

**Testimony of
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**For
Hearing on
"China's Economic Espionage and Subnational Influence in the United States"**

Select Committee on the Chinese Communist Party

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Introduction

Chairman Moolenaar, Ranking Member Khanna, and members of the Select Committee on the Chinese Communist Party, thank you for the opportunity to submit testimony for this hearing on "China's Economic Espionage and Subnational Influence in the United States." I am John C. Yang, President and Executive Director of Asian Americans Advancing Justice | AAJC.

Asian Americans Advancing Justice | AAJC ("Advancing Justice | AAJC") is a national non-profit organization founded in 1991 dedicated to advancing civil and human rights for Asian Americans. We strive to empower Asian American and Pacific Islander communities across the country by bringing local and national constituencies together and advocating for federal policy that reflects the needs of Asian Americans and promotes a fair and equitable society for all. Advancing Justice | AAJC is the leading national advocate for immigration and anti-racial profiling policy on behalf of the Asian American community, and in this capacity, we work to address the racial profiling and discriminatory targeting of Asian Americans and immigrants.

As a founding member of the Asian Americans Advancing Justice (Advancing Justice) national affiliation, we partner with our affiliates — Advancing Justice | Atlanta, Advancing Justice | Chicago, and Advancing Justice | Southern California — to extend the reach of our programming and enhance the impact of our collective work. Advancing Justice | AAJC leads several committees for the National Council for Asian Pacific Americans, a coalition of 37 Asian American Pacific Islander national advocacy organizations. We also serve on the Board of Directors of the Leadership Conference on Civil and Human Rights, comprised of over 200 national organizations working together to promote and protect the civil and human rights of all Americans.

This Committee was created to confront a serious and legitimate challenge: the Chinese Communist Party's campaign of economic espionage, intellectual property theft, and state-level efforts to influence American institutions. Advancing Justice | AAJC does not dispute that this challenge is real, nor that Congress has a responsibility to address it. Our purpose in testifying is different. It is to help this Committee chart a course that meets this challenge effectively —

without repeating past mistakes, in which broad, ethnicity-based suspicion of Chinese and other Asian Americans has too often substituted for evidence-based enforcement.

That risk is not hypothetical. It is visible in the treatment of prominent Chinese Americans whose loyalty to this country should be beyond question. Representative Judy Chu, a sitting Member of Congress who has served her constituents and this institution with distinction, has faced inflammatory accusations implying divided loyalty based on her advocacy for the Chinese American community — accusations that would be considered disqualifying if leveled at a Member of any other background on the basis of their heritage alone.¹ Dominic Ng, the CEO of East West Bank and a highly respected figure in American business and philanthropy, has similarly been subjected to suggestions that his ties to the Chinese American community make his loyalties suspect.² These are not the profiles of foreign agents. They are the profiles of Americans, and the willingness to treat them otherwise reflects precisely the kind of conflation between ethnic identity and national security threat that this testimony asks this Committee to reject.

We come to this hearing at what we believe is a genuine inflection point. The United States and China remain locked in strategic competition, and that competition will not disappear. But how this country chooses to wage that competition — whether through indiscriminate suspicion of an entire diaspora community, or through precise, intelligence-driven enforcement paired with renewed scientific, academic, and economic exchange — will shape not only the lives of 24 million Asian Americans, but also America's ability to attract the talent, investment, and goodwill it needs to compete and to lead.³ We believe this Committee has a rare opportunity to set a new course: one that is tough on actual espionage and malign influence, rigorous about distinguishing it from lawful engagement, and committed to rebuilding the people-to-people ties between the United States and China that have historically been a source of American strength, not weakness.

I. The “China Initiative”: A Cautionary Tale in Conflating Ethnicity with Threat

In November 2018, the Department of Justice launched the “China Initiative” to counter economic espionage and trade secret theft conducted by or for the benefit of the Chinese government.⁴ The White House placed enormous pressure on the FBI and U.S. Attorneys nationwide: in 2020, the Department’s then-Assistant Attorney General for National Security directed each of the country’s 94 U.S. Attorney’s districts to bring cases of Chinese espionage or economic theft, with no apparent basis for believing such crimes were occurring in every

¹ Azi Paybarah, Democrats Defend Rep. Chu Against ‘Xenophobic’ Accusations of Disloyalty to U.S. WASHINGTON POST, (Feb. 24, 2023), <https://www.washingtonpost.com/politics/2023/02/24/asian-americans-judy-chu-china-gooden/>

² Josie Huang, Prominent LA Chinese Americans are Fighting Disloyalty Claims from the Right, LAIST (March 28, 2023), <https://laist.com/news/politics/california-chinese-americans-judy-chu-dominic-ng-communist-spies>

³ Jens Manuel Krogstad, Key Facts about Asians in the U.S., PEW RESEARCH CENTER (May 1, 2025), <https://www.pewresearch.org/short-reads/2025/05/01/key-facts-about-asians-in-the-us/>

⁴ Attorney General Jeff Sessions Announces New Initiative to Combat Chinese Economic Espionage, U.S. DEP’T OF JUSTICE (Nov. 1, 2018), <https://www.justice.gov/opa/speech/attorney-general-jeff-sessions-announces-new-initiative-combat-chinese-economic-espionage>.

district.⁵ In practice, the Initiative shifted from targeting individuals acting on behalf of the Chinese government to targeting individuals, overwhelmingly scientists, researchers, and academics, who simply had a “nexus to China.”

