Testimony of Rep. Mike Gallagher (WI-08)
Chairman, House Select Committee on the CPC
Before the U.S. House Committee on Agriculture
"The Danger China Poses to American Agriculture"

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Chairman Thompson, Ranking Member Scott, Members of the Committee, thank you for the opportunity to address the Committee on the threat posed by the People's Republic of China (PRC) and the Chinese Communist Party (CCP) to U.S. national security as it relates to agriculture. We should be clear: the CCP is engaged in economic warfare against the United States on a daily basis. Agriculture and our critical food supply chains are no exception.

The CCP considers agriculture and related technology to be critical to its national defense. Part of its strategy involves degrading its adversaries' capabilities and subjecting them to the CCP's whims and wishes. The CCP's acquisition of land in the United States, its investments in U.S. agricultural technology, and its collection of U.S. farm data and trade secrets represent offensive maneuvers designed to degrade U.S. preparedness and competitiveness. Simultaneously, the CCP prioritizes defensive strategies, such as domestic investment in agricultural biotechnology, to ensure the CCP's adversaries cannot use its offensive playbook against itself. The U.S. government has been slow to recognize the problem, and even slower to act. Today, we lack sufficient authorities to combat these challenges. I look forward to working on these issues with you and ensuring we are properly prepared to protect our agricultural industry and national security.

1. The CCP's View of Agriculture and Food Security

For decades, the CCP has considered agriculture and food security not just as national security issues, but as critical to securing the survival of the regime. Amidst the COVID-19 pandemic, disruptions to the food supply sparked waves of protests in more than a dozen cities, with protesters demanding, "we want food, not COVID tests," a rare public demonstration of dissent against the CCP.[1] Ultimately, its food security policies center on safeguarding and boosting domestic production, buoyed by degrading the United States' security.

At an annual central rural work conference in December 2022, CCP General Secretary Xi Jinping declared that agriculture is a "national security issue of extreme importance" and emphasized the need for food self-sufficiency.[2] Indeed, Beijing views the issue of agriculture security as life-or-death. According to a former CCP official in charge of rural economic research, the PRC must ensure "absolute" security of staple foods because the global economy would never save the country. Xi himself believes that "once something is wrong with [our]

[1] Liu, Zhongyuan Zoe, "China's Farmland Is in Serious Trouble." *Foreign Policy*, February 27, 2023, https://foreignpolicy.com/2023/02/27/china-xi-agriculture-tax/.
[2] Mandy Zhou, "China's Xi Jinping Says Ukraine War Has Shown the 'Extreme Importance' of Food Security," *South China Morning Post*, March 16, 2023, https://www.scmp.com/economy/china-economy/article/3213767/chinas-xi-jinping-says-ukraine-war-has-shown-extreme-importance-food-security.

agriculture, our bowls will be held in someone else's hands,"[3] and that "the food of the Chinese people must be made by and remain in the hands of the Chinese."[4] These beliefs are grounded in the fact that without food security, the future of the party is at stake.

Just last month, the CCP published its National Food Security Law, which aims to ensure that the PRC achieves "absolute security" in staple grains for food use and basic self-sufficiency in all others.[5] At the same time, the CCP reiterated its concerns over food security in its annual agricultural policy document. The "No. 1 Central Document" outlines priorities for promoting rural revitalization, with "safeguarding national food security" being the primary pillar to do so.[6] The document emphasizes reducing reliance on foreign agricultural imports (particularly soybeans and corn), diversifying foreign import sources, developing a PRC seed industry, and innovating in agricultural biotechnology.[7]

The CCP's views that it cannot afford to rely on foreign sources of food make clear the CCP has started the clock on importing agriculture products from the United States. In pursuit of this goal, the CCP anticompetitively supports PRC companies abroad, buys foreign agricultural land, and bolsters domestic capacity to the detriment of the United States. Moreover, attempts to develop a PRC seed industry and biotechnology innovations rely on stealing U.S. intellectual property and U.S. data. These activities directly harm U.S. national security and U.S. agricultural competitiveness.

