



August 6, 2025

The Honorable Howard W. Lutnick
Secretary of Commerce
U.S. Department of Commerce
1401 Constitution Avenue NW
Washington, DC 20230

RE: Comments on Section 232 National Security Investigation of Imports of Unmanned Aerial Systems (UAS) their Parts and Components (90 Fed. Reg. 31958, July 16, 2025)
Docket No. 250709-0122; [XRIN 0694-XC130](#))

Dear Mr. Secretary:

The National Foreign Trade Council (“NFTC”) appreciates this opportunity to provide input as part of the Department of Commerce’s (“the Department”) investigation to determine the effects on national security of imports of unmanned aerial systems (UAS) – sometimes referred to as “drones” and their parts and components, under section 232 of the Trade Expansion Act of 1962, as amended (Docket No. 250709-0122; [XRIN 0694-XC130](#)).

The U.S. drone industry is developing solutions for an array of challenges, including law enforcement, first response, infrastructure inspections, recreation, security, and commercial delivery. U.S. demand for UAS, parts, and components will quickly grow as each of these use cases proves out and is normalized.

Some drone components are widely available or have a low manufacturing barrier to entry. A UAS manufacturer making sourcing decisions for non-commoditized parts may compete with providers from the US, Europe, and Asia for a particular part on quality, price, and capacity. For these parts, favoring U.S. suppliers over foreign suppliers would increase cost and reduce competitive pressure on quality and other non-cost factors. It may lead to short-term capacity constraints as the supply side adjusts. However, core UAS components—typically those requiring specialized technology (batteries), aerospace-level quality tolerances (propellers and flight surfaces for certain drones), or complex assemblies (motors)—have comparatively fewer suppliers and may be concentrated outside the U.S..

The most pronounced UAS supply concentration risk is batteries. China is a global leader in manufacturing high-density, cost-effective batteries used by the drone industry and many others. Some companies are pursuing strategies to reduce reliance on Chinese batteries but are running into obstacles—both in terms of prohibitive costs and in terms of supply availability, risking American access to this crucial component.

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In addition, many UAS parts and components share the same U.S. Harmonized Tariff Schedule (HTS) codes with civil aircraft parts and components and the broader aerospace and defense industry. The lack of precise codes could result in capturing a broad swath of the aerospace supply chain that relies on access to components from around the world for its success.

We urge the administration to continue building capacity in the domestic production of UAS, including parts and components. Strengthening domestic supply chains supports economic and national security goals and objectives. As part of this effort, the Department should pursue policies that preserve access to the global supply chain. At the same time, domestic investments are made and scaled while avoiding actions that would disrupt the competitiveness and growth of the domestic UAS industry. Furthermore, we request that the Department exclude any “used” parts and components, as such goods are frequently sold by micro and small businesses that may be unfairly impacted by any trade action. The exclusion of such “used” goods would not substantially undermine the national security objectives of this administration.

A sudden increase in the cost of core UAS components, particularly batteries (whether due to tariffs, required sourcing changes, or withdrawal of any market supports), could place a tremendous burden on the U.S. UAS industry in the face of a lack of supply and increased cost, threatening U.S. leadership in the industry instead of bolstering it.

About NFTC

The NFTC, organized in 1914, is an association of U.S. business enterprises engaged in all aspects of international trade and investment, including maintaining competitiveness and technological leadership. Our membership covers the full spectrum of industrial, commercial, financial, and service activities, accounting for over \$6 trillion in revenue and employing nearly 6 million people in the United States.

Thank you for your consideration of our comments. We welcome the opportunity to provide additional information and address any questions you may have. Please contact us at jchu@nftc.org, (703)225-8519 or Tiffany Smith tsmith@nftc.org, (703)966-1670.

Sincerely,



Jeannette L. Chu
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Security and Competitiveness



Tiffany Smith
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cc: Jeffrey Kessler
Under Secretary of Commerce for Industry and Security

Jamieson Greer
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