

Department of Commerce
Bureau of Industry and Security

Section 232 National Security Investigation of Imports of Unmanned Aircraft Systems (UAS) and Their Parts and Components

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Introduction

China's drone industry poses a clear and present danger to U.S. national security, providing Beijing with espionage capabilities and presenting physical and cyber threats to U.S. critical infrastructure.

Beijing has directed substantial subsidies toward its domestic unmanned aerial system (UAS) sector, primarily aiming to ensure that its firms capture significant market share within the United States and other global markets. This effort has been highly effective, offering the People's Republic of China (PRC) significant leverage over critical American supply chains across a range of industries, including search and rescue, agriculture, and critical infrastructure management.

Along with eroding the competitiveness of potential American rivals, this strategy aims to achieve a secondary objective — providing pathways for the Chinese Communist Party (CCP) to execute espionage and sabotage operations across a broad range of American industries. Supported by a permissive domestic legal and regulatory architecture intended to blur the lines between commercial and state influence, China is poised to use its firms' dominance within the American market to collect intelligence on sensitive military facilities, map critical infrastructure, and potentially sabotage essential industries, including America's food supply.

In pursuing its investigation, the Bureau of Industry and Security (BIS) should address the national security implications of Chinese UAS entering the United States, particularly for American critical infrastructure. This comment will provide further details of the threat posed by Chinese involvement in the U.S. UAS industry.

Overview of the Threat From UAS Imports Sourced From China

China has sought to develop its UAS industry through a combination of state-directed investments and private sector growth. Having identified UAS technology as a key sector in its "Made in China 2025" campaign, Beijing has directed substantial investment toward its domestic UAS industry, namely by building out supply chains, nurturing national champions, and modifying regulatory barriers.¹ This strategy is intended to develop a new engine for economic growth in the form of a "low altitude" economy by developing technologies with potential military applications and strengthening the capacity of the country's science and technology sector to compete globally.²

China's role in the U.S. UAS supply chain is significant and covers a range of secondary and tertiary inputs. Da-Jiang Innovations (DJI), a UAS manufacturer based in Shenzhen, is the undisputed leader within the U.S. drone market, having captured nearly 90 percent of the

¹ Emily de La Bruyère, "Made in China 2025—Who Is Winning?" *Foundation for Defense of Democracies*, February 6, 2025. (<https://www.fdd.org/analysis/2025/02/06/made-in-china-2025-who-is-winning>); "Outline of the People's Republic of China 14th Five-Year Plan for National Economic and Social Development and Long-Range Objectives for 2035," *Xinhua News Agency* (China), March 12, 2021. (Archived version available at <https://perma.cc/73AKBUW2>)

² "China's 'low-altitude economy' is taking off," *The Economist*, June 12, 2025. (<https://www.economist.com/briefing/2025/06/12/chinas-low-altitude-economy-is-taking-off>); John S. Van Oudenaren, "Taking Flight: China's Military Unmanned Aerial Vehicle (UAV) Industry," *China Aerospace Studies Institute*, May 12, 2025. (<https://www.airuniversity.af.edu/CASI/Display/Article/4147816/taking-flight-chinas-military-unmanned-aerial-vehicle-uav-industry>)

consumer market and 75 percent of the industrial market.³ Other Chinese firms, such as Autel Robotics, also based in Shenzhen, have captured roughly 15 percent of the total U.S. market.⁴ Both producers sell to a range of U.S.-based clients, including hobbyists, commercial ventures, and first responders, and are preferred due to their low cost, high quality, broad versatility, and ease of use.

China has achieved this market dominance via a range of anti-competitive market practices. The CCP has steadily undercut the U.S. UAS industry by directing millions in state subsidies toward domestic manufacturers, along with key upstream suppliers of other UAS technology.⁵ By creating national champions such as DJI, these investments have allowed Chinese UAS suppliers to offer substantial discounts, pricing their technology well below the cost of production.⁶ These practices are illegal under antidumping statutes, and not only undermine the cost-competitiveness of the U.S. UAS industry but also hinder the development of a domestic alternative to CCP-dominated supply chains. China has used this strategy before; the CCP's subsidy for its domestic semiconductor industry, intended to undermine U.S. reshoring efforts, is just one example.⁷

China's market dominance not only erodes U.S. economic security but increasingly provides a viable avenue for Beijing to infiltrate American critical infrastructure and gain leverage over Washington in the event of a crisis.

