

Virginia Aviation Caucus
Feb. 22, 2024



**Foreign Adversaries and Unmanned
Aircraft Systems**



Skydio builds **intelligent flying machines** for Public Safety, Infrastructure, Utilities, and Defense

- Largest drone manufacturer in the U.S.
- First US dronemaker valued over \$2B.
 - Over 40,000 units shipped
 - Over \$600M raised
 - Over 600 employees
 - Strategic investors include Andreessen Horowitz and Nvidia



HOW IT STARTED



HOW IT'S GOING



The Cybersecurity and Infrastructure Security Agency (CISA) released a [report](#) on Chinese drone risks to critical infrastructure, especially:

- Exposing IP to Chinese companies
- Providing enhanced details of critical infrastructure operations and vulnerabilities
- Compromising cybersecurity and physical security controls
- Exposing network access details that enhance China's ability to conduct cyber-attacks.

KEY QUOTES

CYBERSECURITY GUIDANCE: CHINESE-MANUFACTURED UAS

"CISA and the FBI encourage US critical infrastructure owners and operators to procure UAS that follow secure-by-design principles, including those manufactured by US companies."

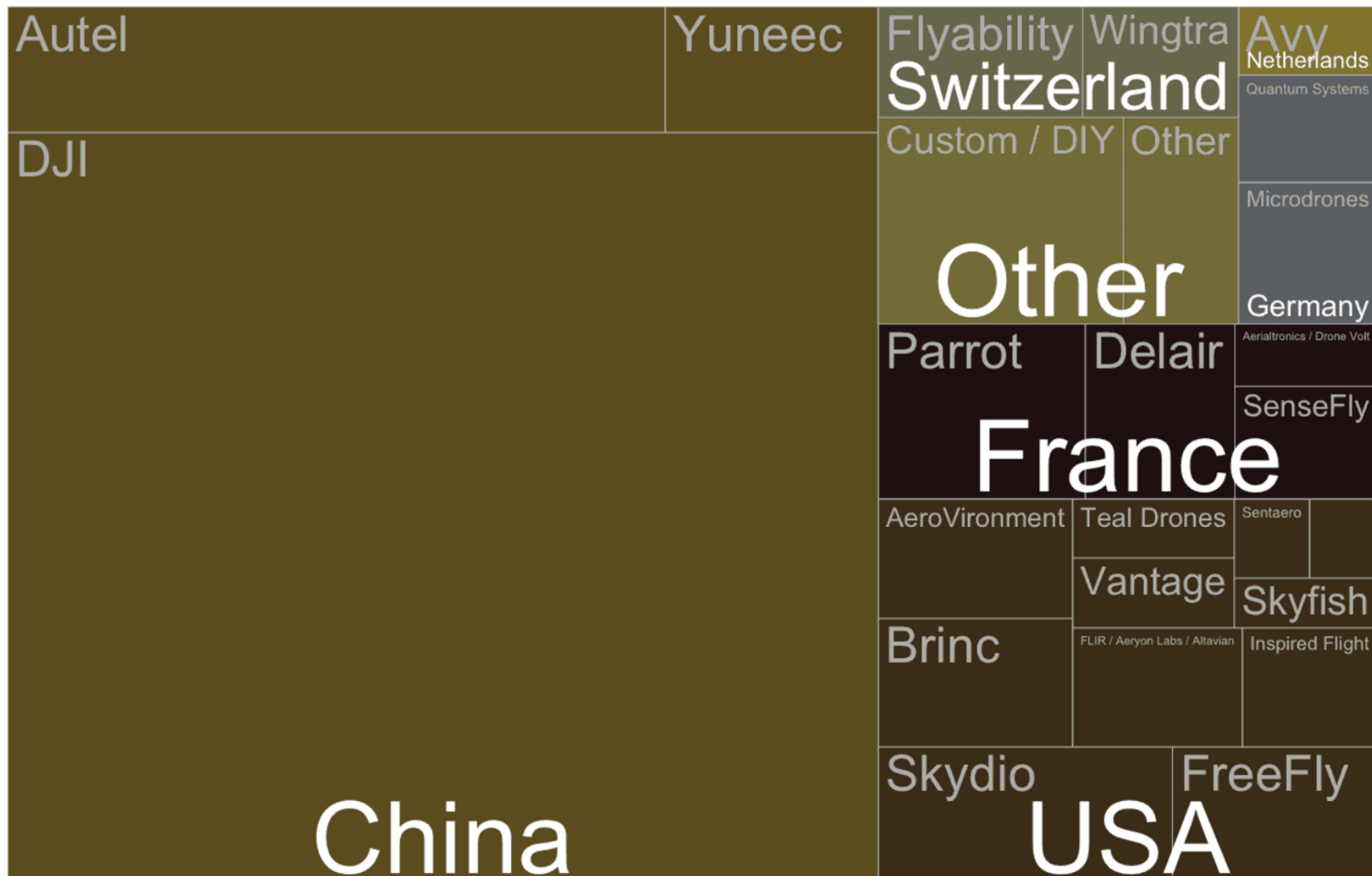
"The PRC's collection of sensitive information and potential network access obtained from Chinese-manufactured UAS may result in significant consequences to critical infrastructure security and resilience."

