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Cleared for Tariffs: What the New Section 232 Drone Tariffs Mean for the UAS Industry

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KEY POINTS

- A presidential proclamation issued August 13, 2026, imposes Section 232 tariffs of 100% on high-risk UAS and docking stations, and 25% on consumer and commercial drones under 25 kg, effective September 3, 2026.
- Reduced tariff caps of 15% (EU, Japan, South Korea, Taiwan, Switzerland, Liechtenstein) and 10% (UK) apply only where importers certify that "substantially all" critical components originate from qualifying countries — a standard Commerce has not yet defined.
- The Proclamation's onshoring program allows companies that commit to building or expanding U.S. UAS manufacturing facilities before January 20, 2029, to import covered products duty-free during construction, subject to Commerce audit and potential retroactive rescission for fraud.
- Manufacturing drawback under 19 U.S.C. § 1313(a)–(b) remains available only for products free of AD/CVD orders that contain at least 85% Trade Agreement Partner content — a threshold many current UAS supply chains may not meet.
- Companies on the DOD/W Blue UAS Cleared List or the FCC's Conditional Approval List as of September 2, 2026, receive a 180-day grace period before Annex I and II tariffs take effect.

On August 13, 2026, the President issued a proclamation (the Proclamation) under Section 232 of the Trade Expansion Act of 1962 (Section 232) imposing new tariffs on unmanned aircraft systems (UAS) and their components. The tariffs begin to apply to goods entered for consumption on or after 12:01 a.m. ET, September 3, 2026, with certain exceptions described below.

The action follows a U.S. Department of Commerce (Commerce) investigation concluding that the United States is excessively reliant on foreign — principally Chinese — sources for UAS and critical components such as motors, electronic speed controllers, lithium-ion batteries, and docking stations. The investigation also identified data-security risks associated with foreign-manufactured operating systems.

Commerce had previously been considering imposing restrictions on UAS under its information and communication technology and services (ICTS) authorities. However, that proposal was withdrawn in January, shortly after the Federal Communications Commission (FCC) added foreign UAS and critical components to its "Covered List," effectively banning new models from the U.S. market absent a specific approval. These FCC restrictions continue to apply, in addition to the new tariffs.

It is therefore not surprising that these new tariffs are not a conventional trade remedy. The Proclamation is structured as industrial policy: high tariffs on the highest-risk products, lower tariffs on mass-market drones, a deferred timeline for components, and an affirmative incentive program for companies willing to commit to manufacturing in the U.S. Companies across the UAS industry — manufacturers, component suppliers, distributors, fleet operators, defense contractors, and end users in sectors such as agriculture, energy, construction, logistics, public safety, and potentially even defense — will need to act quickly.

THE THREE TARIFF TIERS

The Proclamation establishes three categories of covered products, each with its own duty rate and effective date:

Annex	Rate	Effective Date	Coverage
Annex I	**100%**	September 3, 2026	UAS over 25 kg maximum takeoff weight, thermal-imaging UAS, docking stations, specified critical components
Annex II	**25%**	September 3, 2026	UAS with maximum takeoff weight of 25 kg or less (finished and unfinished; consumer and commercial platforms)
Annex III	**25%**	February 9, 2027	Additional UAS components (deferred to allow supply-chain adjustment)

These duties apply in addition to any other duties already in effect-including standard tariff rates, duties under Section 301 of the Trade Act of 1974 (Section 301), and other Section 232 duties. The one exception is imports from Qualifying Countries (defined below): for those products, the 15% or 10% cap discussed below is an all-in ceiling that includes the standard tariff rate. Commerce retains authority to expand coverage by adding new components to Annex I or Annex II by Federal Register notice whenever it determines that imports of those components threaten to undermine the Proclamation's objectives. No further presidential action or formal notice-and-comment rulemaking is required. The scope of covered products therefore may expand at any time.

THE REDUCED RATE FOR QUALIFYING COUNTRIES

The Proclamation provides reduced tariff rates for imports of products that meet specified origin and certification requirements (Qualifying Countries):

- **15% Cap:** Japan, Republic of Korea, Taiwan, Switzerland, Liechtenstein, and EU member states
- **10% Cap:** UK

These reduced rates are not automatic. Eligibility requires the importer to certify that "substantially all" critical components and technology in the product are of U.S. or Qualifying Country origin. The Proclamation does not define "substantially all," and Commerce has yet to design the verification process for these certifications. Companies sourcing from Qualifying Countries should not assume the lower rate will apply without a documented, defensible country-of-origin and bill-of-materials analysis. This is particularly important for assembled UAS that combine Qualifying Country airframes with nonqualifying flight controllers, batteries, or radios — a common configuration in today's market.

