



STATE OF SOUTH DAKOTA
OFFICE OF THE GOVERNOR

KRISTI NOEM | GOVERNOR

December 21, 2022

The Honorable Nancy Pelosi
Speaker of the House
U.S. House of Representatives
Washington, DC 20515

The Honorable Chuck Schumer
Majority Leader
U.S. Senate
Washington, DC 20515

The Honorable Kevin McCarthy
Minority Leader
U.S. House of Representatives
Washington, DC 20515

The Honorable Mitch McConnell
Minority Leader
U.S. Senate
Washington, DC 20515

Dear Speaker Pelosi, Leader McCarthy, Leader Schumer, and Leader McConnell:

I write to you today as a Governor responsible for the security of the people of South Dakota. I am concerned with the looming threat of the Chinese Communist Party (CCP). For this reason, I am requesting that Congress pass legislation to support state and local governments to divest assets or prohibit the investment of assets in China.

The CCP is ramping up their efforts to purchase large components of America's food supply, including chemical companies, fertilizer companies, processing facilities, and now our nation's agricultural land. South Dakota is taking action to stop this from growing worse in our state.

The CCP has infiltrated the homes of 80 million monthly active TikTok users in the United States, using the app to collect data off our people's devices. This data may even include keystrokes, which could be utilized to access the financial information of Americans. South Dakota has led a rush of recent states that have banned the app for state government devices, and just this week, the United States Senate unanimously passed legislation to do the same for U.S. government devices. I appreciate the Senate's decisive action in this area.

Because of these and other security threats posed by the CCP, I have requested that our South Dakota Investment Council look for alternative options to invest South Dakota's trust fund and pension dollars. The SDIC has already sold all Chinese investments in its internally managed portfolios. Currently, approximately 1.30% of the state's total portfolio is invested in China via an emerging markets index ETF. China composes about one-third of that ETF.

In the past, Congress has passed similar legislation to support state and local actions to divest from nations that are a threat to the United States or committing human rights atrocities. These actions include the Comprehensive Iran Sanctions, Accountability, and Divestment Act of 2010 and the Sudan Accountability and Divestment Act of 2007.

December 21, 2022

Page 2

If Congress were to take this step, it would send a clear sign to China that their activities are not supported by the United States of America. It would give states the opportunity to follow South Dakota's lead and explore options to divest from a nation that hates us. And it would be the right thing to do for the American people.

Our nation's intelligence community views China as the primary national security threat facing the United States of America. The majority of the American people agree with this assessment.

Congress has an opportunity to prioritize our nation's security. States stand ready to act, and legislation supporting divestments from China would be a great tool to help us do that.

Sincerely,

A handwritten signature in blue ink, appearing to read "Kristi Noem", with a stylized flourish at the end.

Kristi Noem, Governor of South Dakota