



# In Victory for Lobbyists, Trump Administration Loosens Drone Export Rules

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The Trump administration **recently announced** that it is unilaterally reinterpreting the Missile Technology Control Regime, **a multilateral agreement** among 35 countries that limits the proliferation of ballistic missiles and drones. Even though the agreement is not a treaty and is not legally binding, the member countries have followed the control guidelines, including those that restrict exporting drones with high payload and speed capabilities to other countries. The reinterpretation significantly loosens previously existing limits on exporting drones.

The change signals a victory for arms manufacturers and foreign governments that seek to export and obtain, respectively, advanced U.S.-manufactured drones. It also serves as yet another example of the undue influence that arms manufacturers have on executive policymaking.

A review by the Project On Government Oversight (POGO) of lobbying records found a concerted campaign by arms manufacturers, foreign governments, and think tanks to pressure the U.S. government to lift export controls restricting drone sales abroad. For example, POGO found that governments retained lobbyists who also represented the interests of domestic arms manufacturers, and that think tanks often wrote reports with talking points that directly benefited arms manufacturers and at least one foreign government.

We're not the only organization to have found this. The Center for Responsive Politics also **notes that** General Atomics Aeronautical Systems, the drone division of General Atomics, spent at least \$270,000 between April and June 2020 lobbying on drone guidelines in the multilateral agreement. This accounted for roughly 20% of all General Atomics' lobbying efforts.

The multilateral agreement **divides weapon systems** into Category I and Category II, where Category II export controls are less restrictive, as several items can have civilian uses. Category I controls are stricter; they cover any missiles or drones that can deliver a 500-kilogram (1,102 pounds) payload or greater and can travel at least 300 kilometers (186 miles).

**In the new interpretation**, the administration adds language to allow for the transfer of "a carefully selected subset" of Category I drones, which weakens controls by allowing the administration to invoke national discretion on the implementation of the agreement's "strong

presumption of denial.” On a case by case basis the administration could allow the transfer of certain Category I systems that fly under 800 kilometers per hour (497 miles per hour).

At a **Hudson Institute event** Assistant Secretary of State Christopher Ford called the change “a careful and a balanced approach.” A **Congressional Research Service report** notes that the change in policy closely follows a proposal made in March 2018 that, according to the State Department, would have added a “maximum speed value” to the agreement. The proposal had been rejected by members of the multilateral agreement.

As arms manufacturers cheer the decision, some experts are concerned that drones could likely wind up in the hands of our enemies, which has happened before. Human rights activists also worry that the change signals a green light for repressive regimes to gain access to drone technology, which not only can deliver strikes in armed conflicts but also can be used to surveil a country’s citizenry.

### **Arms Manufacturers: Undo Export Controls**

In order to sidestep the agreement, defense contractors have previously **redesigned drones** so they would fall under the less restrictive Category II. General Atomics, for example, **introduced an unarmed Category II drone** in 2011 as the Obama administration hinted that it would support reconnaissance and intelligence gathering-only drone sales to non-agreement member states in the Middle East and Asia.

Defense contractors have been working to change the interpretation of Category I systems since 2012. The *Los Angeles Times* **reported in 2012** that companies such as Northrop Grumman were aggressively trying to get the government to loosen export restrictions. “Export restrictions are hurting this industry in America without making us any safer,” Wesley G. Bush, then-chief executive of Northrop, said of the agreement, adding that, “the U.S. is struggling to sell unmanned aircraft to our allies while other nations prepare to jump into the marketplace.”

In another example, **lobbying documents** show that General Atomics heavily targeted the export rules in 2015 at the tail end of the Obama administration. This effort included **lobbying Congress** and the State Department to urge them to reinterpret guidelines under the multilateral agreement and to increase sales of military drones to foreign governments.

General Atomics did not respond to a request for comment.

