

MIKE GALLAGHER, WISCONSIN
CHAIRMAN
ROB WITTMAN, VIRGINIA
BLAINE LUETKEMEYER, MISSOURI
ANDY BARR, KENTUCKY
DAN NEWHOUSE, WASHINGTON
JOHN MOOLENAAR, MICHIGAN
DARIN LAHOOD, ILLINOIS
NEAL DUNN, FLORIDA
JIM BANKS, INDIANA
DUSTY JOHNSON, SOUTH DAKOTA
MICHELLE STEELE, CALIFORNIA
ASHLEY HINSON, IOWA
CARLOS GIMENEZ, FLORIDA



Congress of the United States
House of Representatives

SELECT COMMITTEE ON THE CHINESE COMMUNIST PARTY
548 Cannon House Office Building
Washington, D.C. 20515
(202) 225-6002

RAJA KRISHNAMOORTHY, ILLINOIS
RANKING MEMBER
KATHY CASTOR, FLORIDA
ANDRÉ CARSON, INDIANA
SETH MOULTON, MASSACHUSETTS
RO KHANNA, CALIFORNIA
ANDY KIM, NEW JERSEY
MIKIE SHERRILL, NEW JERSEY
HALEY STEVENS, MICHIGAN
JAKE AUCHINCLOSS, MASSACHUSETTS
RITCHIE TORRES, NEW YORK
SHONTEL BROWN, OHIO

March 19, 2024

The Honorable Gina Raimondo
Secretary
Department of Commerce
1401 Constitution Ave, NW
Washington, DC 20230

The Honorable Alejandro Mayorkas
Secretary
U.S. Department of Homeland Security
Washington, DC 20528

The Honorable Katherine Tai
United States Trade Representative
600 17th St. NW
Washington, DC 20508

Dear Secretary Raimondo, Secretary Mayorkas, and Ambassador Tai,

We are writing to urge you to take immediate action against unmanned aerial vehicle (UAV) manufacturers from the People's Republic of China (PRC) to stop the mass proliferation of a technology in the U.S. market that poses a clear national and economic security threat. Entities of concern include but are not limited to Shenzhen DJI Sciences and Technologies Ltd. (DJI/深圳大疆创新科技有限公司), which the Department of Commerce has already placed on the Entity List, and Autel Robotics (深圳市道通智能航空技术股份有限公司). PRC UAV manufacturers, which have benefitted from extensive PRC government support,¹ combine to hold over 77% of the U.S. hobby drone market and over 90% of the market for commercial drone service providers.²

The current 25% additional tariff imposed under Section 301 on PRC UAV imports has proven insufficient to combat the surge in imports of PRC drones while also raising concerns that PRC manufacturers are avoiding U.S. Section 301 tariffs by transshipments through third countries. While data shows that imports of UAVs from the PRC fell from over 16,000 units in

¹ Cate Cadell, Drone company DJI obscured ties to Chinese state funding, documents show," *The Washington Post*, February 1, 2022, <https://www.washingtonpost.com/national-security/2022/02/01/china-funding-drones-dji-us-regulators/>

² Association for Uncrewed Vehicle Systems International, "Whitepaper: AUVSI Partnership for Drone Competitiveness," Accessed Oct 1, 2023, <https://www.auvsi.org/sites/default/files/AUVSI-Partnership-for-Drone-Competitiveness-White-Paper.pdf>

2017 to less than 200 in 2019, this figure has now surged to over 200,000 in 2022. Meanwhile, after exporting virtually zero drones to the United States and being home to no major domestic drone manufacturers prior to 2022, Malaysia's drone exports to the United States jumped inexplicably to 242,000 units that year. This remarkable rise has already been outdone as data from January to November of 2023 shows that in the first eleven months of 2023 the United States imported more than 565,000 drones from Malaysia.³ These numbers raise concerns that the PRC may be using Malaysia to circumvent U.S. law through transshipment. As such, we request that your departments take urgent steps to investigate and address this matter.

In addition, we are alarmed by the risks that widespread PRC UAV use in the United States poses to our national security. Security flaws, deliberate or not, risk putting U.S. persons' data in the hands of the PRC's military and intelligence services.⁴ The Administration's recent data security executive order calls for the protection of sensitive American data – including geolocation data.⁵ The prolific usage of PRC UAVs by U.S. law enforcement, other government agencies, and utility companies creates risks that these platforms could be used to map and transmit sensitive U.S. infrastructure. Recent research found that DJI drones can transmit their GPS location, as well as the coordinates of their operators, and DJI is increasingly offering the company's drone operators the ability to livestream through DJI's cloud.⁶⁷ The People's Liberation Army is a likely end-user of this data, given that the PRC's cyberwarfare doctrine advocates conducting cyberattacks against an adversary's critical infrastructure.⁸

Moreover, there is increasing evidence that PRC drone manufacturers are selling dual-use UAVs to Russia in a way that actively supports Russia's illegal invasion of Ukraine. Since March of 2022, customs data shows that the PRC has sent over \$32 million worth of drones to Russia, including some that were designated in customs as “for use in the special military operation.”⁹

³ Accessed from USITC DataWeb on January 18, 2024. Data ranging from 2016 to 2023 YTD and encompassing HTS 880692, 880691, 880211, 880629, 880621, 880694, 880624, 880622, 880699, 880693, 880220, 880623.

