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Unleashing American Drone Dominance

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Introduction

As proven yet again by the conflict between U.S. and Iranian forces, both drone and counter-drone technologies are critical for national security. The United States is now concurrently confronting lesser powers leveraging low-cost drones to gain asymmetric advantages as well as near-peer adversaries using large-scale drone deployments as a central pillar of their combat power. Securing U.S. drone dominance, therefore, should be a national priority, with domestic design, production, and fielding of battle-tested systems being critical to America's military capabilities.

America's military advantage will depend on developing secure and reliable systems. U.S. allies and partners can provide secure supply chains for American firms seeking to build drone systems domestically. They also can offer significant advantages to American firms seeking to innovate on advanced systems. Both Taiwan and Ukraine have developed alternative supply chains that largely bypass Chinese components, and they have repeatedly tested and refined their systems against U.S. adversaries.

Both the White House and the Federal Communications Commission (FCC) have rightly recognized that a thriving domestic drone industry is critical for U.S. national security and have taken steps to promote American drone dominance.

To further support this surging sector, the commission should prioritize regulatory reforms that allow domestic drone manufacturers to access secure supply chains, building on the progress secured by the administration in its trade and investment deals with Taiwan and Ukraine.

U.S. Partners Can Kickstart Domestic Drone Industry

Whether deployed along the front lines, maintaining logistics, or offering a cheap mid-range strike capability, unmanned aerial, maritime, and ground systems offer a strategic advantage unmatched by current systems in both cost and scale.[1] Now facing a range of adversaries — specifically, China, Russia, and Iran — that have invested significantly in drone technology, the United States must build and maintain a strong domestic drone industry to develop indigenous systems.

The United States has historically faced two distinct but intertwined challenges in developing a thriving and secure domestic drone market. The first is intense competition from Chinese drone firms that function as nearly vertically-integrated monopolies, allowing them to flood global markets.[2] This challenge has produced significant national security risks, as data collected by

[1] David Jeans, "US turns to Ukrainian counter-drone tech after Iran attacks, sources say," *Reuters*, April 22, 2026. (https://www.reuters.com/business/aerospace-defense/us-turns-ukrainian-counter-drone-tech-after-iran-attacks-sources-say-2026-04-22)

[2] RADM (Ret.) Mark Montgomery, Craig Singleton, Johanna Yang and Jack Burnham, "Securing the Information and Communications Technology and Services Supply Chain," *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)

Chinese drones could remain accessible to Beijing under China's National Intelligence Law, potentially allowing Chinese authorities to map large segments of U.S. critical infrastructure.[3]

The FCC has largely mitigated this by placing foreign-produced unmanned aerial systems (UAS) components on the Covered List, protecting the American market while bolstering demand for domestic production.[4] In pairing restrictions on foreign-produced drones from entering the American market with the administration's executive orders incentivizing domestic production, the FCC has blunted the pricing power of Chinese competitors without dampening commercial demand.[5]

The second issue remains more difficult to solve in isolation — the depth of China's UAS component supply chain. While Chinese firms gained access to the American market primarily via exporting finished products — DJI and Autel Robotics held a near-monopoly on the consumer market in the United States for several years prior to the FCC's designation — this strength is built on a fully integrated market for essential components such as batteries and motors.[6] This depth allows China to retain significant leverage over the trajectory of the domestic U.S. drone industry; Chinese firms can manipulate the flow of critical components to hamper manufacturing, such as when China blocked the sale of batteries to Skydio over the firm's Taiwanese-linked contractors.[7]

However, the FCC can help by using its Covered List authority to bolster the supply of secure foreign-produced drones and associated components to the U.S. market. Under the structure of the designation, both the Pentagon and the Department of Homeland Security can offer a waiver to foreign drones that clear stringent security standards. The Pentagon has already cleared some products.