Federal prosecutors also charged many Asian Americans and Asian immigrants with federal crimes based on administrative errors or minor offenses such as failing to fully disclose conflict of interest information to their universities or research institutions and other activities that are not normally treated as crimes except under the pretext of combating economic espionage. Between 2018 and 2021, the DOJ’s own press releases about the “China Initiative” show that almost 90% of the defendants were of Asian descent, and that a significant percentage of these cases include no charges of economic espionage, trade secrets or what we have identified as espionage-related crimes.⁶ The rest of the prosecutions were for ancillary matters or minor crimes, such as making false statements, and “lying” on university conflicts of interest forms. Still many others were investigated by the FBI or NIH and not prosecuted yet faced employment consequences such as terminations.⁷ The DOJ’s strategy was not only ineffective against combatting security threats, but also extremely harmful to the Asian American community and damaging to American leadership in science and international collaboration on basic research overall.⁸

This is not a new phenomenon. For more than a decade, the Government has prosecuted people of Chinese and Asian descent at a disproportionate rate under the Economic Espionage Act of 1996 (“EEA”).⁹ Although the EEA was intended to address economic espionage from all foreign governments following the Cold War, it has increasingly been used to prosecute those of Chinese or Asian descent. Between 1996 and 2009, 17% of the defendants charged under the EEA provisions were of Chinese descent.¹⁰ Since 2009, that percentage has more than tripled, jumping to 52%.¹¹ It is critical to note that Asian Americans and immigrants are overall more likely than any other racial group to be charged under the EEA, making up 62% of EEA defendants charged since 2009. For individuals of Asian descent who were prosecuted, the rate at which they were “acquitted at trial, pled guilty only to ‘false statements’ and released on probation, or, most often, had all charges dropped against them” was twice as high as individuals of any other race.

Moreover, data from a 2021 MIT Technology Review found that out of a surveyed 77 China Initiative cases, only 19 of them (just 25%) brought charges under the EEA,¹² the vast majority

⁵ Betsy Woodruff Swan, Inside DOJ’s Nationwide Effort to Take on China, POLITICO (Apr. 7, 2020), <https://www.politico.com/news/2020/04/07/justice-department-china-espionage-169653>

⁶ See Information About the Department of Justice’s China Initiative and a Compilation of China-Related Prosecutions Since 2018, U.S. DEP’T OF JUSTICE (Nov. 12, 2020), <https://www.justice.gov/opa/information-about-department-justice-s-china-initiative-and-compilation-china-related>

⁷ *Id.*

⁸ *Id.*

⁹ See Andrew Chongseh Kim, Prosecuting g Chinese “Spies”: An Empirical Analysis of the Economic Espionage Act, 40 Cardozo L. Rev. 749, 763 (2018).

¹⁰ *Id.* at 753.

¹¹ *Id.*

¹² Eileen Gua, The US Crackdown on Chinese Economic Espionage is a Mess. We Have the data to Show It., MIT TECHNOLOGY REVIEW (Dec. 2, 2021), <https://www.technologyreview.com/2021/12/02/1040656/china-initiative-us-justice-department/>

were just “research integrity” paperwork cases. Similarly, an updated report¹³ revealed that defendants with Asian names were more than twice as likely to be falsely accused of espionage, and defendants of Asian descent, including Chinese and South Asian descent were punished twice as severely as defendants of other races.¹⁴ C-100’s survey in collaboration with the University of Arizona also revealed a widespread chilling effect among those of Asian descent within the academic community.¹⁵ According to a Law 360 study, “[t]he China Initiative has increasingly targeted academics, but the overwhelming majority of them [are] accused of failing to disclose ties to Chinese institutions, not economic espionage.” The report found that “the prosecutors have not fared well with many defendants accusing investigators of engaging in misconduct to bolster what they are saying are weak cases.”¹⁶

The human cost of this approach is illustrated by a series of cases that should serve as cautionary examples for this Committee. In December 1999, the government prosecuted Wen Ho Lee, a Taiwanese American scientist, accusing him of passing secrets to the Chinese government about a U.S. nuclear program despite lacking evidence of espionage.¹⁷ Although Lee received restitution, great damage had been done. In addition to suffering from a damaged reputation, he spent nine months in solitary confinement and was denied basic legal protection under the law.¹⁸ At Mr. Lee’s dismissal hearing, federal District Court Judge James A. Parker apologized to him and reproached the Government’s conduct.¹⁹