The research organization **Rand Corporation** projects that the global drone market, valued at about \$6 billion in 2015, will balloon to an estimated \$12 billion per year by 2025, incentivizing the reclassification that arms manufacturers have pursued for years to compete with emerging sellers such as China.

**Reuters has also reported** that the United States is advancing drone sales to Taiwan, a deal worth an estimated \$5 billion, which will include a coastal defensive missile system. The news comes after **Reuters reported in August** that Taiwan was likely in talks to acquire four SeaGuardian surveillance drones. Both deals involve **systems manufactured by General Atomics**. The SeaGuardians have a range of nearly 6,000 nautical miles, which would allow

Taiwan to “peer into China, observing its air force, missiles and other facilities,” according to Reuters.

### **Increased Risk of U.S. Technology Aiding Surveillance and Human Rights Abuses**

A key concern from human rights activists, according to reporting by Reuters, is that the short list of countries that are potential buyers under the altered policy includes the United Arab Emirates (UAE), Saudi Arabia, and Jordan. All of these governments have documented human rights abuses according to Human Rights Watch. Selling Category I drones to these governments would be a marked change for the United States, which until this point has only exported such drones to NATO allies and Australia.

The libertarian Cato Institute also had concerns about the risks of this policy change since the new interpretation will likely increase sales of surveillance drones to the Arab Gulf states, primarily Saudi Arabia and the United Arab Emirates. “In addition to bolstering authoritarian regimes,” Cato wrote, “recent history suggests that selling drones comes with a big risk that the weapons will end up in the wrong hands, used for unintended and often deadly purposes.”

Since the beginning of the civil war in Yemen, Saudi Arabia has intervened on behalf of the Yemeni government. Other Middle Eastern nations, such as the United Arab Emirates and Bahrain, have also been active in the conflict as part of a Saudi-led coalition. Since March 2015, the United States has supplied training, intelligence, and weapons to Saudi Arabia despite the country’s involvement in human rights abuses such as targeting civilians and infrastructure in Yemen. This has led to accusations that the U.S. government has been complicit in those human rights abuses, as the Trump administration has continued to support and arm the Saudis and Emiratis.

Rachel Stohl, vice president of the Stimson Center and the director of a 2014 Stimson Task Force on U.S. drone policy, told POGO that many talking points used by arms manufacturers seem to have better success with the current administration, compared to previous administrations. Stohl also told POGO that increasing drone exports to countries involved in armed conflict was dangerous. Stohl explained that the use of drones would “dehumanize the conflict” and make more countries likely to use lethal force.

Moreover, Saudi Arabia and the United Arab Emirates have illegally transferred U.S. weapons to local militias in the Yemeni civil war. A sizable number of those weapons were then captured by the Islamic State and al Qaida.

### **Domestic Arms Dealers and Lobbyists for UAE Actively Lobby Export Controls**

Not only are there mounting domestic lobbying efforts to reclassify military drones under the multilateral agreement, but the United Arab Emirates has also hired some of the same lobbyists or lobbying firms employed by arms manufacturers—termed foreign agents because the lobbyists are working on behalf of foreign principals—to represent its interests in procuring American-manufactured drones. Most notably, the United Arab Emirates hired lobbyists from American Defense International, which has deep ties in Washington.

American Defense International (which also lobbies on behalf of General Atomics) **contacted congressional offices and the State Department** on behalf of the United Arab Emirates regarding key drone sales to the Emiratis. Michael Herson, **the president and chief executive officer of the firm**, worked extensively to persuade federal agencies and congressional offices to prioritize pending drone sales to the United Arab Emirates.

According to lobbying filings, Herson contacted the State Department and discussed a May 22 **CNN report that criticized** the administration for greenlighting an arms transfer deal with the Emiratis **despite evidence** that the United Arab Emirates had on prior occasions illegally transferred U.S. military-grade equipment to armed actors in the Yemen conflict. Herson even contacted numerous congressional offices, voicing opposition to an **amendment to an appropriations bill** in committee that would have barred certain arms transfers to the United Arab Emirates and Saudi Arabia.