THE ONSHORING PROGRAM

The Proclamation directs Commerce to establish a program under which companies with an approved "onshoring plan" may import Covered Products for their supply chain — including components for both finished and unfinished UAS — as well as necessary production equipment, free of Section 232 duties while the U.S. facility is under construction. Production equipment qualifies for duty-free treatment because it is the means of building domestic manufacturing capacity rather than itself a Covered Product subject to the Proclamation's tariff framework; note, however, that other applicable duties, taxes, fees, and trade remedies (*e.g.*, existing Section 301 tariffs) continue to apply. Import volumes must be commensurate with the facility's reasonably anticipated annual output of Covered Products upon completion of the onshoring project. To qualify, a company must commit to constructing, refurbishing, or expanding a U.S. production facility for UAS or UAS components, with construction commencing before January 20, 2029. Commerce may revoke duty benefits — retroactively in cases of fraud or deliberate misrepresentation — if a company is found not to be in compliance with its onshoring plan.

- **Approval Criteria.** Commerce will evaluate applications based on whether the applicant already holds a Department of Defense/War (DoD/W) or Department of Homeland Security "Conditional Approval," which allows foreign UAS and critical components to obtain FCC equipment authorization despite the "Covered List" restrictions mentioned above. Commerce will also consider the commercial reasonableness of the project timeline and milestones, and the broader economic benefit of the proposal. These criteria are discretionary and favor early, well-documented applicants.
- **Compliance and Enforcement.** Commerce may audit participants (including through external auditors), rescind benefits prospectively for companies "substantially failing" to meet commitments, and — in cases of fraud or deliberate misrepresentation — rescind retroactively, exposing the company to back duties plus fines and penalties. Companies should treat an onshoring plan as a binding representation to the U.S. government and build it accordingly — with realistic milestones, defensible projections, and internal controls capable of withstanding a government audit.
- **Blue UAS/FCC Benefit.** Companies on the DoD/W Blue UAS Cleared List, within the Blue UAS Framework, or on the FCC's Conditional Approval List as of September 2, 2026, receive a 180-day delayed effective date for Annex I and II products. This is a meaningful grace period, and companies should confirm their eligibility now.

DUTY DRAWBACK LIMITATIONS

Duty drawback — the refund of duties paid on imported goods that are subsequently exported — remains available in the form of manufacturing drawback under 19 U.S.C. § 1313(a)–(b), but only under narrow conditions. To qualify, the article must:

- Not be subject to any antidumping or countervailing duty (AD/CVD) order, regardless of country of origin;
- Be a product of designated "Trade Agreement Partners" (currently the UK, EU, Switzerland, Liechtenstein, Japan, Korea, Mexico, and Canada); and
- Contain at least 85% Trade Agreement Partner content, meaning that at least 85% of the value or materials in the finished article must originate from the U.S. or a Trade Agreement Partner country.

Many global supply chains for UAS motors, batteries, and flight electronics may not clear the 85% threshold without shifting to suppliers in the U.S. or Trade Agreement Partner countries. Companies relying on drawback should stress-test their supply chains against this requirement now.

FOREIGN-TRADE ZONES (FTZ)

Covered products admitted to a U.S. FTZ on or after the effective date must be admitted under “privileged foreign status” — a classification that fixes the product’s tariff treatment at the time of admission. This means the applicable Annex duty rate is locked in when the product enters the zone and cannot be reduced through zone processing or manipulation. Companies using FTZs for UAS assembly or kitting (bundling components into product packages) should revisit their zone procedures and admission classifications before September 3.

NEXT STEPS FOR THE UAS INDUSTRY

- **Classify and map your exposure.** Review your full UAS and component bill of materials against Annexes I, II, and III. Confirm classifications under Annex IV (the technical amendments to the Harmonized Tariff Schedule that implement these duties) before September 3.
- **Model landed-cost impact.** Calculate the tariff impact by product, including stacking with existing Section 301 and 232 duties. Identify which products justify near-term supply chain or manufacturing adjustments versus tariff absorption.
- **Build your origin-certification file.** For Qualifying Country supply chains, prepare a defensible bill-of-materials and country-of-origin analysis now, in advance of Commerce’s certification process.
- **Confirm Blue UAS / FCC status.** Verify status as of September 2, 2026, to confirm eligibility for the 180-day delayed effective date.
- **Evaluate the onshoring pathway.** For companies considering U.S. manufacturing, assess onshoring plan submission promptly. Early, well-documented, commercially credible applicants are favored.
- **Stress-test drawback eligibility.** Confirm your supply chains meet the content threshold and AD/CVD requirements before relying on manufacturing drawback.
- **Review FTZ procedures.** Confirm privileged foreign status admission procedures are in place before the effective date.
- **Monitor Federal Register notices.** Commerce may add new components at any time by Federal Register notice — track these closely.

LOOKING AHEAD

Commerce must report on market conditions within 120 days of the Proclamation (approximately mid-December 2026) and will continue monitoring imports with authority to recommend further action. We expect implementing regulations, FTZ guidance, and detailed onshoring program mechanics in the coming weeks. The certification process for the reduced Qualifying Country rates is likely to be a near-term point of contention for importers and trade practitioners.

For questions about the new Section 232 UAS tariffs or their implications for your business, please contact Ryan Last, Daniel N. Anziska, or Peter E. Jeydel, or reach out to Troutman Pepper Locke’s Tariff + Trade Task Force, which brings together a multidisciplinary team uniquely positioned to assist companies navigating the evolving trade and national security landscape.

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