In 2014, federal agents accused Sherry Chen, a Chinese American hydrologist, then employed at the National Weather Service, of using a stolen password to download information from a federal dam database and of lying about meeting with a high-ranking Chinese official.²⁰ Ms. Chen had sent publicly available information to a former classmate in China and then connected him to a colleague for further information about his inquiry.²¹ The colleague reported her.²² During the course of the investigation, investigators asked Ms. Chen when she last saw a former classmate. She told them, “I think 2011,” when they had actually met in 2012.²³ Prosecutors then sought to convict her of making a false statement before later dropping all charges.²⁴ While the DOJ

¹³ See Andrew Chongseh Kim, *Racial Disparities in Economic Espionage Act Prosecutions: A Window Into the New Red Scare*, C-100 (2021), [Whitepaper-Final-9.21-UPDATE-compressed.pdf \(committee100.org\)](#).

¹⁴ Jenny J. Lee, Xiaojie Lee & C-100 Staff, *Racial Profiling Among Scientists of Chinese Descent and Consequences for the U.S. Scientific Community*, C-100 & UNIVERSITY OF ARIZONA (2021), [C100-Lee-Li-White-Paper-FINAL-FINAL-10.28.pdf \(committee100.org\)](#)

¹⁵ *Id.*

¹⁶ See Jack Queen, ‘Overheated’: How A Chinese-Spy Hunt At DOJ Went Too Far, *Law 360* (Sep 2018), <https://www.law360.com/legalethics/articles/1425776/-overheated-how-a-chinese-spy-hunt-at-dojwent-too-far>.

¹⁷ See *United States v. Wen Ho Lee*, 79 F. Supp. 2d 1280 (1999); Lowen Liu, *Just the Wrong Amount of American*, *SLATE* (Sept. 11, 2016), <https://slate.com/news-and-politics/2016/09/the-case-of-scientist-wen-ho-lee-and-chinese-americans-under-suspicion-for-espionage.html>.

¹⁸ *Id.*

¹⁹ *Statement by Judge in Los Alamos Case, with Apology for Abuse of Power*, *N.Y. TIMES* (Sept. 14, 2000), <https://www.nytimes.com/2000/09/14/us/statement-by-judge-in-los-alamos-case-with-apology-for-abuse-of-power.html>.

²⁰ Nicole Perlroth, *Accused of Spying for China, Until She Wasn’t*, *N.Y. TIMES* (May 9, 2015), <https://www.nytimes.com/2015/05/10/business/accused-of-spying-for-china-until-she-wasnt.html>.

²¹ Kim, *supra* note 11, at 774.

²² *Id.*

²³ *Id.*

²⁴ *Id.*

dropped the case after finding no evidence of espionage, the United States Department of Commerce announced in 2015 its plan to fire Ms. Chen. Although the federal Merit Systems Protection Board in April 2018 ruled in favor of her reinstatement and suggested that Commerce Department officials had buried exculpatory evidence, the Department still plans to appeal the ruling and proceed with her dismissal.²⁵

These cases are not aberrations. They reflect what former FBI agents and a recent study of more than a dozen former federal investigators describe as a pattern in which distrust of people of Chinese heritage drives investigative decisions, independent of evidence.²⁶ At the University of Cincinnati, faculty members reported that FBI agents showed up at their homes and workplaces and asked them to inform on other Chinese national colleagues, with an implicit threat of further scrutiny if they refused.²⁷ MIT engineers described a pervasive “psychological fear” among scientists of Chinese origin.²⁸ The chilling effect has been measurable at the national level: the period of the China Initiative coincided with the first two-year decline in new international student enrollment the United States had seen, at a time when international students were contributing roughly \$39 billion and supporting more than 455,000 American jobs annually.²⁹ Institutions including MIT, Stanford, and Yale issued public statements warning that this climate was driving talented researchers -- talent the United States needs to win the technological competition with China -- to leave the country or decline to come at all.³⁰

The lesson for this Committee is straightforward: an enforcement strategy that cannot reliably distinguish between a scientist with family ties to China and an agent of Chinese intelligence is not merely unjust to Asian Americans — it is also an ineffective and self-defeating national security strategy. Resources spent investigating disclosure paperwork are resources not spent on the much smaller number of cases involving genuine state-directed espionage. A “sledgehammer” approach drives away the very scientific and economic talent that strengthens America’s hand in the broader competition with the CCP.