American Defense International did not respond to a request for comment.

Arms manufacturers and foreign governments didn't limit their efforts on this issue to the halls of Congress or executive agencies; they also sought to influence think tanks, including a major research arm for Congress.

### **Think Tanks and Undue Foreign Influence**

Think tanks generally present their research as being independent. It's not always free of outside influence, however. For example, a report on the multilateral agreement by the prominent DC think tank Center for Strategic and International Studies may have been influenced by arms manufacturers and foreign government contributions.

In a **2015 report** by its Federated Defense Project, the think tank argued that the multilateral agreement was too broad and restricted opportunities for U.S. allies to buy drones, adding that many unmanned vehicles are able to perform the same functions as other armed aircraft that are not burdened by the same export controls in the multilateral agreement.

Although the center did not publicly disclose all of its donors until 2016, donor data POGO received from the center shows that contributions in fiscal years 2014 and 2015 were quite substantial. Some of the data POGO received for respective entities that would benefit from the change in policy were listed as exact dollar amounts while others were listed with no exact dollar figure.

For example, drone-manufacturer Raytheon contributed \$85,000 in 2014 and between \$100,000 and \$200,000 in 2015. In addition, Northrop Grumman contributed \$217,000 in 2014 and over \$200,000 in 2015. The United Arab Emirates gave the center \$1.05 million in 2014 and over \$500,000 in 2015. In just these two years alone, a conservative estimate puts funding from these two defense contractors and the United Arab Emirates at a total of at least \$2.1 million.

When asked about the influence arms manufacturers and foreign governments may have had on its reporting, the center did not respond to a request for comment.

Former Raytheon president Tom Vecchiolla **was even a speaker** at the center’s launch of its Federated Defense in the Middle East Project, where he talked about how the arms industry viewed its role in partnership with Middle Eastern countries and about its role in shaping America’s defense and foreign policies. Vecchiolla described how arms manufacturers work “very closely” with the Departments of State and Defense and with Capitol Hill to secure foreign military sales, and wished more would be done to partner with Gulf universities and institutions to advance research and development and technology transfers. From his perspective, the industry’s role was to be an “enabler” of American foreign policy allowing for close collaboration with allies in the Arabian Peninsula.

Foreign entities also weighed in with think tanks. In 2017, **The Intercept reported** that the United Arab Emirates directly funded **a report by the Center for a New American Security** (CNAS) that argued the multilateral agreement should be amended to allow the UAE and other countries not party to the agreement to purchase American-manufactured drones.

Leaked emails show the UAE embassy funded and had direct influence over the final product.

In 2016, initial emails between the center’s co-founder and ex-Pentagon official Michèle Flournoy and United Arab Emirates Ambassador Yousef al-Otaiba show that the center pitched a project to Otaiba to analyze the pros and cons of the United Arab Emirates joining the multilateral agreement. Flournoy **is a top candidate** to serve as secretary of defense under a potential Biden administration, and **in a recent interview** with *Defense News* she reaffirmed her commitment to increasing investments in unmanned systems to “augment manned capabilities” and to “project power to defend an interest or an ally who’s under threat,” citing concerns of a rising China.

In July 2016, Flournoy emailed Otaiba that the study could be done for an estimated \$250,000. Later, in February 2017, the center’s Middle East policy expert Ilan Goldenberg sent the draft report to Otaiba. Otaiba circulated the report to high-level military and government officials in the United Arab Emirates and even thanked the center for advancing the Gulf autocracy’s agenda.

“I think it will help push the debate in the right direction. Some of the UAV [drone] manufacturers are pushing for a similar conclusion, so this report might reaffirm their arguments,” wrote Otaiba. The United Arab Emirates’ funding of the report **was also disclosed** in a House Foreign Affairs Committee “Truth in Testimony” disclosure form in 2017.

