

# **SUMMARY OF NDAA PROVISIONS HIGHLIGHTS - LAYING GROUNDWORK TO COMPETE WITH THE CHINESE GOVERNMENT, ADVANCE AI, AND MORE**

## **PROVISIONS TO HELP COMPETE WITH THE CHINESE GOVERNMENT**

Competition with the Chinese government is a national security issue that requires the United States and our partners and allies to take an “all of the above” approach. This means the U.S. must invest in our military capabilities and our economic capabilities and competitiveness. The NDAA and the package of more than 50 amendments included are a down payment on this critical work. A link to Leader Schumer’s comments can be found [here](#).

- **Fentanyl Eradication and Narcotics Deterrence (FEND) Off Fentanyl Act - (Amendment #519 Tim Scott-Brown)**
  - A staggering amount of fentanyl is making its way into our country facilitated by the chemical suppliers in China and drug cartels in Mexico. The U.S. is facing the worst drug crisis in history and in 2021, 65% of 107,000 overdose deaths were caused by fentanyl.
  - This amendment is the bipartisan Fentanyl Eradication and Narcotics Deterrence (FEND) Off Fentanyl Act (FEND) Act that passed out of the Banking Committee on June 21, 2023 unanimously. It would enhance current law so U.S. government agencies can more effectively disrupt illicit opioid supply chains and penalize those facilitating the trafficking of fentanyl. The bill also ensures that sanctions are imposed not only on the illicit drug trade, but also on the money laundering that makes it profitable.
  - Specifically, it:
    - Declares that the international trafficking of fentanyl is a national emergency.
    - Requires the President to sanction transnational criminal organizations and drug cartels’ key members engaged in international fentanyl trafficking.
    - Enables the President to use proceeds of forfeited, sanctioned property of fentanyl traffickers to further law enforcement efforts.
    - Enhances the ability to enforce sanctions violations, thereby making it more likely that people who defy U.S. law will be caught and prosecuted.

- Requires the administration to report to Congress on actions the U.S. government is taking to reduce the international trafficking of fentanyl and related opioids.
  - Allows the Treasury Department to utilize special measures to combat fentanyl-related money laundering.
  - Requires the Treasury Department to prioritize fentanyl-related suspicious transactions and include descriptions of drug cartels' financing actions in Suspicious Activity Reports.
  
- **Security Agreement With Australia and the United Kingdom Including Artificial Intelligence And Joint Advanced Military Capabilities known as AUKUS Pillar Two**
  - The United States and our partners and allies are in a strategic competition with China in which the race to develop and deploy emerging technologies will play a decisive role. This amendment focuses on jointly developing advanced capabilities between the United States, Australia and the United Kingdom. The agreement holds the potential to supercharge progress on deterring Chinese aggression and creating a more secure and stable Indo-Pacific.
  - This legislation includes “AUKUS Pillar Two,” the trilateral development of joint advanced military capabilities, including artificial intelligence (AI), electronic warfare, hypersonics, quantum, undersea military technologies, and cyber capabilities. It will accelerate the development of cutting-edge technologies and advanced capabilities critical to maintaining peace and security in the Indo-Pacific region. Pillar Two provides the authorization necessary to facilitate this groundbreaking partnership to transform and deepen the US-Australia-UK defense relationship in light of strategic competition with the People’s Republic of China (PRC).
  - More specifically, “AUKUS Pillar Two” (1) grants Australia and the U.K. priority status within the Foreign Military Sales process, (2) streamlines the export of U.S. military technology while ensuring that such technology is safeguarded from espionage, and (3) allows for an exemption to U.S. export controls for Australia and the United Kingdom, so long as the Secretary of State certifies that UK and Australian controls on U.S. origin defense items are comparable to that of the United States.
  - AUKUS Pillar One was not included due to objections from Chairman Wicker and Leader McConnell.
  
- **Assessment of U.S.-Made Technologies Used by Foreign Adversaries for Espionage - (Amendment #314 Tester-Rounds)**

