

A close-up photograph of a wooden pencil with a sharpened lead tip, resting diagonally on a document. The document features a line graph with a grid. The y-axis has labels for '100' and '50'. The x-axis has some faint, illegible text. The background is slightly blurred, showing more of the document and the pencil's body.

Foreign Ownership of U.S. Food and Agricultural Assets

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Outline



Food and Agricultural Company
Investment



Agricultural Land Ownership

Chinese Companies Listed on Major U.S. Stock Exchanges

- As of January 9, 2023, 252 Chinese Companies were listed on the NYSE, NASDAQ, or NYSE American down from 262 on September 30, 2022
 - Market Capitalization of \$1.03 trillion as of January 9, 2023
 - Market Capitalization \$775.6 billion in September
- Since September 2022, two companies have listed and six were delisted in the third quarter
 - Others were removed because of disinvestments in China

https://www.uscc.gov/sites/default/files/2022-09/Chinese_Companies_Listed_on_US_Stock_Exchanges.pdf

Risks of Investing in Chinese Companies

- HFCAA (Holding Foreign Companies Accountability Act)
 - As of September, there was the potential of 164 companies could be delisted
 - \$762 billion combined market capitalization
 - However, a report released indicated that Chinese regulators permitted unfettered inspections of China and Hong Kong auditors
 - Could snap back if prevented in the future
- Legal – Variable Interest Structure (VIE)
 - 161 use VIE to sell shares
 - \$910 billion combined market capitalization
- National Security Risk
 - “Investors in Chinese companies may support activities that are contrary to U.S. national interests, including the development of technology used for censorship and surveillance and in support of the military.”
 - Weibo (\$4.7 billion)
- None of the 252 are in Food and Agriculture

China's Interests in U.S. Agriculture: Augmenting Food Security through Investment Abroad

Table 1: Top Ten U.S. Agricultural Exports to China, 2016 and 2021
(US\$ millions)

Top Ten Exports (2016)		Top Ten Exports (2021)	
Soybeans	\$ 14,202.62	Soybeans	\$ 14,102.15
Grain Sorghum	\$ 1,031.34	Corn	\$ 5,099.47
Residues of Starch Manufacture	\$ 471.30	Grain Sorghum	\$ 1,863.43
Rutabagas, Hay, Clover	\$ 429.75	Beef	\$ 1,299.96
Pork	\$ 329.81	Poultry & Edible Offal	\$ 896.16
Ethyl Alcohol	\$ 313.48	Pork	\$ 890.39
Edible Offal (internal organs), Bovine, Swine, etc.	\$ 245.19	Nuts	\$ 867.39
Wheat & Meslin	\$ 211.51	Wheat & Meslin	\$ 802.54
Animal Guts, Bladders, Stomachs, & Parts	\$ 176.30	Edible Offal Bovine, Swine, etc.	\$ 657.93
Whey & Milk Products	\$ 169.24	Rutabagas, Hay, Clover	\$ 640.20

U.S. Census Bureau, *USA Trade Online*, March 2022. <https://usatrade.census.gov/>.

https://www.uscc.gov/sites/default/files/2022-05/Chinas_Interests_in_U.S._Agriculture.pdf

China's Interests in U.S. Agriculture: Augmenting Food Security through Investment Abroad

Table 2: Top Ten U.S. Agricultural Imports from China, 2016 and 2021
(US\$ millions)

Top Ten Imports (2016)		Top Ten Imports (2021)	
Prepared/Preserved Fruit, Nuts	\$ 556.40	Prepared/Preserved Fruit, Nuts	\$ 402.22
Fruit, Nuts, Vegetable Juices	\$ 325.85	Food Preparations	\$ 361.32
Vegetable Saps & Extracts	\$ 246.84	Vegetable Saps & Extracts	\$ 314.85
Preparations Used in Animal Feeding	\$ 210.96	Preparations Used in Animal Feeding	\$ 274.34
Dried Vegetables	\$ 177.86	Vegetables, Not Frozen	\$ 161.94
Onions, Shallots, Garlic, Leeks	\$ 147.21	Fruit, Nuts, Vegetable Juices	\$ 145.46
Vegetables, Not Frozen	\$ 146.10	Animal Products, Dead Animals, Inedible	\$ 126.73
Sugar	\$ 137.49	Dried Vegetables	\$ 106.17
Animal Guts, Bladders, Stomachs, & Parts	\$ 136.54	Pasta, Prepared or Not	\$ 104.02
Food Preparations	\$ 136.36	Sauces & Prep, Mixed Condiments	\$ 102.81

U.S. Census Bureau, *USA Trade Online*, March 2022. <https://usatrade.census.gov/>.