Paul Scharre, a senior Center for a New American Security fellow and coauthor of the report, pursued additional avenues to influence the administration. One avenue included placing **an op-ed** in *The Hill*, where Scharre applauded the Trump administration’s 2017 **decision to sell MQ-9B Guardian drones** to India and echoed the final report’s recommendation that the United States “should loosen restrictions on drone exports, treating them more like traditional aircraft.”

When reached for comment, the Center for a New American Security denied that the United Arab Emirates had any influence on the report. “All CNAS research publications represent the views of their authors and CNAS retains sole editorial control over its projects and publications,

as indicated in the **CNAS intellectual independence policy**,” said Samuel (Shai) Korman, director of communications for the center.

Paul Kerr, a research analyst for the Congressional Research Service (a research arm for Congress) who had previous experience at DC-based think tanks, told POGO that the United Arab Emirates’ intentions could be best described as “agenda setting,” adding that it didn’t surprise him that the center would discuss a project in such depth with a foreign entity.

“Think tank funders are increasingly focused on particular deliverables, and it’s problematic because it’s hard to hire based on one project. They are constantly dollar chasing, and foreign governments are agenda setting particular issues of interest; it’s particularly concerning when foreign entities are sending specific deliverables.”

**A recent statement** by the U.S. State Department urges think tanks to be more transparent and to disclose “funding they receive from foreign governments, including state-owned or state-operated subsidiary entities.”

The foreign influence campaign also extended to a government think tank. Hagir Elawad, a foreign agent working on behalf of the Emiratis, **relayed the UAE embassy’s position** to the Congressional Research Service that the United Arab Emirates **had no interest in joining** the multilateral agreement.

### **Pentagon Policies Subsidizing the Drone Industry**

In addition to the win arms manufacturers received from the Trump administration’s reinterpretation of the missile technology control regime, the drone industry as a whole is also gaining wins in the Pentagon, such as the funding it is receiving through the Pentagon’s use of the Defense Production Act and the creation of the Trusted Capital Marketplace.

In July, five small drone manufacturers **received contracts totaling over \$13 million** from the Department of Defense through the Defense Production Act. The department stated that “these [Defense Production Act] investments will further enhance the U.S. warfighter’s situational awareness, improve human-machine teaming, and provide engineering support for aiding the integration of [small unmanned aerial system] capabilities into DOD programs.”

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In addition, the **Trusted Capital Marketplace**, which is housed in the department’s office of industrial policy, was created as another avenue through which small drone manufacturers could gain funding for research and development. Ellen Lord, the undersecretary of defense for acquisition and sustainment, **described the purpose** of the program as working to “limit adversarial foreign access to technology and strengthen domestic manufacturing in the defense industrial base.”

The industry already has ample business opportunities under the old regime. The Stimson Center’s Stohl **argued** that arms manufacturers have access to Defense Department procurements, “which is a large portion of the world market.” She also cautioned that it is

unlikely that the United States will instantly become the dominant drone exporter just by throwing more taxpayer funds at the industry.

Shortly after the Trump administration unilaterally reinterpreted the drone export controls, **Congress introduced legislation** to ban the sale of advanced armed drones to nations that are not close allies of the United States. Lawmakers cited particular concern about potential sales to Saudi Arabia and the United Arab Emirates because of those governments' continued use of American-made weapons to intervene in Yemen. Citing those concerns, lawmakers reasserted their constitutional prerogative to oversee American foreign policy and security interests.

In addition, the inspector general for the Department of Defense recently **announced it would audit** the Pentagon's use of \$1 billion from the Coronavirus Aid, Relief, and Economic Security Act and whether the awarded funds were in accordance with federal regulations and the Defense Production Act. The announcement came shortly after a *Washington Post* **report detailed** that the Pentagon used most of the money on defense contractors and not medical supplies and personal protective equipment.

Such oversight efforts should be applauded, and Congress should continue to reassert itself as an important check on the executive when the executive branch's decisions are not in the United States' foreign policy or security interests, but merely a pretext for enriching defense contractors.