2. PRC Land Purchases in the United States

A critical part of the CCP's policy to boost its food security and control over global food supply chains, it must purchase non-PRC farmland. This is because the PRC has a dramatic shortage of arable land compared to other major countries, with the PRC's arable land per capita at one-third the average for member states of the Organization of Economic Cooperation and Development (OECD), and freshwater resources per capita are less than one-tenth of the OECD average.[8] According to the U.S.-China Economic and Security Review Commission: "the amount of arable land [the PRC] does have is not sustainable or sufficient for meeting its food production goals."[9] To feed its population, the CCP must import food, a fact the regime recognizes. The 2007 No. 1 document explicitly called for farming and agriculture "going out" into the world as a national

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[3] Ibid.
[4] Donnellon-May, Genevieve. "Understanding China's Food Priorities for 2024.:" *The Diplomat*, January 6, 2024. https://thediplomat.com/2024/01/understanding-chinas-food-priorities-for-2024/.
[5] "China: National Food Security Law Published," *U.S. Department of Agriculture* , February 14, 2024. https://fas.usda.gov/data/china-national-food-security-law-published#:~:text=The%20People's%20Republic%20of%20China,sufficiency%20in%20all%20other%20grains.
[6] "China's No. 1 Central Document for 2024 Charts Road-Map for Rural Revitalizations ." *The State Council Information Office The PRC*, February 4, 2024. http://english.scio.gov.cn/m/topnews/2024-02/04/content_116985045.htm.
[7] Ibid.
[8] "Chapter 2. Overview of the Food and Agriculture Situation in China." Essay. In *OECD Food and Agriculture Reviews*. Paris: OECD Publishing , n.d.
[9] Lauren Greenwood, rep., *China's Interests in U.S. Agriculture: Augmenting Food Security through Investment Abroad* (Washington, D.C.: U.S.-China Economic and Security Review Commission, May 26, 2022), https://www.uscc.gov/sites/default/files/2022-05/Chinas_Interests_in_U.S._Agriculture.pdf.

strategy to reduce foreign reliance, and the 2016 document focused on international agricultural investment and supporting PRC companies' overseas operations.[10]

The desire to control foreign agriculture does not just sit on a policy wish list—it is being actioned by the CCP. The U.S. Department of Agriculture (USDA) reported in 2018 that the PRC's international agricultural investments have grown more than tenfold since 2009.[11] In the United States, the PRC's share of U.S. farmland has risen more than five times between 2010 and 2021.[12] From PRC firms acquiring Smithfield Foods in 2013 and the agricultural land the company owned (then the world's largest pork producer), to attempting to install wind farms in Texas near sensitive sites, to using U.S. arable land for agricultural technology research, the CCP is attempting increase its influence in our food supply and agriculture industry to support its goals of food security, all while increase PRC leverage over the U.S. agriculture industry.

Although official data indicates a small percentage of U.S. agricultural land is owned by PRC interests, the federal oversight system for reporting foreign ownership is lax, and enforcement is minimal. For example, Fufeng Group, which attempted to purchase land close to Grand Forks Airforce Base in North Dakota in 2021, did not report their purchase to USDA until U.S. media inquired into the deal.[13] CFIUS later determined it did not have jurisdiction over the purchase, which would have led to a green light for the deal if it had not been for state and local government intervention.

In fact, the U.S. Government Accountability Office (GAO) recently reported that USDA is incapable of properly tracking agricultural land purchases by foreign adversaries. In a January 2024 report, GAO found that USDA published errors in the reporting of PRC agricultural land holdings, such as listing the largest PRC land holding twice.[14] USDA was also found to not share data with the national security apparatus (CFIUS, DOD, NSC, etc.) on land purchases in an effective manner, and data USDA is required to collect under the Agriculture Foreign Investment Disclosure Act (such as names, countries of citizenship, when the land was transferred/acquired, etc.) is not typically shared.[15]

CFIUS relies in part, on USDA, as an expert agency, for help analyzing the national security implications of farm purchases. With the Fufeng Group's purchase of land in North Dakota in 2021, and Gotion's purchase of land in Michigan in 2023, both of which pose serious national

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[10] Liu, Zhongyuan Zoe, "China's Farmland Is in Serious Trouble." *Foreign Policy*, February 27, 2023, https://foreignpolicy.com/2023/02/27/china-xi-agriculture-tax/