Taiwan has fully adopted this approach as a strategic necessity, with the island embracing a "non-Red supply chain" strategy across a range of emerging technologies, including both drones and related components.[8] In October 2025, Taipei announced a planned investment of nearly

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[3] Jack Burnham, Craig Singleton, and RADM (Ret.) Mark Montgomery, "Section 232 National Security Investigation of Imports of Unmanned Aircraft Systems (UAS) and Their Parts and Components," *Foundation for Defense of Democracies*, August 6, 2025. (https://www.fdd.org/analysis/2025/08/06/section-232-national-security-investigation-of-imports-of-unmanned-aircraft-systems-uas-and-their-parts-and-components)

[4] Craig Singleton, "The Drone Dock Blind Spot," *The National Interest*, February 5, 2026. (https://nationalinterest.org/blog/techland/the-drone-dock-blind-spot)

[5] Jack Burnham and Miles Kershner, "President Trump Issues Executive Orders to Counter China's Drone Industry," *Foundation for Defense of Democracies*, June 10, 2025. (https://www.fdd.org/analysis/policy_briefs/2025/06/10/president-trump-issues-executive-orders-to-counter-chinas-drone-industry)

[6] Jack Burnham, Craig Singleton, and RADM (Ret.) Mark Montgomery, "Section 232 National Security Investigation of Imports of Unmanned Aircraft Systems (UAS) and Their Parts and Components," *Foundation for Defense of Democracies*, August 6, 2025. (https://www.fdd.org/analysis/2025/08/06/section-232-national-security-investigation-of-imports-of-unmanned-aircraft-systems-uas-and-their-parts-and-components)

[7] Ibid; Aria Alamalhodaei, "US drone maker Skydio faces battery squeeze after Chinese sanctions," *Tech Crunch*, October 31, 2024. (https://techcrunch.com/2024/10/31/us-drone-maker-skydio-faces-battery-squeeze-after-chinese-sanctions)

[8] Jonathan Chin, "Ukraine war fueled Taiwan drone exports: study," *Taipei Times* (Taiwan), April 24, 2026. (https://www.taipeitimes.com/News/taiwan/archives/2026/04/24/2003856149); Chun-Kuei Lai, "From Critical Chips to International Alliances: Taiwan's Strategic Role in Shaping a Non-Chinese Drone Supply Chain," *Research*

$1.38 billion over the next six years to develop unmanned aerial vehicles produced without Chinese components — a priority embedded within its trade agreement with the United States signed in January.[9] This agreement, along with complementary private sector efforts, also prioritized aligning drone cybersecurity standards between the United States and Taiwan, ensuring that any finished products exported to the American market would pass rigorous security standards.[10]

Ukraine has also paired its developing alternative supply chain with technologies proven against a near-peer adversary, allowing its firms to transfer insights and components to the American market. At the outset of its war with Russia, Ukraine relied heavily on Chinese components, in some cases modifying DJI drones to carry improvised explosive charges.[11] However, as Ukraine has developed its own domestic drone industry, many of its firms have completely indigenized final assembly while domestically sourcing an ever-greater share of components, including sensors, flight controllers, communications equipment, and video transmission systems.[12] This process has also shortened development timelines, allowing individual military units to rapidly iterate in response to changing tactical conditions and offering the United States a battle-hardened edge against future unmanned systems.[13]

As the Trump administration pushes to develop a thriving domestic drone industry, the FCC should leverage its authorities to ease market frictions by clarifying and aligning regulations, allowing American firms to establish secure supply chains that underpin innovation. While continuing to use its Covered List authority as a shield against foreign-produced drones that pose a national security threat, the commission should seek to build on the trade and investment deals signed by the administration by working in concert with the Pentagon and the Department of Homeland Security to deliver battle-tested technologies and secure systems to the United States.

Recommendations

Institute for Democracy, Society, and Emerging Technology, September 18, 2024. (https://dset.tw/en/research/00041-2)

[9] Chung Li-hua and Hollie Younger, "Cabinet approves NT$44.2 billion drone investment plan," *Taipei Times* (Taiwan), October 16, 2025. (https://www.taipeitimes.com/News/taiwan/archives/2025/10/16/2003845588); Chen Yu-fu, Chang Tsung-chiu, and Shelley Shan, "Taiwan aiming to be major UAV player," *Taipei Times* (Taiwan), March 23, 2026. (https://www.taipeitimes.com/News/front/archives/2026/03/23/2003854292); Ben Blanchard and David Lawder, "US calls Taiwan 'vital partner' after high-level tech and AI talks," *Reuters*, January 28, 2026. (https://www.reuters.com/world/china/taiwan-us-discuss-tech-ai-drone-cooperation-high-level-forum-2026-01-28)