²⁵ Perloth, *supra* note 26; Nicole Perloth, *Cleared of Spying for China, She Still Doesn't Have Her Job Back*, N.Y. TIMES (May 17, 2018), <https://www.nytimes.com/2018/05/17/technology/sherry-chen-national-weather-service.html>; *Chen v. Dep't of Commerce*, No. CH-0752-17-0028-I-1, 2018 WL 2128716 (Apr. 23, 2018); *Statement in Response to DOC Filing Appeal*, SHERRY CHEN DEFENSE FUND, https://www.sherrychendefensefund.org/uploads/9/9/2/8/99280080/statement_in_reponse_to_doc_filing_appeal_20180618.pdf

²⁶ See Andrew Chongseh Kim, *Prosecuting Chinese “Spies”: An Empirical Analysis of the Economic Espionage Act*, 40 CARDOZO L. REV. 749, 755 (2018); see also *Testimony of John C. Yang for Hearing on “Exposing the Dangers of the Influence of Foreign Adversaries on College Campuses,”* U.S. House of Representatives Committee on Education & the Workforce (July 13, 2023), available at https://edworkforce.house.gov/uploadedfiles/john_yang_testimony_for_house_subcommittee_on_higher_education_and_workforce_development.pdf.

²⁷ Bill Rinehart, *FBI Is ‘Harassing’ Some Chinese Citizens Says Academic Group*, WVXU (Aug. 26, 2019), www.wvxu.org/post/fbi-harassing-some-chinese-citizens-says-academicgroup#stream/0.

²⁸ Elie Dolgin, ‘Psychological Fear’: MIT Scientists of Chinese Origin Protest Toxic US Climate (July 2, 2019), www.nature.com/articles/d41586-019-02063-z.

²⁹ Bill Rinehart, *FBI Is ‘Harassing’ Some Chinese Citizens Says Academic Group*, WVXU (Aug. 26, 2019), www.wvxu.org/post/fbi-harassing-some-chinese-citizens-says-academicgroup#stream/0.

³⁰ Dolgin, *supra* note 26.

II. The Economic Toll on Asian Americans

The same conflation of ethnicity with national security risk that has affected scientists and researchers is now extending into the small business community, and this Committee should be attentive to it as it considers new tools to address economic espionage and malign influence. Asian American small business owners face a layered set of disadvantages — in access to federal capital, in federal contracting, and in the broader economic climate shaped by anti-Asian rhetoric — that compound one another and that recent policy choices have made worse, not better.

Access to SBA-backed Capital

On December 19, 2025, the Small Business Administration announced new loan eligibility criteria that would permit up to 5% foreign-national ownership of a small business generally, but singled out Chinese citizens specifically as ineligible, with little explanation of the underlying rationale or evidentiary basis.³¹ SBA subsequently issued a further policy notice, effective March 1, 2026, rescinding the December notice and instead requiring that all direct and indirect owners of a small business be U.S. citizens or nationals residing in the United States to qualify for the 7(a) and 504 loan programs.³²

Advancing Justice | AAJC recognizes the legitimate interest in preventing the SBA's capital programs from becoming a vector for foreign government influence. But these policies, as implemented, risk sweeping too broadly. Many AAPI-owned small businesses operate within entirely lawful and commonplace transnational family and investment networks that are a feature of an immigrant-driven economy, not evidence of state-directed influence. Without clear guidance distinguishing ordinary family ownership structures from genuine national security risk, these rules may restrict capital access for eligible entrepreneurs based on perceived foreign ties rather than actual risk.

Disparities in Government Contracting

Restricted access to SBA lending is compounded by longstanding barriers in federal contracting. Asian American-owned businesses have long been underrepresented in federal contracting relative to their availability in relevant markets, a finding documented as early as a 1997 Urban Institute report and reaffirmed by more recent analyses, including a 2022 Department of Justice report identifying discrimination by procurement agencies, exclusion from business networks, and discrimination by bonding companies and suppliers as persistent barriers.³³ Asian American

³¹ SBA Procedural Notice 5000-872050, *Update to SOP 50 10 8 – Citizenship and Residency Requirements* (Dec. 19, 2025), available at <https://www.sba.gov/sites/default/files/2025-12/SBA%20Procedural%20Notice%205000-872050%20-%20SOP%2050%2010%208%20Updates%20for%20Citizenship%20and%20Residency%20Requirement%20%288892ed62-265a-41b6-9e34-f71a94edbe69%29.pdf>

³² SBA Policy Notice 5000-876441, *Update to SOP 50 10 8 – Citizenship and Residency Requirements and Recission of Procedural Notice 5000-872050* (Feb. 2, 2026), available at <https://www.sba.gov/document/policy-notice-5000-876441-update-sop-50-10-8-citizenship-residency-requirements-recission-procedural-notice-5000-872050>

