFIUS reviewed any of Sun’s natural gas interests in the United States, presenting a concerning example of the lack of scrutiny of Chinese-government-linked entities’ acquisition of American energy assets.

Policy Recommendations for Congress and the President

To address the risks posed by purchases of U.S. land and other real estate by malign foreign actors, Congress and the President should:

**Enhance Beneficial Ownership Transparency.** Starting in 2018, a shadowy firm called Flannery Associates began spending almost a billion dollars to acquire “nearly all the available land immediately surrounding
Travis Air Force Base,” north of San Francisco, including more than 55,000 acres of farmland and “specific plots of land near a critical communication squadron that is privy to sensitive information.” Despite years of scrutiny at the state, local, and federal level, and significant concerns from the Air Force, local and federal authorities were unable to determine who controlled Flannery. It was only recently confirmed in August 2023 that Flannery’s investors were mostly American. The company bought enough real estate to create an entire city in California without national security agencies being able to identify whether Flannery was controlled by a foreign adversary—an unacceptable risk given accelerating real estate purchases by Chinese entities.

Chen Tianqiao’s Oregon land purchase through “Whitefish Cascade Forest Resources” similarly highlights shortcomings in beneficial ownership transparency requirements. Federal lawmakers should ensure that national security agencies are able to identify foreign-adversary-owned or -controlled front companies (and state lawmakers should ensure that such entities are required to disclose their beneficial ownership when acquiring interests in sensitive real estate in their states).

**Enforce the Agricultural Foreign Investment Disclosure Act.**
Chen Tianqiao’s undisclosed Oregon purchase reveals both that AFIDA enforcement is severely lacking with regard to Chinese entities, and that U.S. federal agencies are failing to share information amongst themselves about such purchases. The President and Congress should ensure that AFIDA is thoroughly enforced and that the USDA has the resources required to do so. Moves to increase beneficial ownership transparency could aid such efforts but will require federal agencies to better share relevant intelligence. For example, the Treasury Department’s Financial Crimes Enforcement Network (FinCEN) has recently begun implementing the Corporate Transparency Act by collecting beneficial ownership disclosures from certain companies. This new law could reveal further foreign purchases that have not been reported under AFIDA.

**Expand CFIUS Jurisdiction to Cover Chinese Entities’ Greenfield Investments.** Apart from narrow exceptions, CFIUS generally does not have jurisdiction over greenfield investments. CFIUS’s non-review of Fufeng’s Grand Forks project remains the most salient example of this loophole. Although that was a multifaceted failure, and the Administration could have used its regulatory authority to expand CFIUS’s jurisdiction over specific military sites to cover the Grand Forks purchase, the most complete and future-proofed solution would be to expand CFIUS’s jurisdiction over Chinese entities’ greenfield investments in the United States.
Reforms should also ensure that CFIUS communicates appropriately with state authorities, given that CFIUS’s non-review of Fufeng was communicated to the company itself first, rather than the lawmakers who requested that review. Following the Fufeng ordeal, in June 2023, Senator Kevin Cramer (R–ND) sponsored legislation to require CFIUS review of Chinese entities’ purchase of real estate.46 The following month, Democratic Representative Mike Thompson (CA) joined Republican Representative Mike Gallagher (WI) to introduce a more complete suite of bipartisan CFIUS reforms that would similarly address greenfield investments involving real estate.47

**Consider Food Security and Include the Department of Agriculture in National Security Reviews.** The Thompson–Gallagher bill would also incorporate food security considerations and provide for the Secretary of Agriculture’s participation in relevant reviews, both welcome additions. In July 2023, the U.S. Senate overwhelmingly adopted an amendment to its annual defense bill from Senator Mike Rounds (R–SD) that would do the same, while also expanding CFIUS authority over agricultural transactions and prohibiting transactions that would grant foreign adversaries control of further agricultural land, although the Rounds amendment was later stripped from the final National Defense Authorization Act by House Financial Services Chairman Patrick McHenry (R–NC).

CFIUS approval of the takeover of Smithfield, and Smithfield’s subsequent behavior during the pandemic-era meat shortages, imply that food security and agricultural land may not be adequately prioritized under current CFIUS procedures, and that greater concern for the United States’ long-term food security is warranted. Smithfield prioritizing demand in China over the U.S. market during the pandemic meat shortage should be considered alongside other instances when ostensibly private Chinese entities were leveraged by the Chinese government to conduct activities abroad that harmed a local country.

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Prudent national security policy should ensure that the U.S. food supply is protected from Chinese government exploitation, as no Chinese company is meaningfully independent from the CCP.
One particularly disturbing example occurred in 2020, when Chinese-government-linked real estate developers in Australia suddenly began exporting bulk medical equipment from Australia to China, part of a global effort organized by the United Front Work Department. Days after these exports were reported, Australia was forced to impose an export ban on pandemic-related equipment as it struggled to meet its own needs. Prudent national security policy should ensure that the U.S. food supply is protected from this sort of risk, as no Chinese company is meaningfully independent from the CCP.

Policy Recommendations for State Lawmakers

To address the risks posed by purchases of state land and other real estate by malign foreign actors, state policymakers should:

**Find the Right Balance of State Interests.** Known Chinese-owned real estate is not uniformly distributed across the United States and is highly concentrated in a handful of companies and individuals. An investment may be benign in one location and present national security risks in the next county or in a neighboring state. It is unlikely that a one-size-fits-all approach will be appropriate for addressing such threats. Restrictions may need to vary across states based on their particular mix of needs, concerns, and interests. States should work toward solutions that fit their unique circumstances, addressing threats without being overly broad or causing undue hardship for businesses and individuals.