- This amendment would require the Director of National Intelligence to conduct an assessment of the top five US-made technologies used by foreign adversaries, namely China, in espionage programs targeting the US. Following the assessment, the Secretaries of Commerce, State, and Treasury shall use the findings from the report to make decisions with respect to regulations and export controls on those technologies.
- **Quantum for Universal Advancement in Nationwide Technology Use and Modernization (QUANTUM) for National Security Act - (Amendment #375 Hassan-Thune)**
  - This amendment aims to bolster the efforts of the Department of Defense (DoD) to conduct innovative research in quantum information sciences (QIS) and technology.
  - Investing in QIS and computing technology research is critically important to U.S. national security. We are in a race against our adversaries to gain supremacy of this technology and maintain our military advantage over these nations. The Chinese government has invested extensively in quantum technology research and development in recent years, funding a multi-billion dollar mega-project focused on quantum computing, in addition to the billions committed to a Chinese National Laboratory for QIS. Although the United States government has recently increased its investment in QIS research, these efforts still lag far behind China and the private sector.
  - In order to stay ahead of the curve and be able to collaborate effectively with our allies, who are also investing in quantum, we must increase the commitment from the federal government. A large portion of this commitment must go toward projects in the DoD because QIS and computing technology will become increasingly important to staying on the cutting edge of military applications.
  - Specifically, this amendment encourages use of the DoD Public-Private Talent Exchange to exchange DoD research personnel with private sector entities working on QIS and computing technology research. It also encourages graduate-level fellows in QIS to work with the Defense QIS and Technology Research Program. Finally, it incorporates DoD into the National Quantum Initiative by ensuring all agencies involved in the Initiative integrate DoD representatives into standing committees and other activities.
- **ADVANCE (Accelerating Deployment of Versatile, Advanced Nuclear for Clean Energy) ACT Nuclear Technology Deployment - (Amendment #422 Capito-Carper)**

- This amendment will supercharge America’s efforts to deploy advanced nuclear technology and ensure the U.S. wins the advanced nuclear technology race against Russia and China. Russia is currently the global leader in production of advanced nuclear fuel, and combined with China’s aggressive nuclear buildout, America must redouble its efforts to quickly develop and deploy U.S. advanced nuclear technologies. The development of American technologies, and the rapid build-out and export of American nuclear technologies will benefit the domestic industrial base and fill a vacuum that would likely otherwise be filled by China and Russia.
- The ADVANCE Act will ensure the United States is the global leader in advanced nuclear technologies by:
  - Strengthening U.S. nuclear supply chain infrastructure
  - Increasing American leadership in the global advanced nuclear market
  - Providing greater certainty and predictability for advanced nuclear licensing
  - Providing support for nuclear safety and environmental clean-up
- **Strengthening Strategic Partnership with Taiwan - (Amendment #310 Johnson-Shaheen)**
  - This amendment will solidify our strategic partnership with Taiwan as a counterweight to China and pillar of American strength in Asia. It will authorize Taiwan to receive advanced and dual-use technologies and certain munitions, a critical defense and technology facilitation tool. This amendment will support and help strengthen Taiwan’s defense capabilities and capacity to deter CCP’s aggression and coercive foreign policy in the Indo-Pacific. It reaffirms America’s steadfast commitment to Taiwan and our resolve to not allow China to initiate a conflict with Taiwan.
- **Compacts of Free Association Support - (Amendment #191 Manchin-Hirono-Barrasso)**
  - This amendment is a sense of Congress supporting the approval by the United States of renewing the Compacts of Free Association with the Republic of Palau, the Federated States of Micronesia, and the Republic of the Marshall Islands. The Compacts of Free Association grants the United States exclusive military access to the Free Associated States. In exchange, the United States provides the Free Associated States economic assistance and other benefits. This agreement is critical to the United States’ national security and defense interests.

- **Responding to Technological Advances by U.S. Adversaries (Amendment #755 Brown-Cotton)**
  - This amendment will direct the Secretary of Defense to establish a process for the military to more rapidly address and respond to emergent technological advances and emerging threats developed by US adversaries. This amendment will ensure that the US military maintains a technological and competitive edge against China and Russia.

### **Strengthening U.S. Posture in the Indo-Pacific Region**

- Authorizes the full budget request (\$9.1 billion) for the Pacific Deterrence Initiative (PDI) and extends PDI through fiscal year 2024. This funding would make investments to specific programs for PDI in six major categories:
  - Modernized and Strengthened Presence
  - Improved Logistics, Maintenance Capabilities, and Prepositioning of Equipment, Munitions, Fuel, and Materiel
  - Exercises, Training, Experimentation, and Innovation
  - Infrastructure Improvements to Enhance Responsiveness and Resiliency of U.S. Forces
  - Building the Defense and Security Capabilities, Capacity and Cooperation of Allies and Partners
  - Improved Capabilities Available to U.S. Indo-Pacific Command
- Establishes the Indo-Pacific Campaigning Initiative in order to facilitate INDOPACOM's campaigning activities in the region, including increased frequency and scale of exercises, freedom of navigation operations, and partner engagements.
- Establishes a comprehensive training, advising, and institutional capacity-building program for the military forces of Taiwan.
- Requires engagement with appropriate officials of Taiwan for the purpose of expanding cooperation on military cybersecurity activities.
- Directs a plan for enhancing security cooperation with Japan, including analyzing the feasibility and advisability of modifying U.S. command structures in Japan.
- Establishes the "Indo-Pacific Maritime Domain Awareness Initiative" – a defense initiative with allies and partners of the United States, including Australia, Japan, and India.
- Ensures that India is appropriately considered for security cooperation benefits consistent with the status of India as a major defense partner of the United States.
- Directs the designation of a senior Department of Defense civilian official to be responsible for overseeing DOD activities relating to the security partnership among Australia, United Kingdom, and the United States, known as AUKUS, and the development of an AUKUS implementation plan.