³³ Maria E. Enchautegui et al., The Urban Institute, *DO MINORITY-OWNED BUSINESSES GET A FAIR SHARE OF GOVERNMENT CONTRACTS?* x, xi, 14 (1997), available at

small business owners report that they lack the longstanding government and professional relationships, as well as facing language and cultural barriers, that make competing for these contracts more difficult.³⁴

The China Initiative added another layer of disadvantage specific to Chinese American entrepreneurs and researchers seeking federal grants and contracts. FBI "whole-of-society" messaging about "non-traditional collectors" — a term that, in practice, focused overwhelmingly on people of Chinese descent — cast a pall of suspicion that extended beyond academic labs into the broader economy, with familial or financial ties to China resulting in disproportionate denials of security clearances and federal opportunities compared to similar ties to other countries. The result was that Chinese American business owners faced not only the structural barriers that have long disadvantaged Asian American contractors generally, but an additional, ethnicity-specific presumption of risk that their competitors did not.

The Compounding Effect of COVID-Era Rhetoric and Assistance Gaps

These structural disadvantages were thrown into sharp relief during the COVID-19 pandemic, which illustrated how quickly national rhetoric translates into direct economic harm for Asian American small businesses — and how poorly designed federal relief can be for communities already operating at the margins of traditional outreach networks.

Within the first three months of the pandemic, the number of Asian American business owners dropped by 26%—higher than the national average of 22%.³⁵ As a Brookings Institution report in April 2020 observed, businesses owned by people of color—including by Asian Americans—were far more likely to face “immediate risk” from the pandemic, as opposed to “near term” or “long term” risk.³⁶

Those conditions were worsened by a surge in anti-Asian hostility driven in substantial part by federal officials. While health officials – such as the World Health Organization and U.S. Health & Human Services Secretary Alex Azar – recognized that using terms like COVID-19 and coronavirus were appropriate and geographic-based terms would be stigmatizing and counterproductive, some politicians intentionally used terms like “Chinese virus,” “China virus,” or “Kung Flu,” both on social media and at press conferences.³⁷ Other federal officials assigned “blame” to China because it is home to a “culture where people eat bats and snakes and dogs and

<https://www.urban.org/sites/default/files/publication/67046/307416-Do-Minority-Owned-Businesses-Get-a-Fair-Share-of-Government-Contracts-.PDE>; U.S. Dep’t of Justice, THE COMPELLING INTEREST TO REMEDY THE EFFECTS OF DISCRIMINATION IN FEDERAL CONTRACTING: A SURVEY OF RECENT EVIDENCE 30-34 (2022), available at <https://www.justice.gov/crt/page/file/1463921/dl>

³⁴ Asian American Institute & Asian American Justice Center, OVERLOOKED: THE ASIAN AMERICAN CONTRACTOR EXPERIENCE 12 (2012).

³⁵ U.S. Comm’n on Civil Rights, *Minorities and Women as Government Contractors* (“The Commission Report”), 20 (1975), available at https://books.google.com/books?id=c8V-h3gRrfkC&pg=RA1-PA111&source=gbs_toc_r&cad=2#v=onepage&q&f=false

³⁶ Liu & Parilla, *supra* n.34.

³⁷ Angela R. Gover, et al., *Anti-Asian Hate Crime During the COVID-19 Pandemic: Exploring the Reproduction of Inequality*, 45 AM. J. OF CRIMINAL JUSTICE 647 (2020), available at <https://link.springer.com/article/10.1007/s12103-020-09545-1>.

things like that.”³⁸ Statements like these created—according to one paper—“an atmosphere where it [was] socially acceptable to express and act on anti-Asian sentiment.”³⁹ A Pew Report published in July 2020 revealed that a majority of Asian adults (58%) felt it was more common for people to express racist or racially insensitive views about people who are Asian than it had been before the COVID-19 outbreak.⁴⁰ And a June 2021 survey found that around 40% of Asian American and Pacific Islander⁴¹ small business owners had been “blamed for the COVID-19 pandemic.”⁴² The economic consequences were concrete: According to a 2021 survey, 60% of Asian American small business owners expressed worry about “anti-Asian bias or hate crime happening to them, their business establishment or their staff.”⁴³ Another study concluded that in 2020, “Asian restaurants experienced an 18.4% decrease in traffic (estimated US\$7.42 billion lost revenue . . .) relative to comparable non-Asian restaurants[.]”⁴⁴

Federal relief programs did not fill the gap. The Paycheck Protection Program (PPP), the primary vehicle for small business assistance during the pandemic, was significantly less accessible to AAPI-owned small businesses, due not to formal exclusion, but to structural features of outreach and eligibility that disadvantages communities already at the margins of traditional business networks. As of 2019, over 30% of Asian American adults had limited English proficiency (LEP), compared to only 1.4% of white adults.⁴⁵ Nearly two-thirds (64%) of Asian American small business owners reported that “they did not have enough information about COVID-19 in a language they could understand.”⁴⁶ Federal outreach relied heavily on Business Improvement Districts and Chambers of Commerce — organizations that 93% of Asian American small business owners did not belong to.⁴⁷ The result was predictable: in ZIP codes with 40% or more Asian American residents, approximately 57% of businesses received PPP loans, compared to 68% in other ZIP codes.⁴⁸