[11] Ryan McCrimmon, "China is buying up American farms. Washington wants to crack down." Politico, July 19, 2021, https://www.politico.com/news/2021/07/19/china-buying-us-farms-foreign-purchase-499893

[12] Nathan Owens and Julia Himmel, "How farms became the latest battleground in US-China relations," *Agriculture Dive,* December 5, 2023, https://www.agriculturedive.com/news/us-china-foreign-ownership-farmland-agriculture/700792/

[13] Laura Stickler and Nicole Moeder, "Is China really buying up U.S. farmland? Here's what we found," *NBC News*, August 25, 2023, https://www.nbcnews.com/news/investigations/how-much-us-farmland-china-own-rcna99274

[14] https://www.gao.gov/products/gao-24-106337

[15] Ibid.

security concerns, it is alarming that the U.S. government agency responsible for tracking those purchases cannot adequately share basic information.

There are 2.4 million acres of U.S. land under unknown foreign ownership.[16] We have little understanding of who really owns our land and who is operating in the United States, yet the CCP's policies advocate for increased foreign land ownership. Our national security is jeopardized daily by our inability to respond to a very blatant threat: the CCP's acquisition of U.S. farmland.

3. PRC Investment and Activity in the U.S. Agricultural Sector

Past examples of investments and acquisitions by the CCP in the U.S. agricultural sector underscore the threat posed by CCP control in our agricultural industry and supply chain. CCP investments in U.S. agriculture target land, livestock, seeds, and supporting infrastructure, all to support the regime's goals of food security and self-sufficiency. By owning these assets, the CCP can diversify their supply chains and mitigate risks from issues such as natural disasters, expedite production processes from farm to table, and acquire new technology and know-how. These advantages come at the expense of the United States' national security.

Nowhere is the PRC's pursuit of overseas agriculture infrastructure more clear than the $7.1 billion purchase in U.S. agriculture giant Smithfield Foods by PRC company WH Group in 2013. Smithfield Foods was the largest pork producer in the United States. Its sale to WH Group was approved by CFIUS despite concerns raised by lawmakers that WH Group's then chairman, Wan Long, was tied to the CCP. WH Group gained more than 146,000 acres of U.S. farmland in the acquisition (which held hog farms, processing plants, and feed mills), and Smithfield's advanced hog genetics and valuable technology were cutting-edge and desirable to a regime looking to increase yields and diversify.[17] Smithfield has supplied the PRC with record levels of pork, one of the CCP's primary focuses for its agricultural stockpile, as the country's domestic pork production cratered due to disease and pandemic lockdowns in 2020 and 2021.[18] In a May 2022 report, the U.S.-China Economic and Security Review Commission (USCC) warned that "if further consolidations and Chinese investments in U.S. agricultural assets take place, [the PRC] may have undue leverage over U.S. supply chains."[19]

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[16] Kristen Sindelar, "Foreign land investments exposes U.S. security issues," *Midwest Messenger*, October 26, 2023, https://agupdate.com/midwestmessenger/news/state-and-regional/foreign-land-investments-exposes-u-s-security-issues/article_24f6c0e8-6de7-11ee-ad7b-ff8ca99a0325.html

[17] Lauren Greenwood, rep., *China's Interests in U.S. Agriculture: Augmenting Food Security through Investment Abroad* (Washington, D.C.: U.S.-China Economic and Security Review Commission, May 26, 2022), https://www.uscc.gov/sites/default/files/2022-05/Chinas_Interests_in_U.S._Agriculture.pdf.

[18] Ibid.

[19] Lauren Greenwood, rep., *China's Interests in U.S. Agriculture: Augmenting Food Security through Investment Abroad* (Washington, D.C.: U.S.-China Economic and Security Review Commission, May 26, 2022), https://www.uscc.gov/sites/default/files/2022-05/Chinas_Interests_in_U.S._Agriculture.pdf.