- Extends the cyber cooperation program with Vietnam, Thailand, and Indonesia and expands the program to include foreign military partners in the Philippines and Malaysia.
- Directs a strategy for improving the posture of U.S. ground-based theater-range missile capabilities in the Indo-Pacific region.

### **Reinforcing International Alliances and Partnerships**

- Urges the U.S. interagency to develop a plan to protect the maritime boundaries and marine resources of partner nations in regions impacted by incursions of Chinese distant water fishing fleets into their exclusive economic zones.
- Limits or prohibits Department of Defense funding for institutions or researchers that contract with Chinese or Russian institutions which engage in intellectual property theft or are linked to the Chinese or Russian military or intelligence services.

## **ARTIFICIAL INTELLIGENCE (AI) PROVISIONS**

### **Multi-Pronged AI and National Security Proposal - #682 Rounds-Schumer-Young-Heinrich**

This amendment advances important policies related to artificial intelligence (AI) and national security. The following is included in the amendment:

- **Provision for a Report on AI Regulation in the Financial Services Industry**
  - The financial sector has long been a user of AI solutions, whether for fraud prevention, risk management, or automating repetitive tasks to drive down costs. However, recent advances in generative AI and foundation models have dramatically shifted the AI landscape and require additional regulatory attention. The report required by the amendment will help push federal financial regulators to both adopt and adapt to changes disrupting the industry thanks to AI. The amendment requires reports from all federal financial regulators that details the tasks most frequently being assisted or completed by AI today, governance standards in place at agencies for the use of AI and determinations of where AI may lead to new overlapping regulatory issues between agencies among other things.
- **Provision on Requiring AI Bug Bounty Programs**
  - Both industry and government have adopted the use of bug bounties to reward white hat hackers for ethically and responsibly surfacing vulnerabilities and

issues. The related provision in the amendment directs the Chief Data and Artificial Intelligence Officer at the DOD to create a bug bounty program for foundational AI products being incorporated in the DOD. Given their unique, emergent capabilities, foundational AI products like ChatGPT and others have unique vulnerabilities that are still being discovered and through bug bounty programs, the DOD will have a more robust approach to countering novel risks from AI solutions powered by foundation models.

- **Provision on Vulnerabilities of Emerging AI Systems**

- This language directs DOD to coordinate with other federal agencies, including the Department of Energy, NIST, and NSF, as well as industry and academia to conduct risk studies on AI. Specifically, this research will touch on important topics like explainability and traceability of AI, potential risks of multiple language models interacting, and assess research and development needs.

- **Data Sharing and Coordination Report**

- DOD is leveraging its existing people and data to increase AI capabilities on a daily basis. This amendment directs DOD to submit a report on ways to improve data sharing, interoperability, and quality. This includes identifying longstanding practices and cultural barriers that contribute to decentralization of data systems and impede interoperability. This report will allow DOD to more efficiently tap into existing resources and integrate AI solutions going forward.

**Provisions included in the committee passed NDAA that relate to AI:**

In addition to the Rounds-Schumer-Young-Heinrich amendment, the NDAA bill includes the following provisions related to AI:

- Language updating policies and guidance in DoD, including around use of generative AI (defenses against adversarial AI, as well as how we might use it operationally)
- Language requiring an assessment on the use of AI for shipyard optimization
- Language requiring a DoD acquisition strategy for enterprise infrastructure and data repositories supporting DoD's Chief Data and Artificial Intelligence Office's AI initiatives
- Language directing the development of AI and ML tools to better employ narrative intelligence technology in order to monitor and assess information campaigns by delivering comprehensive analysis of narrative themes, language and information patterns, and disinformation networks
- Language requiring a prize competition to evaluate technology, including applications, tools, and models for the detection and watermarking of general AI

### **Unidentified Anomalous Phenomena (UAP) - #797 Schumer**

- This amendment would provide for the expeditious disclosure of records relating to unidentified anomalous phenomena. It would direct the National Archives and Records Administration (NARA) to create a collection of records to be known as the UAP Records Collection and direct every government office to identify which records would fall into the collection. The UAP Records Collection would carry the presumption of immediate disclosure, which means that a review board would have to provide a reasoning for the documents to stay classified.