Taken together, these dynamics — discriminatory capital access rules, structural contracting barriers amplified by national security rhetoric, and relief programs that failed to reach the

³⁸ *Id.*

³⁹ Nathan Kar Ming Chan, et al., *COVID-19 and Asian Americans: How Elite Messaging and Social Exclusion Shape Partisan Attitudes*, 20 PERSPECTIVES ON POLITICS 618 (2022).

⁴⁰ Pew Research Center, *Many Black and Asian Americans Say They Have Experienced Discrimination Amid the COVID-19 Outbreak* (July 1, 2020), <https://www.pewresearch.org/social-trends/2020/07/01/many-black-and-asian-americans-say-they-have-experienced-discrimination-amid-the-covid-19-outbreak/>.

⁴¹ We refer to Asian Americans and Pacific Islanders collectively here in the context of data that do not disaggregate these communities, though recognize the myriad diversities among them.

⁴² Asian/Pacific Islander American Chamber of Commerce and Entrepreneurship, *BACK TO BUSINESS: ARE AAPI SMALL BUSINESSES REBOUNDING FROM COVID-19?* (Jun. 2021), <https://www.nationalace.org/2021survey>.

⁴³ Ahyoung Kim, et al., Asian American Federation, *SMALL BUSINESS, BIG LOSSES 17* (2021), available at https://www.aafederation.org/wp-content/uploads/2021/05/Small_Biz_Survey.pdf.

⁴⁴ Justin T. Huang et al., *The cost of anti-Asian racism during the COVID-19 pandemic*, 7 *Nature Human Behavior* 682 (2023), <https://www.nature.com/articles/s41562-022-01493-6>.

⁴⁵ Jennifer M. Haley, et al., Urban Institute, *MANY ASIAN AMERICANS AND NATIVE HAWAIIAN/PACIFIC ISLANDER ADULTS MAY FACE HEALTH CARE ACCESS CHALLENGES RELATED TO LIMITED ENGLISH PROFICIENCY 1* (Dec. 2022), available at <https://www.urban.org/sites/default/files/2022-12/Many%20AANHPI%20Adults%20May%20Face%20Health%20Care%20Access%20Challenges%20Related%20to%20Limited%20English%20Proficiency.pdf>.

⁴⁶ *Id.* at 11.

⁴⁷ *Id.*

⁴⁸ Kim et al., *supra* n.41.

communities that needed them most — paint a picture of a small business community that has borne significant costs from policies shaped more by ethnicity-based suspicion than by evidence of actual risk. This Committee should keep that picture in mind as it considers what new tools to add to an already substantial regulatory and enforcement apparatus.

Resurgence of Discriminatory Land Laws

The same conflation of ethnicity with national security risk is reshaping property and land ownership rights, an area with a particularly fraught history for Asian Americans. Since 2021, 43 state legislatures have introduced more than 300 bills restricting land or property ownership based on national origin or legal domicile.⁴⁹ Florida’s Senate Bill 264 and Texas’s Senate Bill 17 are among the most far-reaching, restricting the purchase of farmland and certain residential property based on an individual’s country of domicile, with Florida’s law specifically naming Chinese citizens. Litigation challenging these laws is ongoing: in *Shen v. Simpson*, the Eleventh Circuit allowed Florida’s core provisions to remain in effect, citing a lack of standing, while a separate challenge, *National Fair Housing Alliance, Inc. v Kelly*, also addresses these restrictions and remains pending in federal court. In *Wang v. Texas*, the Fifth Circuit likewise found that plaintiffs lacked standing to challenge the Texas law, while a related case is pending on appeal before the same court.⁵⁰

The federal government has begun to mirror these state efforts, and the data does not support the alarm driving them. The National Farm Security Action Plan, issued in July 2025, directs the U.S. Department of Agriculture (USDA) to end the direct or indirect purchase of farmland by nationals of “countries of concern,” and recent National Defense Authorization Act provisions have sought to bar “agents” of the People’s Republic of China and other designated nations from purchasing land near military installations.⁵¹ Yet, the USDA’s own 2023 Annual Report found that “China,” understood as a national entity, owns approximately 277,336 acres of U.S. Farmland, roughly 0.03 percent of total U.S. farmland or roughly 0.6 percent of all foreign-held acreage, which is far less than the holdings attributed to Canada, the Netherlands, Italy, the United Kingdom, or Germany, none of which face comparable restrictions.⁵²

These laws echo the alien land laws of the early twentieth century, which barred individuals classified as “aliens ineligible for citizenship,” a category historically reserved with Asian immigrants, from owning agricultural land. Then, as now, the language of “alien” and “agent” does not distinguish between a foreign government and the diaspora community living and working within U.S. borders.⁵³ We urge this Committee to ensure that any restriction tied to a

⁴⁹ Donna Anderson, *Alien-ating Asians in 21st Century Land Laws*, JUST SECURITY (Feb. 13, 2026), <https://www.justsecurity.org/129885/alienating-asians-21st-century-land-laws/>.