If direct investments do not demonstrate the CCP's recognition of the agricultural industry as vital to national security, their treatment of their domestic agriculture market provides further proof. The PRC's Foreign Direct Investment Act, among other legislation, includes prohibitions on seed sales, technology licensing, mergers and acquisitions, and land ownership by foreign companies due to national security concerns.[20] The PRC also maintains broad discretion to limit or condition foreign investment in sectors designated as "restricted." In agriculture, these include GMO research, production, processing, or import; agricultural related transportation; production, sale, or trade of food; transfer of land management rights, and other areas.[21]

Yet, in the United States, we allow these activities by PRC companies. PRC state-owned enterprises (SOEs) operate without impediment in the U.S. agriculture market. Syngenta Group, a wholly owned subsidiary of the PRC SOE ChemChina, and the China Oil and Foodstuffs Corporation (COFCO) are prominent SOEs which conduct business in the United States, and which pose national security risks. Syngenta is the world's largest seed and agricultural chemicals conglomerate, with 21 manufacturing, and research and development facilities in just the United States. Syngenta operates an outsized role in the domestic crop protection industry; its insecticide, herbicide, fungicide, and similar crop protection product sales in the United States amounted to $3.2 billion in 2021, and its seed business engages in licensing arrangements of genetically engineered seed technologies designed and owned by U.S. farmers. Syngenta and the CCP have deeply rooted themselves in our agricultural supply chains, creating untenable dependencies and giving the CCP leverage over the United States in a possible conflict.

In October 2022, Syngenta's parent company, ChemChina, was designated on the U.S. Department of Defense's 1260H List, which identifies "Chinese military companies operating in the United States." Similarly, COFCO represents the PRC's largest food processor, manufacturer, and trader and one of the country's largest SOEs. COFCO maintains outsized influence over the U.S. agricultural industry and exports; it was the largest single customer for U.S. soybean and U.S. corn in 2021 and receives preferential access to the PRC market over international firms. A COFCO subsidiary was placed late last year on the UFLPA Entity List by the U.S. Department of Homeland Security for using forced labor in its supply chains. Not only are we giving away our food security to the CCP, but we are giving it to the regime's companies responsible for its military modernization and human rights abuses.

4. Investments in Agricultural Technology

These concerns are especially salient when we consider U.S. and PRC investments in agricultural biotechnology. Per USDA, agricultural biotechnology is a range of tools, including traditional breeding techniques, that alter living organisms to make or modify products; improve plants or animals; or develop microorganisms for specific agricultural uses. It represents the next battlefield of food security, enabling more efficient, nutritious, and risk-tolerant crop yields.

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[20] Karen M. Sutter, rep., *China's Recent Trade Measures and Countermeasures* (Washington, D.C.: Congressional Research Service, December 10, 2021), https://crsreports.congress.gov/product/pdf/R/R46915.
[21] Ibid.

Although the PRC has yet to develop any genetically engineered food or fed products for domestic commercial cultivation, the CCP outpaces the United States in biotechnology R&D. It has provided significant support for the development of genetically modified food products and continues to highlight advancements in agricultural biotechnology as a critical piece of its food security plan. At the end of 2020, for example, just one special research project received nearly $3.5 billion of investment to develop new biotechnology varieties.[22]

In some areas of agricultural biotechnology, the PRC also outperforms the United States. As one expert testified before the Select Committee, the PRC maintains a strong lead in publishing research papers describing the use of CRISPR-based gene-editing techniques. Its applications can involve the biomanufacturing of meat from animal stem cells to provide new protein sources to meet growing demands, efforts which have been explicitly endorsed by General Secretary Xi.[23] We are losing the agricultural biotechnology competition with the CCP, and without stronger action by the United States, our future food security is in jeopardy.

5. PRC Acquisition of U.S. Farm Data and Intellectual Property

When the PRC cannot coopt U.S. agricultural technology legally, it resorts to illegal means. The PRC considers developing a seed industry paramount to its goal of self-sufficiency. Advanced seed technology can mitigate risks posed by droughts, pests, and diseases, and it can minimize the amount of land required for planting. The 14th Five-Year Plan specifically advocates for developing new agricultural varieties, accelerating the commercialization and industrial application of biological breeding, and fostering "leading enterprises in the seed industry with international competitiveness."[24]

Innovation had generated billions of dollars in revenue for U.S. companies, such as Monsanto, but the process is expensive. Creating a single hybrid seed, for example, requires breeding two inbred seed lines. USCC estimates that "each inbred seed can cost up to $30 million to $40 million in lab costs, field work, and trial and error, not to mention the time spent completing this work."[25]