⁴ Haye Kesteloo, “Security researcher exposes DJI customer data, walks away from \$30k bug bounty and posts his story online,” *DroneDJ*, November 20, 2017, <https://dronedj.com/2017/11/20/security-researcher-exposes-dji-customer-data-walks-away-from-30k-bug-bounty-and-posts-his-story-online/>

⁵ “President Biden Issues Executive Order to Protect Americans' Sensitive Personal Data,” <https://www.whitehouse.gov/briefing-room/statements-releases/2024/02/28/fact-sheet-president-biden-issues-sweeping-executive-order-to-protect-americans-sensitive-personal-data/>

⁶ Mark Montgomery, “Extend the Pentagon's ban on China's consumer drones,” *Defense One*, August 14, 2023, <https://www.defenseone.com/ideas/2023/08/extend-pentagons-ban-chinas-consumer-drones/389363/>

⁷ DJI Developer. July 17, 2023. “Cloud API: Live Stream.” <https://developer.dji.com/doc/cloud-api-tutorial/en/feature-set/pilot-feature-set/pilot-livestream.html>

⁸ *In Their Own Words: Science of Military Strategy (2020)*, China Aerospace Studies Institute. <https://www.airuniversity.af.edu/Portals/10/CASI/documents/Translations/2022-01-26%202020%20Science%20of%20Military%20Strategy.pdf>

⁹ “Special report: Russia buying civilian drones from China for war effort,” *Nikkei*, July 1, 2023, <https://asia.nikkei.com/Politics/Ukraine-war/Special-report-Russia-buying-civilian-drones-from-China-for-war-effort>

Russia's own finance minister said as much in October 2023, stating that "basically all our drones come from the People's Republic of China."¹⁰

Finally, we are deeply concerned that U.S. UAV manufacturers are at a competitive disadvantage when pitted against highly subsidized PRC manufacturers.¹¹ PRC subsidized UAVs threaten U.S. national security by undermining the growth of the domestic U.S. drone industry needed to produce the unmanned aerial, surface, and underwater systems that are critical for our national defense.

For the reasons listed above, we request your prompt response to and action on the following issues:

- **Additional Tariffs on PRC Drones:** We believe that the current Section 301 tariff of 25% on UAVs from the PRC is inadequate for protecting the ability of American domestic innovators and manufacturers to produce the drones needed to satisfy U.S. national defense requirements. We call on the Department of Commerce to initiate a Section 232 investigation to determine the effects of UAV imports from the PRC, including those transshipped through third countries, on U.S. national security and/or self-initiate an antidumping and countervailing duty (AD/CVD) investigation to determine the range of unfair trade practices that threaten U.S. manufacturers. In addition, it is our hope that USTR's pending four-year review of the Section 301 tariffs will determine that the current tariff rate on PRC imports of UAVs is inadequate and that a substantially increased duty on these products is warranted to help protect U.S. manufacturers in this critical industry.
- **Enforce Existing Measures by Investigating PRC Transshipments:** We call on the Department of Homeland Security, through Homeland Security Investigations, to determine if PRC UAV firms are engaged in transshipment through Malaysia and other third-party countries in an attempt to circumvent U.S. tariffs.
- **Incentivize Drone Production in the United States:** In addition to strengthening protective measures against unfair PRC competition, it is critical that the United States develop a commercially viable domestic drone industry. Restrictions on using federal funds, including grant programs to state and local governments, to purchase PRC drones would be one critical step to encourage the growth of the United States' domestic drone sector and to protect American data from illicit use by the PRC.

¹⁰ "All our drones come from China,' Russian minister says," *South China Morning Post*, October 17, 2023, <https://www.scmp.com/news/china/diplomacy/article/3238159/all-our-drones-come-china-russian-minister-says>

¹¹ Charles Rollet, "DJI Lied About PRC Government Investments, Adheres To Xi Jinping Thought," *IPVM*, February 1, 2022, <https://ipvm.com/reports/dji-prc>; Cate Cadell, "Drone company DJI obscured ties to Chinese state funding, documents show," *The Washington Post*, February 1, 2023, <https://www.washingtonpost.com/national-security/2022/02/01/china-funding-drones-dji-us-regulators/>

Swift action must be taken. In a fair market, U.S. manufacturers can compete with anyone, but PRC manufacturers do not operate on a level playing field and will use their current market dominance to maintain control of both the U.S. and global markets. We ask that your respective offices brief our staff on the actions the executive branch is taking to address unfair competition in the drone market, combat transshipments, and mitigate the risks posed by the proliferation of PRC drones in the U.S. and global markets.

We appreciate in advance your timely response to this important matter.

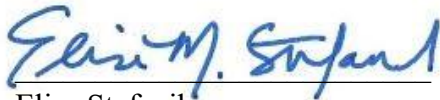
Sincerely,



Mike Gallagher
Chairman



Raja Krishnamoorthi
Ranking Member



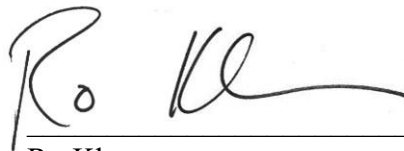
Elise Stefanik
Member of Congress



Seth Moulton
Member of Congress



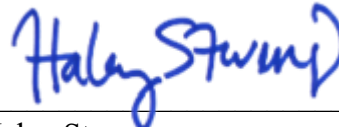
Robert Wittman
Member of Congress



Ro Khanna
Member of Congress



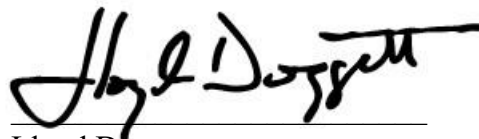
John Moolenaar
Member of Congress



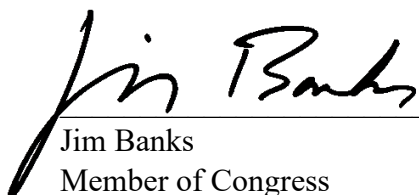
Haley Stevens
Member of Congress



Darin LaHood
Member of Congress



Lloyd Doggett
Member of Congress



Jim Banks
Member of Congress



Dina Titus
Member of Congress



Ashley Hinson
Member of Congress