China's National Security Law, National Intelligence Law, and Cybersecurity Law grant Chinese authorities access to information collected by firms and individuals subject to Beijing's jurisdiction, effectively blurring the lines between commercial ventures and intelligence collection.⁸ These laws nearly guarantee that Chinese state intelligence and security agencies will access data collected on U.S. individuals and entities by firms under Chinese jurisdiction, opening the door for broad-range espionage campaigns. This issue is only heightened by the

³ Miriam McNabb, "DJI Drones Face Unprecedented Scarcity in U.S. Consumer Market," *Drone Life*, June 25, 2025. (<https://dronelife.com/2025/06/25/dji-drones-us-consumer-market-scarcity-security>)

⁴ Eric Sayers and Klon Kitchen, "DJI isn't the only Chinese drone threat to US security. Meet Autel." *Defense News*, September 15, 2023. (<https://www.defensenews.com/opinion/2023/09/15/dji-isnt-the-only-chinese-drone-threat-to-us-security-meet-autel/>)

⁵ Craig Singleton, "5 Things to Know About Chinese Drone Company DJI," *Foundation for Defense of Democracies*, June 12, 2024. (<https://www.fdd.org/analysis/2024/06/12/5-things-to-know-about-chinese-drone-company-dji>); David J. Lynch, "Chinese subsidies for drones, chips put U.S. at risk, House panel says," *Washington Post*, June 25, 2024. (<https://www.washingtonpost.com/business/2024/06/25/china-subsidies-house-panel>)

⁶ "Gallagher, Bipartisan Lawmakers Call for New Restrictions and Tariffs to Protect Against Threats Posed by Chinese Drones," *The Select Committee on the Chinese Communist Party*, March 20, 2024. (<https://selectcommitteeontheccp.house.gov/media/press-releases/gallagher-bipartisan-lawmakers-call-new-restrictions-and-tariffs-protect>)

⁷ Mark Montgomery and Isaac A. Harris, "China's Acts, Policies, and Practices Related to Targeting of the Semiconductor Industry for Dominance," *Foundation for Defense of Democracies*, January 31, 2025. (<https://www.fdd.org/analysis/2025/01/31/chinas-acts-policies-and-practices-related-to-targeting-of-the-semiconductor-industry-for-dominance>)

⁸ Craig Singleton and Mark Montgomery, "Laser Focus: Countering China's LiDAR Threat to U.S. Critical Infrastructure and Military Systems," *Foundation for Defense of Democracies*, December 2, 2024. (<https://www.fdd.org/analysis/2024/12/02/laser-focus-countering-chinas-lidar-threat-to-u-s-critical-infrastructure-and-military-systems>)

CCP's reliance on other mechanisms to control private firms, such as seizing "golden shares" and placing party cadres in key roles to direct corporate strategy.⁹

Along with blurring the lines between intelligence collection and commercial expansion, Beijing continues to pursue military-civil fusion (MCF), seeking to combine the country's defense industrial base with its burgeoning high-tech economy. While MCF began in 2007, Chinese paramount leader Xi Jinping has transformed these efforts into a flagship state policy to spur military modernization and funnel commercially relevant innovation to Chinese firms, including telecommunications providers, UAS firms, and other segments of the domestic economy.¹⁰

This legal and regulatory architecture allows Beijing to translate its firms' commercial dominance into a weapon to achieve its geopolitical ambitions. Having stated its desire to supplant the United States as the leading global power, China has several available avenues to disrupt, co-opt, and weaponize its integral role within the UAS supply chain. These include conducting espionage, sabotaging U.S. critical and military infrastructure, undermining American commerce, and harming U.S. foreign and security policy.

China has both the capacity and the incentive to utilize UAS to conduct reconnaissance, supply chain disruptions, hacking, and data theft against the United States.¹¹ Improvements in both the quality and affordability of UAS sensor technology, much of which is produced within China, have rendered UAS platforms increasingly valuable sources of information, further increasing Beijing's incentive to compromise these supply chains.¹² Even more concerning, these assets often interact with elements of the U.S. military, operating close to bases and other sensitive facilities. American emergency response personnel, including police, fire, and search and rescue, also utilize this technology.¹³ Chinese UAS surveillance of U.S. facilities is a significant espionage advantage, one the United States cannot afford to cede.