https://www.uscc.gov/sites/default/files/2022-05/Chinas_Interests_in_U.S._Agriculture.pdf

Food and Agricultural Company Ownership

■ Challenges Facing China's Food Security

- Lack of arable land
 - China 294 million acres with a population of 1.4 billion
 - U.S. has 375 million acres with a population of 330 million
- Shifting Migration and Consumption Demands
 - Declining birth rates and migration to cities are straining farms
 - Demand for more protein and higher-cut meat
 - Animal protein has almost tripled in the last 40 years
- Livestock Diseases, Pets, Pollution, and Natural Disasters
 - African swine fever
 - Fall army worm
 - Water and soil pollution
 - Flooding

https://www.uscc.gov/sites/default/files/2022-05/Chinas_Interests_in_U.S._Agriculture.pdf

Food and Agricultural Company Ownership

■ Two main options

- Purchase land abroad
 - Work to improve domestic land
- ### ■ Policies Seek Self-Sufficiency
- Reduce import reliance
 - Improve domestic farmland
 - Advance Agritech innovation

https://www.uscc.gov/sites/default/files/2022-05/Chinas_Interests_in_U.S._Agriculture.pdf

Food and Agricultural Company Ownership

- In 2013, it was estimated that China would require more than 200 million hectares to feed its population with no imports
- Available cropland in 2013 was 160 million hectares
- In 2021, the amount was 117 million hectares
- Imports of corn in 2021, was 10% of Chinese corn consumption
- Imports of soybeans account for 85% of Chinese consumption in 2020
- By 2025, estimate of a grain shortfall of 130 million metric tons
- China's going global strategy encouraged Chinese conglomerates to obtain greater control over food supply chains

https://www.uscc.gov/sites/default/files/2022-05/Chinas_Interests_in_U.S._Agriculture.pdf

Food and Agricultural Company Ownership

- Domestic Efforts will not solve China's problems
- Investment and acquisition of:
 - Farmland
 - Animal Husbandry
 - Agricultural Equipment
 - Intellectual Property
 - GM Seeds
- The U.S. is recognized as a global leader in each of these areas

https://www.uscc.gov/sites/default/files/2022-05/Chinas_Interests_in_U.S._Agriculture.pdf

Food and Agricultural Company Ownership

- Redistributes environmental effects
- Chinese leverage over U.S. supply chains
- Erosion of U.S. competitiveness
- Jumpstart GM competition in China

https://www.uscc.gov/sites/default/files/2022-05/Chinas_Interests_in_U.S._Agriculture.pdf

Acquisition of Agricultural and Food Companies

2013	2015	2017	2017
Smithfield Foods	Lansing Trade Group, LLC	Syngenta	Growmark
Pork Packing	Grain trading company	Largest Producer of Agricultural Chemicals, 3 rd Largest producer of Seeds	Grain logistics company
\$4.7 billion	20% share (\$128 million)	\$43 billion	
31% above market prices		Farm sites in 16 U.S. States, 10% of corn sales, 6% of soybean sales	

Fufeng Group in North Dakota

North Dakota site acquired as a location for its new wet mill

Purchased 370 acres in Grand Forks' agribusiness park

Fufeng group has ties to the Chinese government

Mill is located 12 miles from Grand Forks Air Force base that houses top intelligence, surveillance, and reconnaissance capabilities

Recently stopped locally

WH Group and Smithfield Foods

\$ 4.7 billion in equity or \$7.1 billion including debt

- Gained 146,000 acres in the acquisition
- Hog farms, processing plants and feed mills
- Advance hog genetics
- Food Safety
- Ractopamine-free pork
- Smithfield provided China with record amounts of pork in 2020 with its own hog farms recovering from African Swine Fever

Smithfield Ramifications

Many of Smithfield's U.S. suppliers and services suppliers saw contracts end

- CHS - 2014
- Max Yield - 2015

Growmark Partnership

COFCO is state-owned food processing company

Joint ownership of Growmark's Mississippi barge, truck, and rail terminal in Illinois

Key areas for exporting grain

Risks of Acquisition

Impact on Local Communities

- Environmental Impacts

Economic Competitiveness

- Stealing U.S. technology
 - Xiang Haitao
 - Monsanto and Climate Corporation developed an online farming software
 - Robert Mo
 - GM seeds from Iowa corn fields