THREAT

Assessment from the Office of the Director of National Intelligence both recognize the United States. Their and U.S. interests. Central to this strategy is the acquisition and collection of data - which competition.¹

Since 2015, the PRC has passed or updated comprehensive national security, cybersecurity, and data privacy laws and regulations, expanding their oversight of

Commercial Drone Brand Market Share by Country of Origin





CYBERSECURITY GUIDANCE: CHINESE-MANUFACTURED UAS

Leaked files from Chinese firm show vast international hacking effort

By Christian Stewart, Kate Conboy, Chris Netherland, Joseph Moore and Aaron Schaffly
February 22, 2024 at 9:00 a.m. EDT



Foreign Adversary Geopolitical Tensions

2020

Congress bans
DOD from using
drones made by
PRC companies

2020

DJI Added to
the US Entity List
for supporting
China's human
rights abuses

2021

DOD publicly
affirms risk of DJI &
Dept. of Treasury
adds DJI to
investment ban list

Florida enacts
SB44

2022

Congress bans
Coast Guard from
using PRC drones
& DOD ban
expanded to ALL
contractors

2022

DOD officially lists
DJI as a "Chinese
Military Company"

2023

Congress enacts
American Security
Drone Act

AR, FL, HI, MS, NV,
TN, and Texas
procurement bans
take effect

2024

FBI and US Dept of
Homeland Security
issue warning on
the significant
risks associated
with Chinese drone
use



"Autel is...a subsidiary of
Chinese company
Shenzhen Daotong
Intelligent Aviation"

DJI drones could be banned from the US due
to alleged risk to national security

By Hannah Rooke published October 26, 2021

FCC commissioner Brandon Carr is calling for DJI drones to be
banned in the US, saying they pose a risk to National Security



Drone company DJI obscured ties to Chinese state funding, documents show

The Washington Post

The Pentagon says DJI drones still pose a threat,
disavowing its own earlier report

Congress could ban them regardless

By Mitchell Clark | Updated Jul 25, 2021, 4:26pm EDT



Federal Legislation

- National Defense Authorization Act
 - [Section 848 - FY 2020](#)
 - Prohibits drones or specific components made in China
 - Gimbal, radio, controller, etc
 - [Section 817 - FY 2023](#)
 - Expands prohibition to defense contractors
 - [Sections 1821 - 1832 FY 2024](#)
American Security Drone Act

SEC. 848. PROHIBITION ON OPERATION OR PROCUREMENT OF FOREIGN-MADE UNMANNED AIRCRAFT SYSTEMS.

(a) PROHIBITION ON AGENCY OPERATION OR PROCUREMENT.—The Secretary of Defense may not operate or enter into or renew a contract for the procurement of—

(1) a covered unmanned aircraft system that—

(A) is manufactured in a covered foreign country or by an entity domiciled in a covered foreign country;

(B) uses flight controllers, radios, data transmission devices, cameras, or gimbals manufactured in a covered foreign country or by an entity domiciled in a covered foreign country;

(C) uses a ground control system or operating software developed in a covered foreign country or by an entity domiciled in a covered foreign country; or

(D) uses network connectivity or data storage located in or administered by an entity domiciled in a covered foreign country; or

SEC. 817. MODIFICATION TO PROHIBITION ON OPERATION OR PROCUREMENT OF FOREIGN-MADE UNMANNED AIRCRAFT SYSTEMS.

