

DJI sues the US Department of Defense for labeling it a 'Chinese Military Company'



DJI, the world's largest drone company, is suing to avoid being seen as a tool of the Chinese government. On Friday, it sued the US Department of Defense to delete its name from a list of "Chinese Military Companies," claiming it has no such relationship to Chinese authorities and has suffered unfairly as a result of that designation.

Since DJI was added to that list in 2022, the company claims, it has "lost business deals, been stigmatized as a national security threat, and been banned from contracting with multiple federal government agencies," and that its employees "now suffer frequent and pervasive stigmatization" and are "repeatedly harassed and insulted in public places."

It also alleges that the DoD would not offer the company any explanation for its designation as a "Chinese Military Company" until DJI threatened a lawsuit this September, and claims that when the DoD finally offered up its reasoning, it

was filled with errors.

The US Department of Defense didn't immediately respond to a request for comment. You can read DJI's full argument that it's not owned or controlled by the Chinese military in the complaint below:

Regardless of whether the DoD has enough evidence to label DJI this way, it's far from the only US government entity that's been inclined to restrict and scrutinize the company over possible ties to the Chinese government. The US Army asked units to stop using DJI drones as early as 2017. In 2019, the US Interior Department grounded its fleet of DJI drones over spying risks.

In 2020, the US Department of Commerce added DJI to its Entity List, banning US companies from exporting technology to DJI after it "enabled wide-scale human rights abuses within China through abusive genetic collection and analysis or high-technology surveillance."

In 2021, the US Treasury added DJI to its list of Non-SDN Chinese Military Industrial Complex Companies, writing that it had provided drones to the Chinese government so it could conduct surveillance of Uyghurs, and suggesting that DJI was complicit in serious human rights abuse as a result.

Some US government entities were restricted from buying new DJI drones following these various actions. And this past week, DJI reported that some of its drones have been blocked by US customs using the Uyghur Forced Labor Prevention Act as justification.

In its defense, DJI has repeatedly claimed it isn't owned or controlled by the Chinese government, that it's had "nothing to do with treatment of Uyghurs in Xinjiang," that it's simply selling drones that may be used for various purposes that are out of its control afterwards, that many of those purposes have helped entities (including first responders) in the

United States, and that independent audits by consulting firms and US government agencies (including the DoD) have found no security threats.

While DJI does admit in the complaint that two Chinese state-owned investment funds did make minority investments in the company, it claims the Shanghai Free Trade Zone Equity Fund has “less than 1% of DJI’s shares and less than 0.1% of DJI’s voting rights,” and that the Chengtong Fund ended its investment in June 2023.

(DJI says just four people control 99 percent of DJI and own 87 percent of its shares – DJI founder and early employees Frank Wang, Henry Lu, Swift Xie, and Li Zexiang.)

Congress is currently considering a complete import ban of new DJI drones and other equipment in the United States by suggesting they pose a national security risk – though that ban is currently on ice. While the House of Representatives did approve it after it was tacked onto the must-pass National Defense Authorization Act, the Senate’s version of the bill doesn’t currently contain the ban (though it might still add it back).

But until the US customs hold-up, which DJI is suggesting is just a misunderstanding, the US government hadn’t taken any actions that would keep stores from importing drones, consumers from buying them, or individual pilots from flying them in the United States. Even should Congress ban new DJI drones from being sold, the proposed text of those bills suggests existing owners could keep flying the ones they own.

<https://www.theverge.com/2024/10/19/24274153/dji-sues-us-dod-chinese-military-company>