

YOU HAVE BEEN
SELECTED

WSJ wants to hear from you. Take part in this short survey to help shape The Journal.
[Survey](#)



This copy is for your personal, non-commercial use only. Distribution and use of this material are governed by our Subscriber Agreement and by copyright law. For non-personal use or to order multiple copies, please contact Dow Jones Reprints at 1-800-843-0008 or visit www.djreprints.com.

<https://www.wsj.com/politics/states-take-on-china-in-the-name-of-national-security-7ed05257>

POLITICS

States Take On China in the Name of National Security

Local politicians impatient with Washington's actions against Beijing block Chinese land purchases, factory plans and research

By [James T. Areddy](#) [Follow](#)

Updated April 26, 2024 12:05 am ET



Montana Gov. Greg Gianforte signed a law last year banning TikTok in the state. A judge later blocked the measure. PHOTO: GARRETT TURNER/MONTANA GOVERNOR'S OFFICE/ASSOCIATED PRESS

States have a new adversary: China.

From Florida to Indiana and Montana, an expanding array of local proposals, bills, laws and regulations aim to block Chinese individuals and companies from

acquiring land, winning contracts, working on research, setting up factories and otherwise participating in the U.S. economy.

State officials, overriding traditional local interests such as drawing investment and creating jobs, say they are acting where Congress hasn't to address grassroots American distrust of the Chinese Communist Party.

The states have generally been moving faster on China legislation than Congress. By the time a bill that could force a sale of TikTok by its Chinese owner ByteDance reached President Biden's desk Wednesday, over 30 state governments had passed regulations targeting the short-video app.

In their efforts to challenge perceived China threats, states are often claiming authority to define national-security risks.

"There is a real responsibility on behalf of governors and state legislatures to look out for the safety and protection of our citizens," said Virginia Gov. Glenn Youngkin, who last year blocked Ford Motor from setting up a battery venture in his state with China-based Contemporary Amperex Technology, or CATL. He has also signed bills to curb Chinese land purchases and use of TikTok on state devices.

Youngkin says he opposed the plant for electric-vehicle batteries because he didn't want to allocate Virginia taxpayer money to support Chinese technology. Ford is now building a scaled-down version of the project in Michigan, where it has also faced localized resistance.



Virginia Gov. Glenn Youngkin says states have a role in protecting Americans from China. PHOTO: STEVE HELBER/ASSOCIATED PRESS

When Iowa's state Senate passed a bill this month to shield some of the world's biggest chemical makers from certain pesticide lawsuits, its legislation specified that one type of company would be ineligible for the protection: Chinese.

State assemblies are sometimes known as America's laboratories of democracy for pathbreaking laws. Nebraska in 1980 became the first state to legislate divestiture from apartheid South Africa—six years before Congress acted.

Since early 2023, states and the District of Columbia have introduced 624 pieces of legislation related to China, rivaling Congress's 663, according to information service BillTrack50.com.

Security before investment

The anti-China action has stirred most aggressively in Republican-controlled states, where Beijing faces blame for problems from fentanyl deaths and factory closures to last year's balloon overflight and the Covid-19 pandemic. State legislators say that whether similar policies will gain traction at the federal level is likely to depend on the extent of Republican success in November's elections.

"China has a very clearly stated objective: and that is to dominate the world, and do that at the U.S.'s expense," Youngkin said.

Municipality and state lawmakers have repeatedly promoted anti-China measures that threaten jobs and investment in the communities they serve.



The Grand Forks City Council blocked Fufeng Group from building a mill at this North Dakota site.
PHOTO: BEN BREWER/BLOOMBERG NEWS



Opponents of the Fufeng plant said it could be used to spy on the nearby Grand Forks Air Force Base.
PHOTO: BEN BREWER/BLOOMBERG NEWS

Grand Forks, N.D., last year stopped a Chinese food ingredient maker, Fufeng Group, from building a corn-processing plant that promised to create 1,000 jobs. State and local authorities had initially welcomed Fufeng's expected \$700 million investment, pitched as the city's largest private investment ever, but support collapsed when claims were made—with little substantiation—that the facility could be a conduit to spy on nearby Grand Forks Air Force Base.

Grand Forks had a duty to act because the federal government was “slow and contradictory” in addressing the possible national-security implications of Fufeng's plant, Mayor Brandon Bochenski argued in a policy statement shortly before the City Council suspended the project's permitting process. The City

Council faced heat from residents who were angry that a Chinese company might be welcomed into their community, with one resident at a public hearing calling the plant a “goofy thing with the Chinese communist government.”

The Fufeng effect has since dominoed through state capitals, including South Dakota’s, where Gov. Kristi Noem in 2023 cited North Dakota’s experience in signing an executive order that forbade many activities in her state by companies linked to governments the U.S. has designated as “foreign adversaries”—namely China, Russia, Iran, Cuba, Venezuela and North Korea.

Fufeng later identified a site for its plant in Indiana, only to get tripped up by a new state law that forbids Chinese and other designated adversaries from entering deals for agricultural land.