(a) IN GENERAL.—Section 848 of the National Defense Authorization Act for Fiscal Year 2020 (Public Law 116–92; 10 U.S.C. 4871 note) is amended—

(1) by redesignating subsections (b), (c), and (d) as subsections (c), (d), and (e), respectively;

(2) by inserting after subsection (a) the following new subsection:

“(b) PROHIBITION ON CERTAIN CONTRACTS.—The Secretary of Defense may not enter into a contract (or extend or renew a contract) on or after October 1, 2024, with an entity that operates (as determined by the Secretary or the Secretary’s designee) equipment from a covered unmanned aircraft system company in the performance of a Department of Defense contract.”;

(3) in subsection (c) (as so redesignated), by striking “the restriction under subsection (a) if the operation or procurement” and inserting “any restrictions under subsection (a) or (b) if the operation, procurement, or contracting action”;

(4) in subsection (d) (as so redesignated)—

American Security Drone Act Of 2023

- What you need to know
 - a. Federal Procurement - IMMEDIATE prohibition
 - b. Federal Operation - 2 year transition
 - c. **Federal Grants/Contracts - 2 year transition**
 - **Includes use of Chinese drones “in connection with” other federal funds**
 - d. Waivers and Exemptions

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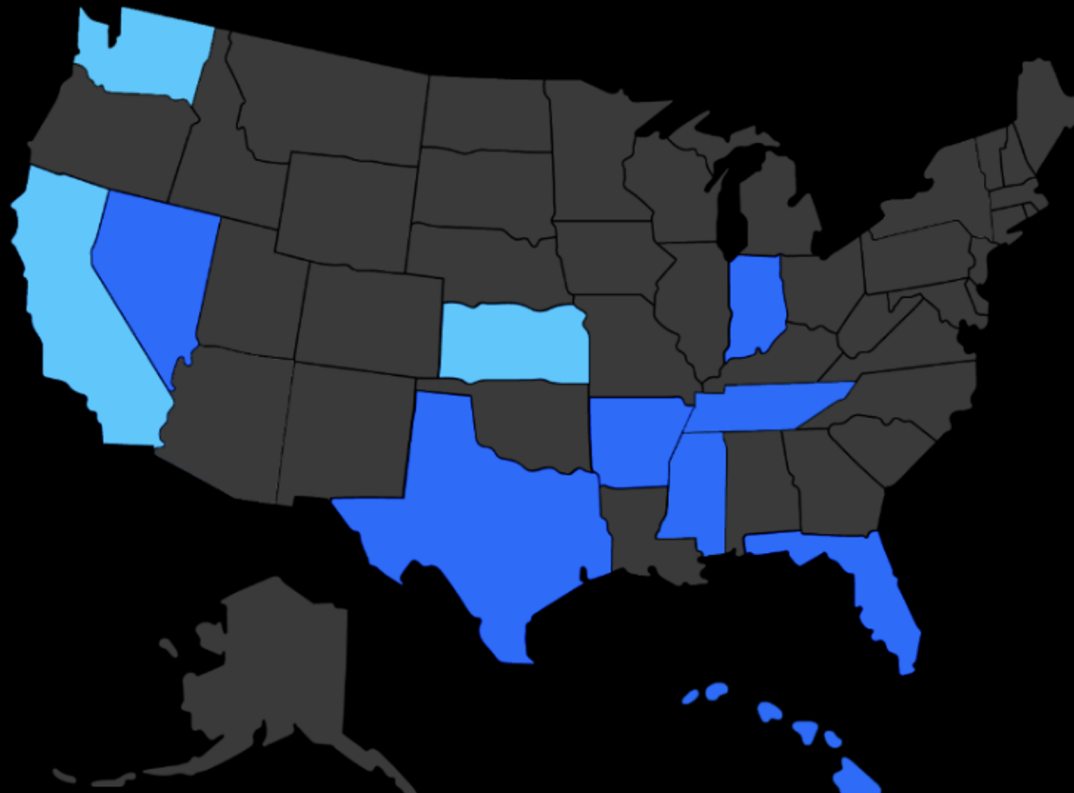
1 SEC. 1825. PROHIBITION ON USE OF FEDERAL FUNDS FOR
2 PROCUREMENT AND OPERATION OF COV-
3 ERED UNMANNED AIRCRAFT SYSTEMS FROM
4 COVERED FOREIGN ENTITIES.

5 (a) IN GENERAL.—Beginning on the date that is two
6 years after the date of the enactment of this Act, except
7 as provided in subsection (b), no Federal funds awarded
8 through a contract, grant, or cooperative agreement, or
9 otherwise made available may be used—

10 (1) to procure a covered unmanned aircraft sys-
11 tem that is manufactured or assembled by a covered
12 foreign entity; or

13 (2) in connection with the operation of such a
14 drone or unmanned aircraft system.

State Legislation



CY 2023 (Enacted)

Arkansas
Florida
Hawaii (some)
Indiana
Mississippi
Nevada
Tennessee
Texas (EO)

CY 2024 (Introduced)

Arizona
Georgia
Illinois
Iowa
Missouri
Oklahoma
Utah
Washington
West Virginia

Considering bans

Banned for Gov't use

COUNTRY-OF-ORIGIN POLICY MAKING

By following this plan, lawmakers around the country can ensure that their state or city is advancing the use of trustworthy, secure systems made in the U.S. in a responsible, measured manner.