⁵⁰ *Id.*

⁵¹ *Id.*

⁵² *Id.*

⁵³ Edgar Chen, *With New “Alien Land Laws” Asian Immigrants Are Once Again Targeted by Real Estate Bans*, JUST SECURITY (May 26, 2023), <https://www.justsecurity.org/86722/with-new-alien-land-laws-asian-immigrants-are-once-again-targeted-by-real-estate-bans/>; Donna Doan Anderson, *The 19th and 20th Century Roots of Anti-Asian Land Laws*, MEDIUM: Advancing Justice – AAJC (April 20, 2026), <https://medium.com/advancing-justice-aajc/the-19th-and-20th-century-roots-of-anti-asian-land-laws-8a1a893a38eb>.

“country of concern” rests on evidence of foreign government control, not citizenship or national origin alone.

III. A Recurring Pattern: National Security as a Pretext for Exclusion

This Committee should view the dynamics described above as the latest chapter in a much longer history. From the Page Act of 1875 and the Chinese Exclusion Act of 1882 — the first U.S. immigration law to bar a specific ethnic group — to the alien land laws enacted by California and more than a dozen other states beginning in 1913, to the incarceration of approximately 120,000 Japanese Americans under Executive Order 9066 during World War II, to the mistreatment of the Arab, Middle Eastern, Muslim, and South Asian (AMEMSA) community in a post-9/11 environment,⁵⁴ the United States has repeatedly invoked national security or economic necessity to justify policies that, on examination, were rooted in anti-Asian animus and that inflicted lasting economic harm.⁵⁵

This pattern of conflating the Chinese government with Chinese people — and Chinese Americans by extension — is not merely a relic of past eras. It appears in contemporary policy documents. Project 2025, the widely-circulated policy blueprint, offers the standard disclaimer that it is not targeting the Chinese people, and then proceeds to assert that the “PRC challenge is rooted in China’s strategic culture and not just the Marxism-Leninism of the CCP, meaning that the internal culture and civil society will never deliver a more normative nation.”⁵⁶ The implication is difficult to read any other way: that Chinese culture itself is irredeemably non-normative, and that only external pressure can correct it. That is not a national security argument. It is a civilizational one — and it is precisely the kind of thinking that has historically preceded the worst treatment of Asian Americans on American soil.

The pattern recurs today in the form of new alien land laws restricting property ownership by individuals or entities with ties to China, in SBA lending rules that single out Chinese nationals without a clear evidentiary basis, and in enforcement initiatives that, however well-intentioned at their outset, end up measured by the number of Asian-sounding names in a press release rather than by evidence of actual espionage. Recognizing this pattern is not an argument against vigilance toward genuine CCP influence operations. It is an argument for precision — for tools that are calibrated to conduct, not ancestry, and that this Committee can design with the benefit of this history in mind rather than repeating it.

⁵⁴ Harmeet Kaur, A Sikh man’s murder at a gas station revealed another tragedy of 9/11, CNN (Sept. 11, 2021), <https://www.cnn.com/interactive/2021/09/us/balbir-singh-sodhi-9-11-ccc/>; U.S. Department of Justice, Civil Rights Division’s Post-9/11 Civil Rights Summit, Confronting Discrimination in the Post-9/11 Era: Challenges and Opportunities Ten Years Later (October 19, 2011), https://www.justice.gov/sites/default/files/crt/legacy/2012/04/16/post911summit_report_2012-04.pdf; Written Statement of Asian Americans Advancing Justice | AAJC for “Discrimination and the Civil Rights of the Muslim, Arab, and South Asian American Communities” Hearing before the U.S. House of Representatives Committee on the Judiciary Subcommittee on the Constitution, Civil Rights, and Civil Liberties (March 1, 2022), <https://www.advancingjustice-aaajc.org/publication/testimony-discrimination-and-civil-rights-muslim-arab-and-south-asian-american>.

⁵⁵ Aimee Chin, *Long-Run Labor Market Effects of Japanese American Internment during World War II on Working-Age Male Internees*, 23 J. of Labor Economics 491, 512-515 (2005), available at <https://doi.org/10.1086/430285>.