PRC entities frequently resort to IP theft. For example, on April 4, 2018, PRC scientist Zhang Weiqiang was sentenced to more than 10 years in prison for conspiring to steal samples of a

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[22] United States Department of Agriculture – Foreign Agricultural Service, "Agricultural Biotechnology Annual," Foreign Agricultural Service Staff. CH2022-0112, *Global Agricultural Information Network*, 2022. https://apps.fas.usda.gov/newgainapi/api/Report/DownloadReportByFileName?fileName=Agricultural%20Biotechnology%20Annual_Beijing_China%20-%20People%27s%20Republic%20of_CH2022-0112.pdf (accessed March 14, 2024).

[23] "Growing Stakes: The Bioeconomy and American National security," *Testimony before the Select Committee on the Strategic Competition Between the United States and the Chinese Communist Party*, 118th Cong. (2024) (testimony of Dr. Tara O'Toole, In-Q-Tel)

[24] People's Government of Fujian Province, *Outline of the 14th Five-Year Plan (2021-2025) for National Economic and Social Development and Vision 2035 of the People's Republic of China*, August 9, 2021.

[25] Lauren Greenwood, rep., *China's Interests in U.S. Agriculture: Augmenting Food Security through Investment Abroad* (Washington, D.C.: U.S.-China Economic and Security Review Commission, May 26, 2022), https://www.uscc.gov/sites/default/files/2022-05/Chinas_Interests_in_U.S._Agriculture.pdf.

variety of rice seeds from a Kansas biopharmaceutical research facility. According to trial evidence, Zhang acquired hundreds of rice seeds produced by Ventria Bioscience and stored them at his residence in Manhattan, New York. The seeds have a wide variety of health research applications and represent millions of dollars of R&D investment by Ventria. Personnel affiliated with the Tianjin Academy of Agricultural Sciences visited Zhang at his residence, and U.S. Customs and Border Protection officers later found the Ventria seeds in the visitors' luggage as they prepared to leave the United States for the PRC.[26]

In another case, just two years earlier, PRC national Mo Hailong, also known as Robert Mo, was sentenced to three years in prison for conspiracy to steal trade secrets on October 5, 2016, and was ordered to forfeit two farms in Iowa and Illinois that he purchased and utilized during the conspiracy. Mo was employed as the Director of International Business of the Beijing Dabeinong Technology Group Company (DBN), a PRC conglomerate with a corn seed subsidiary company, Kings Nower Seed. Mo admitted, through a plea agreement, to participating in a long-term conspiracy to steal trade secrets from DuPont Pioneer and Monsanto. Mo aimed to steal inbred corn seeds for the purpose of transporting the seeds to DBN.[27]

Agricultural technology is not just tied to seed innovation. Analytic software and data flows are vital components of agricultural efficiency and maximization. Once again, the CCP sponsors trade secret theft to gain a competitive edge. In 2022, Xiang Haitao, a PRC national, pled guilty to economic espionage and was sentenced to more than two years in prison. Charges of economic espionage require evidence that the activities were state-sponsored and for the benefit of a foreign government. Xiang was employed by Monsanto and its subsidiary, The Climate Corporation, which develops digital farming software that farmers use to visualize and analyze field data. A critical component to the platform is a proprietary predictive algorithm, which Monsanto considered a valuable trade secret. Xiang travelled to the PRC on a one-way flight with copies of the algorithm and later worked for the Chinese Academy of Science's Institute of Soil Science. Xiang was arrested when he returned to the United States two years later.[28]

Even beyond illegal activities, there are no legal restrictions on the flow of agricultural data across the United States border. Restrictions only exist when imposed by corporations on trade secrets and intellectual property-designated data, such as gene sequences of genetically modified organisms.

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[26] Office of Public Affairs, "Chinese Scientist Sentenced to Prison in Theft of Engineered Rice," *U.S. Department of Justice*, April 4, 2018, https://www.justice.gov/opa/pr/chinese-scientist-sentenced-prison-theft-engineered-rice.
[27] Office of Public Affairs, "Chinese National Sentenced to Prison for Conspiracy to Steal Trade Secrets," *U.S. Department of Justice*, October 5, 2016, https://www.justice.gov/opa/pr/chinese-national-sentenced-prison-conspiracy-steal-trade-secrets.
[28] Office of Public Affairs, "Chinese National Sentenced for Economic Espionage Conspiracy," *U.S. Department of Justice*, April 7, 2022, https://www.justice.gov/opa/pr/chinese-national-sentenced-economic-espionage-conspiracy.