1.) Recognize that non-secure drones pose an undue risk to national security.

- Non-secure drones pose a serious threat to U.S. national security, potentially exposing sensitive data about critical infrastructure and key military sites.
- China's national security laws require PRC drone companies to provide the Chinese government with whatever information they gather.

The Federal Government has already recognized these national security risks:

- In 2019, the United States Congress prohibited the Department of Defense (DoD) from purchasing drones made by companies based in China in Section 848 of the Fiscal Year 2020 National Defense Authorization Act (NDAA).
- In 2022, in Section 817 of the Fiscal Year 2023 NDAA, Congress expanded Section 848 to prohibit private companies working with the DoD from using insecure drones in the performance of federal contracts.
- In 2023, Congress passed the American Security Drone Act in the Fiscal Year 2024 NDAA, prohibiting all federal agencies from purchasing or operating insecure drones, including those produced in China.
- A Homeland Security Intelligence Bulletin noted that DJI, the largest Chinese drone manufacturer, “has targeted a number of U.S. companies in the critical infrastructure and law enforcement sectors to market its UAS” and “the Chinese government is likely using information acquired from DJI systems as a way to target assets.”¹
- In 2024, the Cybersecurity & Infrastructure Security Agency (CISA) and the FBI released a memo detailing threats that PRC drones pose to U.S. national security and urging organizations that buy or operate drones to adopt proven security recommendations.

2.) Institute a reasonable transition period.

- Chinese drones account for 92% of the first responder market.²
- Departments and other covered users should no longer purchase any new Chinese drones but need a reasonable transition period of 2-4 years to continue using current systems, derive remaining value of life cycle, and acquire fleets of new secure drones.
- AUVSI does not support policies that immediately ground current public safety drone programs.

3.) Provide funding for replacements.

(1) **SHORT TITLE.** – This act may be cited as “The Act to Prohibit the Purchase of Small Unmanned Aircrafts Manufactured or Assembled by a Covered Foreign Entity.”

(2) **DEFINITIONS.** – As used in this act, the term:

- I. **Covered Foreign Entity**
 - I. means an individual, foreign government, or a party:
 - I. On the Consolidated Screening List or Entity List as designated by the United States Secretary of Commerce.
 - II. Domiciled in the People’s Republic of China or the Russian Federation.
 - III. Under the influence or control by the government of the People’s Republic of China or the Russian Federation.
 - IV. That is a subsidiary or affiliate of an individual, government or party referred to above.
- II. **Public entity**
 - I. Means the [State], or a political subdivision of the state, including all boards, authorities, commissions, agencies, committees, councils, university departments, or other state entities created by the State constitution or law.
- III. **Small Unmanned Aircraft System**
 - I. Unmanned, powered aircraft that:
 - I. Is operated without the possibility of direct human intervention from within or on the aircraft;
 - II. Can be expendable or recoverable; and
 - III. Weighs less than fifty-five pounds (55 lbs.) including the weight of anything attached to or carried by the aircraft.

(3) **PURCHASE OF SMALL UNMANNED AIRCRAFT FROM COVERED FOREIGN ENTITIES.**

- I. A public entity shall not purchase or otherwise acquire a small unmanned aircraft system that is manufactured or assembled by a covered foreign entity.
- II. No state funds may be used in connection with small unmanned aircraft systems manufactured or assembled by a covered foreign entity, including without limitation state funds:
 - a. Awarded through a contract, grant, or cooperative agreement; or
 - b. Otherwise made available.
- III. On or after May 1, 2027, a public entity shall not operate a small unmanned aircraft manufactured or assembled by a covered foreign entity.
- IV. The [Secretary of the Relevant Department] may waive the restrictions upon:
 - a. His or her review of the necessity to purchase a small unmanned aircraft system that is manufactured or assembled by a covered foreign entity due to exigent circumstances, Counter Unmanned Aircraft Systems, or criminal investigative purposes; and
 - b. Notification to the General Assembly.

(4) **DRONE REPLACEMENT GRANT PROGRAM**

Commitment to Community

Skydio For All

Inspire. Support. Empower



Areas of Impact

- Youth STEM Education
- Cultural & Historical Preservation
- Wildlife Conservation
- Veteran Support
- Humanitarian Crises





SMART Community STEM Camp
University of Mary Washington

Workforce of the Future



Teach Responsible Use



Create Hands-on Experiences



Inspire Future Generation by
Increasing Accessibility



Questions?



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