Military Applications

- Biowarfare
 - Fungal spores
 - Introduce disease into crops



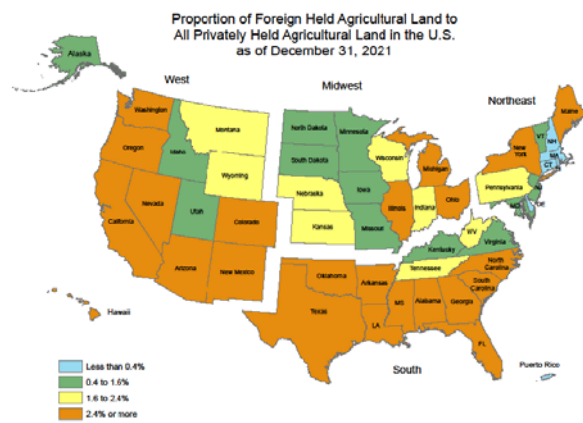
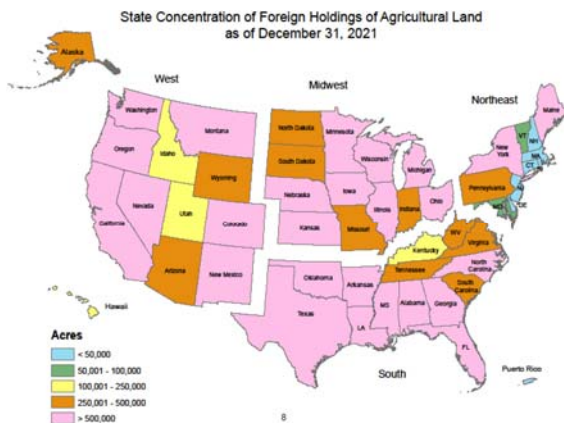
Agricultural Land

Definitions

The term "holdings" applies to all U.S. agricultural land interests held by foreign investors

Requires reporting "any interest" in the land other than a security interest (a mortgage or other debt-securing instrument)

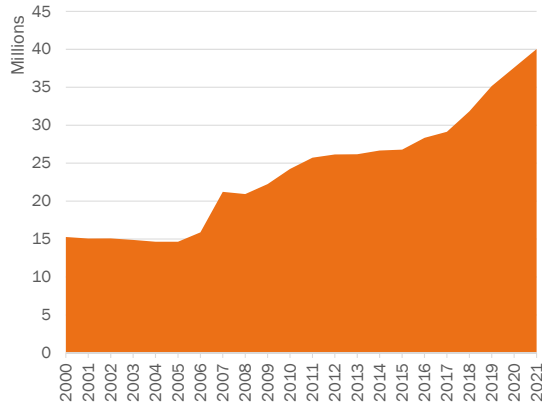
The regulations exempt leaseholds of less than 10 years' duration, contingent future interests, non-contingent future interests that do not become possessory upon termination of the present estate, non-agricultural easements and rights-of-way, and interests solely in mineral rights



Foreign Land Holdings by State

<https://www.fsa.usda.gov/programs-and-services/economic-and-policy-analysis/afida/index>

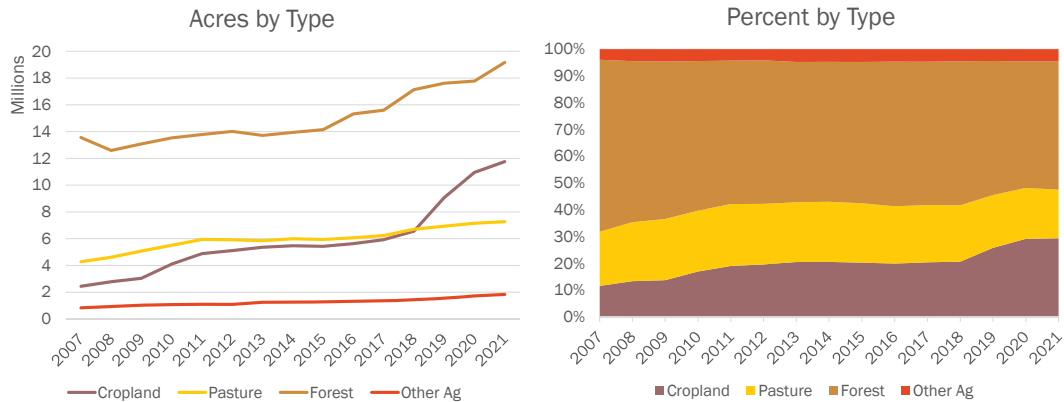
Foreign Agricultural Land Holdings



From 2000 to 2021, the percent of privately held land increased from 1.2% to 3.1%