6. Policy Recommendations for the Committee

Despite these concerns, there are fortunately a few ways Congress can act to shore up the United States' food security and supply chains in our competition with the CCP.

1. **Pass H.R. 4577, the Protecting U.S. Farmland and Sensitive Sites from Foreign Adversaries Act:** The Committee on Foreign Investment in the United States (CFIUS) has limited jurisdiction over specific land purchases and does not require mandatory disclosure if a foreign adversary tries to purchase land near a sensitive national security site. The Protecting U.S. Farmland and Sensitive Sites from Foreign Adversaries Act address this challenge by expanding CFIUS to cover the purchase of agriculture land; require mandatory disclosure for foreign adversaries purchasing land near military sites; and expands the list of sites that are designated as "sensitive" to include key infrastructure projects such as telecommunication nodes.

2. **Pass H.R. 7085 the BIOSECURE Act:** The PRC is rapidly making inroads in the U.S. and global biotech market through state-backed firms like BGI and its subsidiaries MGI and Complete Genomics. BGI has been a global campaign to collect the genetic sequences of plants and animals, with a focus on plants that have implications for agriculture. The BIOSECURE Act ensure U.S. taxpayer dollars are not subsidizing this activity, by creating a framework to restrict the flow of U.S. taxpayer dollars to foreign adversary biotech companies, such as BGI, and firms that contract with these firms.

3. **Stop the Flow of Agriculture Date to Foreign Adversaries:** Despite an increased recognition that the United States should protect its data for national security and privacy concerns, agriculture data is often forgotten as a critical source of data. The PRC is able to acquire mass amounts of data related to U.S. farmland, including satellite images, chemical and pesticide use, and even the genetic data of the plants we grow in our fields. The United States should impose a restriction on the flow of U.S. agriculture data to foreign adversaries.

4. **Stop Foreign Adversary Ag Drones from Operating on our Farms:** The threat posed by PRC drones operating in the United States is well known. PRC drones, including those from DJI, tuned for agriculture collect mass amounts of sensitive data about our fields and are undercutting U.S. agriculture drone providers, creating a supply chain risk. The U.S. Department of Agriculture should impose requirements on any recipient of USDA funds that prevent recipients from acquiring agriculture drones that are produced in a foreign adversary country.

5. **Create a Plant Genome Project:** Genetic data is rapidly becoming one of the most valuable resources in advancing biotechnology. The U.S. government led the way, beginning in the 1990s, to sequence the human genome. The next frontier in biological data is plants. As of 2021, only 10% of the nearly 700 historically cultivated food craps

have been genetically sequenced. We cannot allow the PRC to sequence our own plants critical to our food supply before the United States. The USDA should be tasked and resourced to lead an international “Plant Genome Project” that would give our farmers and developers of ag biotech the data they need to continue leading food production into the 21st century.

Biography

Congressman Mike Gallagher has represented Wisconsin's 8th District in the U.S. House of Representatives since 2017. Mike was born and raised in Green Bay, where he now lives with his wife Anne and daughters, Grace and Rose.

Mike served for seven years on active duty in the United States Marine Corps, including two deployments to Iraq. Mike also served as the lead Republican staffer for the Middle East and Counterterrorism on the Senate Foreign Relations Committee and worked in the private sector at an energy and supply chain management company in Green Bay.

Mike earned a bachelor's degree from Princeton University, a master's degree in Security Studies from Georgetown University, a second in Strategic Intelligence from National Intelligence University, and a PhD in International Relations from Georgetown.

In the 118th Congress, Representative Gallagher serves as Chairman of the Select Committee on the Strategic Competition Between the United States and the Chinese Communist Party, as Chairman of the House Armed Services Subcommittee on Cyber, Information Technologies, and Innovation, and on the Permanent Select Committee on Intelligence. From 2019-2021 he served as Co-Chairman of the Cyberspace Solarium Commission.