

AMERICAN DRONE COMPETITIVENESS

Background

The drone market is unlike any other advanced technology sector. Companies based in China and subsidized by the Chinese government control 90% of the consumer drone market, 70% or more of the enterprise market, and 92% of the state and local first responder market. Chinese company DJI holds the vast majority of that market share.

That did not happen by accident. In 2015, China launched “Made in China 2025,” a ten-year, whole-of-society effort to invest in key industries, including drones, to ensure China’s world leadership and market dominance. To achieve its industrial policy goals, China subsidizes its domestic drone companies and supports “dumping” products at prices that disadvantage U.S. companies.

Drone companies based in China also present security risks. Those companies are legally obligated to comply with requests for information from the Chinese government. And the Chinese government enlists domestic companies in military civil fusion efforts to ensure the military has access to advanced technology and information. Along those lines, in 2022, the U.S. Defense Department added DJI to the list of “Chinese Military Companies” operating in the United States.

Tailored U.S. government action is necessary to foster a fair and even playing field, correcting market imbalances caused by Chinese government subsidies and product dumping. This paper proposes calibrated demand- and supply-side measures designed to promote competition, restore fairness, and propel American leadership in a new era of aviation.

Recommended Actions

AUVSI challenges the U.S. government to take comprehensive action to level the playing field for U.S. drone manufacturers and component suppliers, including the following:

- A tax incentive program for advanced manufacturing that leverages language frameworks similar to those used for semiconductors and solar panels;
- Loan guarantees modeled upon the Advanced Technology Vehicles Manufacturing Direct Loan Program;
- Enactment of the Drone Infrastructure Inspection Grant (DIIG) Act, the Securing America's Mineral Supply Chains Act, and the Increasing Competitiveness for American Drones Act;
- Authorize and appropriate federal grant programs for first responders and industrial inspectors to replace unsecure Chinese drones with secure U.S. drones, modeled upon the Supply Chain Reimbursement Program;
- Work to ensure federal agencies incorporate voluntary consensus standards in the uncrewed systems cybersecurity arena similar to those developed by AUVSI that would ensure trust, integrity, and availability of data collected by drones; and
- Enact common sense restrictions on insecure drones in vulnerable sectors while providing sufficient transition periods and support for operators making the transition.

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