These concerns are amplified by the potential cascading impact of an adversary's dominance of the supply of UAS within critical sectors of the U.S. economy. DJI is the primary supplier of agricultural UAS, particularly crop sprayers, and interruptions within this supply chain may lead to lower yields, higher food prices, and substantial ripple effects within global commodity

⁹ Jack Burnham and Johanna Yang, "Protecting Our Communications Networks by Promoting Transparency Regarding Foreign Adversary Control," *Foundation for Defense of Democracies*, July 21, 2025. (<https://www.fdd.org/analysis/2025/07/21/protecting-our-communications-networks-by-promoting-transparency-regarding-foreign-adversary-control>)

¹⁰ Emily de La Bruyère and Nathan Picarsic, "Defusing Military-Civil Fusion," *Foundation for Defense of Democracies*, May 27, 2021. (<https://www.fdd.org/analysis/2021/05/26/defusing-military-civil-fusion>); Nathan Picarsic, "Orienting Economic Statecraft for China's Military-Civil Fusion: LiDAR in the Field," *Foundation for Defense of Democracies*, September 18, 2024. (https://www.fdd.org/analysis/op_ed/2024/09/18/orienting-economic-statecraft-for-chinas-military-civil-fusion-lidar-in-the-field)

¹¹ Mark Montgomery, Craig Singleton, Johanna Yang, Jack Burnham, "Securing the Information and Communications Technology and Services Supply Chain: Unmanned Aircraft Systems," *Foundation for Defense of Democracies*, March 4, 2025. (<https://www.fdd.org/analysis/2025/03/04/securing-the-information-and-communications-technology-and-services-supply-chain>)

¹² Ibid.

¹³ Didi Tang, "Many Americans have come to rely on Chinese-made drones. Now lawmakers want to ban them," *Associated Press*, December 23, 2024. (<https://www.ap.org/news-highlights/spotlights/2024/many-americans-have-come-to-rely-on-chinese-made-drones-now-lawmakers-want-to-ban-them>)

markets.¹⁴ Farming communities across the United States also use Chinese drones to survey land and livestock, collecting vast amounts of agricultural data.¹⁵ This data can be weaponized, giving China leverage over critical food production, resources, and supplies.

Along with infiltrating and threatening U.S. critical infrastructure, China has also used its firms' dominance to target American competitors. China has sanctioned firms such as Skydio, a DJI competitor, for supplying Taiwan's National Fire Agency, forcing the company to restrict its sales due to a lack of battery components.¹⁶ Defending the measure, the *Global Times*, an English-language Chinese propaganda outlet, claimed that Skydio was involved in "arming Taiwan," directly linking the firm's support for Taiwan to Beijing's actions.¹⁷

Conclusion

China's dominance within the American UAS market poses a clear and present danger to U.S. national security. Chinese firms, backed by significant state subsidies, have engaged in unfair competition to hinder the development of a strong American industry while providing exploitable access to American critical infrastructure. BIS's investigation into the national security implications of UAS imports is timely and will provide a strong foundation for trade and non-trade-based remedies to protect the United States.

Thank you for considering our comments. We look forward to seeing how our input is incorporated into this investigation.

¹⁴ David Shepardson, "Lawmakers Want US To Address Risks Posed by Chinese Agriculture Drones," *Reuters*, September 6, 2024. (<https://www.reuters.com/world/us/lawmakers-want-us-address-risks-posed-by-chinese-agriculture-drones-2024-09-06>); Mark Montgomery, Craig Singleton, Johanna Yang, Jack Burnham, "Securing the Information and Communications Technology and Services Supply Chain: Unmanned Aircraft Systems," *Foundation for Defense of Democracies*, March 4, 2025. (<https://www.fdd.org/analysis/2025/03/04/securing-the-information-and-communications-technology-and-services-supply-chain>)

¹⁵ "Feds Issue Warning on Chinese-Manufactured Drones as Farmer Adoption Soars," *AgWeb*, April 11, 2024. (<https://www.agweb.com/news/crops/crop-production/feds-issue-warning-chinese-manufactured-drones-farmer-adoption-soars>)

¹⁶ Eliot Chen, "China Flexes Its Sanctions Muscle," *China Wire*, November 10, 2024. (<https://www.thewirechina.com/2024/11/10/china-flexes-its-sanctions-muscle>)

¹⁷ "Those Who Claim China Is Waging 'Supply Chain Warfare' Have Got Wrong Playbook," *Global Times* (China), November 29, 2024. (<https://www.globaltimes.cn/page/202411/1324008.shtml>)