For example, Florida recently enacted restrictions on certain real estate transactions associated with foreign adversaries, legislation which was adjusted to minimize the impact on employers with valuable foreign national employees. While the reporting cast these changes as “watering down” the legislation, it seems equally accurate to say that Tallahassee balanced economic and security interests to find an outcome that worked for Florida. Other states have conducted their own in-depth assessments, such as the Kansas state legislature’s recent convening of a Special Committee on Foreign Adversary Investments and Land Purchases.

**Consider Incorporating Reviews Rather than Solely Relying on Bans.** Many states already have varying and long-standing restrictions on foreign ownership of real estate. As a general principle, additional restrictions should be drawn as narrowly as possible to address the threats that lawmakers seek to neutralize. There will likely be instances—depending on the types of facilities or geographic distances from critical infrastructure—where the level of threat is not consistent across different transactions, and an outright ban is not an optimal policy.
South Dakota recently enacted a land purchase restriction law that exempts Smithfield, leaving that state open to further real estate purchases by Smithfield’s Chinese owner that may present security threats.

States should consider adopting a review mechanism in these instances allowing state authorities to address threats while providing flexibility when necessary. To operationalize such a review mechanism, state lawmakers could consider leveraging or adjusting existing state capabilities that might be well-suited to step into a CFIUS-like role at the state level, such as Texas’s Homeland Security Council. Kansas’s assessment of the threat landscape, for example, has led the state’s Attorney General Kris Kobach (R) to recommend a State Land Council with the power to review transactions.\textsuperscript{53}

An approach that reviews individual transactions, rather than only banning certain foreign ownership, would also allow states to avoid blanket exemptions when a state has an existing reliance on a foreign-adversary-owned corporation. For example, South Dakota recently enacted a land purchase restriction law that exempts Smithfield, leaving that state open to further real estate purchases by Smithfield’s parent that may present security threats.\textsuperscript{54}

**Refine Targeting Criteria.** Many current and recently enacted state legislative efforts to establish new restrictions on Chinese or other foreign adversaries’ purchase of real estate share similar flaws in their targeting criteria. Some state laws and bills have limited their applicability to foreign governments and state-owned entities. Based on what is known, this would have little to no impact, as the vast majority of known Chinese-owned real estate in the United States is held by ostensibly private entities. The USDA’s most recent AFIDA report, for example, notes that “[t]here were no filings directly by the government of China.”\textsuperscript{55}

Relatedly, some bills have limited their scope to agricultural land. While this is a perfectly sensible category of real estate to address first, states should consider also addressing threats from foreign ownership of non-agricultural land. Even then, some bills have been drafted to apply to any foreign ownership, capturing individuals and entities from non-adversary countries, which is likely not the intent of most legislators. Finally, some bills apply restrictions based solely on nationality. While this criterion
may be appropriate in some provisions and inappropriate in others, lawmakers should bear in mind that it can be easily evaded if not combined with beneficial ownership transparency. It would be very unfortunate if a state banned a Chinese company from buying up its farms, only to be left without recourse if the Chinese company sought to circumvent the law by registering an anonymous corporation.

**Not Rely on Changeable Federal Regulations.** Many state bills to restrict foreign adversaries’ land purchases have referenced federal authorities for authoritative lists of foreign adversary countries. There may be some specific cases when there is a policy rationale for a state to reference the U.S. Code for specific lists of countries, such as 22 U.S. Code § 2370(f), which provides a statutory list of communist countries. But states should avoid referencing federal regulations and executive orders in virtually any scenario when enacting restrictions on property rights, establishing criminal penalties, and the like. These authorities are changeable at the whim of any sitting presidential Administration, and could bring unintended consequences, possibly contrary to the express intent of the state legislature. The soundest approach is to list targeted foreign adversary countries in the state legislation itself. This also serves as another opportunity for states to individualize their approaches based on their particular circumstances. Florida for example, included Cuba and the Maduro regime in Venezuela among its restrictions, while some other states have not.

**Conclusion**

The threat posed by Chinese entities purchasing real estate in the U.S. and using it for malign purposes is real. The increased interest in strengthening reviews and prohibitions on problematic real estate purchases by foreign adversaries is welcome and arguably overdue. Efforts to protect the United States’ natural resources have been driven by grassroots responses—such as in Val Verde County and Grand Forks—to specific national security failures, and state-level restrictions on foreign real estate ownership are far from novel legal innovations. Twenty-four states already regulate or restrict foreign land purchases, with some states doing so in the text of their constitutions.56

The reforms that are being enacted and contemplated in the U.S. Congress and in state houses nationwide are laudable efforts to update an existing system of federal and state security provisions to keep pace with growing threats from the CCP and other malign actors. Properly calibrated, such tools can address current and future threats while protecting the
private property rights that underlie the United States’ vitality. As China presents the United States’ greatest national security threat and has a history of particular threats to real estate and agricultural land, measures to counter those threats must be a priority.

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Endnotes

1. In this *Backgrounder*, “Chinese” means entities domiciled in, or incorporated under the laws of, the People’s Republic of China (PRC), and natural persons that are PRC nationals and not U.S. nationals. “Owned” for the purposes of agricultural land means any interest reportable under the Agricultural Foreign Investment Disclosure Act. “Real estate” means land, buildings, other fixtures to land, such as power or water infrastructure, and rights associated with land.


7. Ibid.


15. Ibid.


18. Ibid.


36. Ibid.