[10] Ben Blanchard and David Lawder, "US calls Taiwan 'vital partner' after high-level tech and AI talks," *Reuters*, January 28, 2026. (https://www.reuters.com/world/china/taiwan-us-discuss-tech-ai-drone-cooperation-high-level-forum-2026-01-28); "AUVSI and Taiwan's ITRI Sign Agreement in Washington, DC as ITRI Joins Green UAS Program as Recognized Cybersecurity Assessor," *The Association for Uncrewed Vehicle Systems International*, January 28, 2026. (https://www.auvsi.org/news/auvsi-and-taiwans-itri-sign-agreement-in-washington-dc-as-itri-joins-green-uas-program-as-recognized-cybersecurity-assessor)

[11] Jack Burnham and Duncan Lazarow, "China is a Key Factor in Ukraine's Surging Drone Industry — Beijing's New Export Controls May Ground It," *Foundation for Defense of Democracies*, October 10, 2025. (https://www.fdd.org/analysis/2025/10/10/china-is-a-key-factor-in-ukraines-surging-drone-industry-beijings-new-export-controls-may-ground-it)

[12] Maria Varenikova, "Ukraine Reaches a Milestone: Making 'China-Free' Drones," *The New York Times*, March 11, 2026. (https://www.nytimes.com/2026/03/11/world/europe/ukraine-drones-china.html)

[13] Mark Montgomery, "Can Ukraine's state-of-the-art drone tech come to US aid in Iran?" *New York Post*, March 10, 2026. (https://nypost.com/2026/03/10/opinion/can-ukraines-state-of-the-art-drone-tech-come-to-us-aid-in-iran)

The FCC has an opportunity to simultaneously enhance the security of the U.S. drone sector and build out the foundation of a thriving domestic industry. The commission should expand measures to secure ally-produced drone-related technologies, publicize security standards to offer regulatory clarity, and broaden the regulatory pathway for countries that align their drone standards with the United States.

- **The FCC should prioritize further security measures on UAS-related technologies.** The commission should retroactively expand security measures to other foreign-produced drone technologies, such as "drone docks." This type of equipment, while distinct from other restricted UAS components currently on the Covered List, still poses a national security risk to U.S. networks by allowing pre-authorized drones to be managed as a service and act autonomously while connecting to essential services such as 911 infrastructure.

- **The FCC should encourage the Pentagon and the Department of Homeland Security to publicize the security standards required to receive a waiver.** While foreign firms have access to the outline of the waiver process to enter the American market, the specific cybersecurity criteria imposed on foreign drone products is not publicly available. Publicizing these standards, within reason to account for specific security concerns, will offer significant regulatory clarity for both firms looking to enter the American market and domestic firms seeking to engage with trusted foreign suppliers.

- **The FCC should encourage the Pentagon and the Department of Homeland Security to consider establishing a pathway for foreign firms and countries to receive clearance on a country-by-country basis.** The commission should consider advocating that firms seeking a waiver under the Covered Listing designation can apply for an extension to the current onshoring requirement, or in certain circumstances, waive it entirely. The commission should also work with its interagency partners to allow countries that sign drone-related agreements with the United States expedited access to the American market. This move would effectively expand the Pentagon's current "Blue UAS Cleared List" program to entire markets rather than individual firms. Along with easing regulatory burdens, this arrangement will allow domestic firms to take full advantage of the administration's trade and investment agreements.

Conclusion

While continuing to act to prevent adversaries from exploiting loopholes to maintain access to U.S. critical infrastructure, the commission should prioritize regulatory alignment and expanding market access to trusted suppliers to allow the domestic U.S. drone industry to thrive. The cost of inaction — measured in both dollars and national security risk — grows every day.

Thank you for considering our comments. We look forward to seeing how our input is incorporated into the commission's ongoing policy work.