⁵⁶ Project 2025, *Mandate for Leadership: The Conservative Promise*, Washington, D.C: the Heritage Foundation, 2023, https://static.heritage.org/project2025/2025_MandateForLeadership_FULLL.pdf, pg. 180.

IV. Recommendations for a Tailored, Evidence-Based Approach

With the above history as a guide, Advancing Justice | AAJC offers the following recommendations to give investigators and prosecutors sharper, more effective tools that are calibrated to what people do, not who they are.

- **Require evidence-based predication.** Investigations and enforcement actions targeting individuals with ties to China should be predicated on specific, articulable evidence of conduct — not ancestry, national origin, or the mere existence of a “nexus to China.” Congress should require federal agencies to report metrics on investigations opened, closed without charges, and resulting in convictions, disaggregated in a way that allows oversight of whether enforcement is proportionate to actual findings of wrongdoing.
- **Decriminalize good-faith administrative errors.** Disclosure requirements for federal grants and conflicts of interest should be clear, standardized, and applied prospectively. Federal grant-making agencies such as NIH and NSF should remain focused on research integrity rather than functioning as referral pipelines to the FBI, and individuals should have a meaningful opportunity to correct disclosure errors without facing criminal referral or termination.
- **Tailor financial and ownership restrictions to actual risk.** To the extent SBA, Treasury, Agriculture, or other agencies adopt ownership-based restrictions intended to address state-level malign influence, those rules should distinguish between passive, lawful family or investment ties common in immigrant communities and ownership structures that present genuine indicators of foreign government control. Blanket nationality-based exclusions should be reviewed for unintended impacts on AAPI small business owners and revised where they sweep more broadly than necessary.
- **Build anti-bias safeguards into national security training and oversight.** Agencies engaged in counter-espionage and foreign influence work should receive training designed to identify and correct implicit and explicit bias, and should report periodically to Congress and to civil rights stakeholders on the demographic patterns of their investigations and any resulting chilling effects on scientific collaboration, immigration, or business formation.
- **Invest in language access and equitable outreach for federal programs.** To ensure that legitimate small business support, including SBA capital access programs, reaches AAPI communities, agencies should expand in-language outreach and partner with community-based organizations rather than relying solely on traditional business networks that AAPI-owned businesses are statistically less likely to belong to.
- **Pair enforcement with renewed exchange.** Any legislative package addressing economic espionage should be paired with affirmative measures to rebuild scientific, academic, and business exchange between the United States and China — the subject of our concluding recommendation below.

V. A New Path — Restoring People-to-People Diplomacy

This Committee was established to confront a genuine strategic competitor. However, competition with the Chinese government and connection with the Chinese people, and with Americans of Chinese and broader Asian descent, are not the same thing, and policy that treats them as interchangeable does lasting damage to both American security and American values.

For nearly 25 million Asian Americans, the stakes of getting this right are immediate and personal. Every era in which U.S.-China tensions have escalated without corresponding care for civil rights, from the Chinese Exclusion Act, to Japanese American incarceration, to the China Initiative, has been followed by a period in which Asian Americans were treated as suspects in their own country. Getting this right means that a scientist with a Chinese surname can pursue federally funded research without fear that a routine disclosure error will end his career, or that a Chinese American family does not have to wonder whether the next escalation in Washington will mean another knock on the door from the FBI.

Equally important, we believe the long-term answer to the challenge this Committee was created to address lies not only in better enforcement, but in rebuilding the people-to-people ties between the United States and China that decades of academic exchange, scientific collaboration, and business engagement once provided. The United States built much of its soft power and mutual understanding through these channels: students who came to study at American universities and stayed to build American companies, researchers who collaborated across borders and advanced American science, and business relationships that gave both countries a stake in the other's stability. That mutual understanding, in turn, reduced the risk of miscalculation between our two governments. The steep decline in international student enrollment, the chilling effect on scientific collaboration documented during the China Initiative, and the retreat of cross-border business ties have not made America safer; they have made both countries more prone to mutual suspicion.

Asian Americans are not a security liability to be managed in this effort. They are an asset: a community uniquely positioned to serve as a bridge for the kind of person-to-person engagement that has historically lowered the temperature between our two nations. A targeted approach that focuses resources on genuine state-directed threats, rather than casting a wide net over students, scientists, and small business owners, is not a softer approach — it is a more effective one, and it is the only approach consistent with treating Asian Americans as fellow Americans rather than as a constituency to be screened.

Asian Americans Advancing Justice | AAJC stands ready to work with this Committee, in a bipartisan spirit, to design an approach to economic espionage and state-level malign influence that is rigorous where rigor is warranted, restrained where restraint is warranted, and that charts a path back toward the kind of engagement between the American and Chinese people that has long served this country's interests. We thank the Committee for its attention to these issues and welcome the opportunity to provide additional information.