Acres increased from 15.3 to 40.0 million

Type of Land Foreign Held



Foreign Held U.S. Acres by Country

China increased holdings by 455% over the last eleven years

China increased holding by 314,815 acres over the last decade

Ranked 16th in 2021

Country	2010 Total Acres	2013 Total Acres	2017 Total Acres	2020 Total Acres	2021 Total Acres
Canada	7,205,840	6,766,393	7,467,903	12,361,087	12,845,209
Netherlands	4,839,943	4,891,697	4,941,181	4,944,700	4,875,034
Italy	914,967	1,330,205	1,908,601	2,702,871	2,703,340
United Kingdom	1,474,630	1,655,849	1,706,627	2,329,952	2,537,898
Germany	1,642,265	1,866,154	1,902,340	2,063,406	2,269,292
Portugal	858,358	1,399,080	1,374,837	1,469,895	1,482,785
France	777,780	1,015,441	1,090,732	1,239,739	1,315,748
Denmark	1,046,409	731,965	717,993	805,154	856,474
Luxembourg	135,184	193,835	643,244	788,881	802,249
Ireland	729,520	726,019	758,428	759,568	759,732
Mexico	661,509	726,019	676,645	693,415	693,971
Switzerland	648,066	663,418	663,641	682,166	690,069
Cayman Islands	65,595	657,219	606,232	655,456	672,476
Japan	632,506	233,485	633,663	635,266	636,258
Virgin Islands (British)	344,925	633,260	363,286	370,320	370,630
Belgium	159,890	355,472	244,075	355,996	356,636
Sweden	85,678	238,802	248,583	354,093	688,801
China	69,120	154,586	246,966	352,140	383,935
Spain	206,318	248,503	249,895	301,906	301,906

Kansas

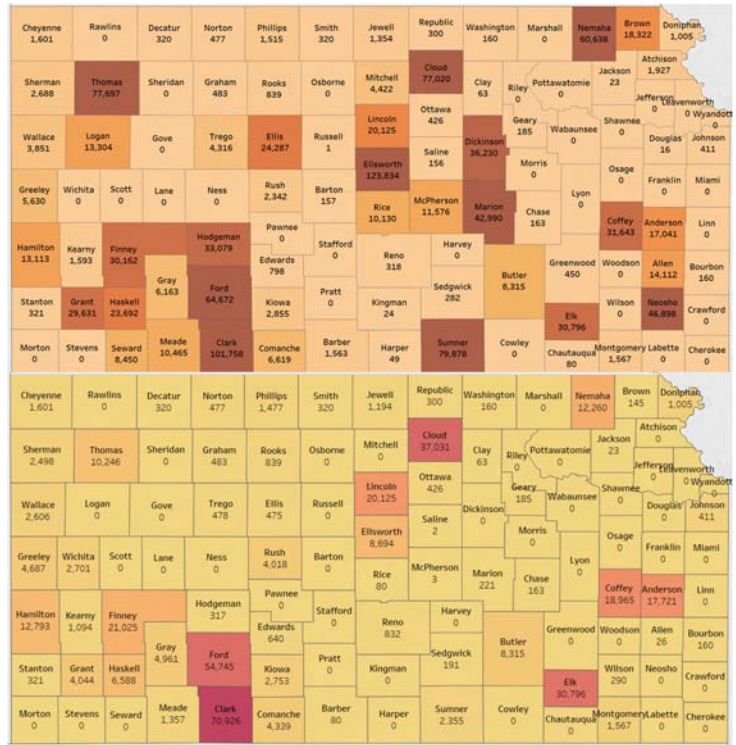
- Privately held Ag. Land totals 49,188,971 acres
- Of those, 1,183,003 acres are Foreign held (2.4%)
 - 832,608 acres of Cropland
 - 260,004 acres of Pasture
 - 2,406 acres of Forest
 - 88,015 acres in "Other Ag"

CANADA	NETHERLANDS	ITALY	UNITED KINGDOM	GERMANY	ALL OTHERS
342,435	11,820	388,733	1,562	28,455	414,532

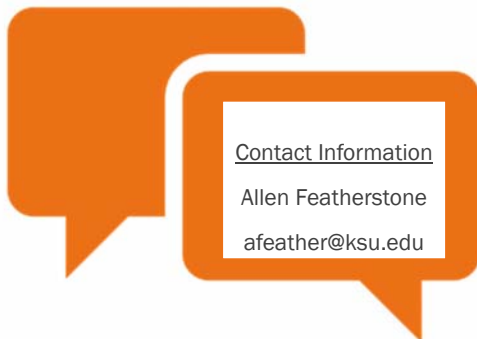
China owned 0.5 acres in Kansas (Russell county) acquired in 2018

Number of Foreign-Held Acres by County 2020

Number of Foreign-Held Acres by County 2010



Discussion



Contact Information

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References

<https://www.youtube.com/watch?v=R22iuzi4h10>

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