One of the bill’s proponents, Indiana State Sen. Jean Leising, acknowledged the proposed plant was popular among corn farmers and that she was warned that between Fufeng and 10 other Chinese investors, the legislation would cost Indiana \$14 billion in lost income. She reasoned that sacrifices are necessary. “Safety or revenue, you sometimes have to make a decision,” she said.

Fufeng said that it is “well into the process of exploring alternative sites for our plant which will produce great animal nutrition products and meet the needs of the community that welcomes it.” The company told legislators in Indiana it is also looking at locations in Minnesota and Illinois.

“States are continuing to blur the lines between state power and federal power,” said Christopher Daley, executive director of the American Civil Liberties Union of Indiana, who criticizes his state’s land-use restrictions as “far too broad.”

Virginia Gov. Youngkin said issues such as land use are state-level decisions, in Virginia’s case sometimes affecting national-security assets such as the Pentagon.

Patchwork legislation

When the Iowa state Senate this month passed a bill designed to make it difficult to sue pesticide makers if their product labels follow federal requirements to warn of health risks, people involved in the process said a clause was included

specifically to build support for the legislation: “The bill does not apply to a product made by a Chinese state-owned enterprise,” the text said.

Before legislation died on Saturday, when the Iowa House recessed before voting on it, that caveat seemed aimed at a product from Syngenta, a Switzerland-based maker of seeds and pesticides that since 2017 has been owned by China National Chemical, one of China’s largest government-controlled companies.



Chinese-owned Syngenta has been ordered to sell its land in Arkansas but allowed to remain in Indiana. PHOTO: CFOTO/ZUMA PRESS

Syngenta is also under fire in Arkansas, where authorities fined the company \$280,000 and ordered it to sell 160 acres it has owned for 36 years for violating a new law barring land holdings by a “prohibited foreign-party-controlled business.” A spokeswoman for Gov. Sarah Huckabee Sanders said, “Gov. Sanders has promised Arkansans she’ll step up where the federal government has failed.”

Syngenta spokesman Saswato Das said the company’s Arkansas employees are Americans serving local farmers, and the land decision “was a shortsighted action that fails to account for the effects of such an action, intended or not, on the U.S. agricultural market.”

In a sign of inconsistencies between states pursuing similar goals, the same Indiana land-use bill that stopped Fufeng from building a plant there grandfathered Syngenta, which has around 100 employees and 115 acres in the state.

Leising and a state representative, Kendell Culp, said Indiana lawmakers decided to make the legislation forward-looking. Culp said no company was singled out.



Smithfield Foods was purchased by China's WH Group over a decade ago. PHOTO: SHANNON STAPLETON/REUTERS

The land issue is particularly knotty. The federal government says Chinese entities are the registered owners of under 1% of the foreign-held agricultural land in the U.S., with 87% of that owned by five companies, including one of America's biggest meatpackers, Smithfield Foods, which was bought by China's WH Group in 2013.

New land-use restrictions have "required us to do a lot more explaining about our ownership structure," said Smithfield spokesman Jim Monroe, who noted that Americans run Smithfield and American institutional investors are among WH Group's biggest shareholders.

Challenges to anti-China measures

Florida has legislated some of the most far-reaching China decoupling. While campaigning for president last year, Gov. Ron DeSantis signed a law to stop land purchases, block state contracting and university partnerships involving Chinese nationals. His office termed the package "a blueprint for other states."

To detractors, the anti-China measures can be unnecessary, poorly conceived and ineffective political grandstanding, sometimes even racist or unconstitutional.

Several efforts have faced legal challenges.

After Montana imposed an outright ban on TikTok in the state, a judge blocked the measure, citing the First Amendment—an avenue the company is expected to explore in challenging the federal legislation. Asian-Americans in Texas took credit last year for killing a state legislative effort to ban Chinese land ownership.

And in Florida, three Chinese nationals from large public universities argued in a suit against state agencies such as the state Education Department that new hurdles to their participation in academic research are unconstitutionally race-based.

“Florida has succumbed to the temptation to target ‘disfavored’ foreigners—this time at the state level—including most prominently, once again, individuals from China,” last month’s suit said. Florida’s Education Department declined to comment.

Write to James T. Areddy at James.Areddy@wsj.com

Appeared in the April 29, 2024, print edition as ‘States Lead In Barring Beijing From U.S. Economy’.

Videos

Buy Side from WSJ

Expert recommendations on products and services, independent from The Wall Street Journal newsroom.



SHOPPING HOLIDAYS

84 Memorial Day Sales to Shop Right Now



STYLE

The Best Walking Sandals to Add to Your Wardrobe This Summer



GIFTS

17 Best Gifts for a First-Time Dad



WELLNESS

The 21 Best Mineral Sunscreens Derms Want You to Know About



SHOPPING HOLIDAYS

Here's What Buy Side Staffers Are Shopping This Memorial Day



PERSONAL FINANCE

These Savings Accounts Pay 5% and Still Let You Write Checks