



Statement for the Record

Association for Uncrewed Vehicle Systems International (AUVSI)

United States Senate
Armed Services Committee
Full Committee

*“Department of Defense Responsibilities Related to Foreign Military Sales and International
Armaments Cooperation”*

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On behalf of the Association for Uncrewed Vehicle Systems International (AUVSI) and our members, thank you for holding this crucial hearing regarding the Department of Defense's (DoD) responsibilities in the Foreign Military Sales (FMS) and international armaments cooperation. AUVSI represents over 400 corporations and 8,000 professionals across more than 60 countries in industry, government, and academia. Our members are at the forefront of delivering innovative, interoperable, and secure uncrewed aerial systems (UAS, or drones), ground robotics, and maritime autonomous platforms that are essential to national defense and allied cooperation.

Our membership includes an expansive network of commercial and defense industry leaders and innovators who are committed to advancing uncrewed and autonomous systems that enhance U.S. national security, global leadership, and international partnerships. AUVSI plays a leading role in fostering an ecosystem that enables rapid technological advancements while maintaining security and interoperability. From policy development to industry partnerships, we are at the forefront of efforts to accelerate the deployment of uncrewed and autonomous systems and robotics into the hands of the warfighter and the broader national security ecosystem.

We are at a strategic inflection point. The global marketplace for drones and autonomous systems is evolving rapidly, with strategic competitors like the People's Republic of China (PRC) flooding the market with subsidized, unsecured technologies. The U.S. must modernize its export, procurement, and industrial base policies to ensure our allies have access to trusted systems while preserving American technological leadership. The Trump Administration's recent Executive Order, "*Reforming Foreign Defense Sales to Improve Speed and Accountability*," is an essential and welcome first step, but further action is needed to close critical policy gaps, improve U.S. industry competitiveness on the international market, and ensure allied cooperation and interoperability.¹

As this Committee considers ways to strengthen American competitiveness in emerging technologies while maintaining robust national security safeguards, it is critical to address how these frameworks are impacting one of the most strategically significant sectors: autonomous systems and robotics.

Reforming Foreign Military Sales (FMS) to Enable U.S. Industry Success

The UAS sector faces mounting challenges due to regulatory misalignment that conflicts with the United States' strategic priorities. While Congress and the administration have emphasized autonomous system co-development through the Fiscal Year 2024 (FY2024) National Defense Authorization Act (NDAA) and AUKUS Pillar II, the Directorate of Defense Trade Controls

¹ The White House. (2025, April 9). Reforming foreign defense sales to improve speed and accountability [Executive Order]. <https://www.whitehouse.gov/presidential-actions/2025/04/reforming-foreign-defense-sales-to-improve-speed-and-accountability/>

(DDTC) continues to exclude most UAS-related technical data from ITAR exemptions.² This disconnect undermines joint programs with close allies and delays progress on coalition capabilities that are critical to the Indo-Pacific and other contested regions.

Autonomous technologies—especially those with AI-driven software for navigation, sensing, and decision-making—often exist in a regulatory gray zone. While intended for commercial or dual-use applications, many of these systems are either designed for or easily adapted to support military operations. This dual-use nature introduces significant uncertainty for companies trying to determine whether their products are subject to the U.S. Munitions List (USML) or the Commerce Control List (CCL), a process that can delay or even derail export opportunities.

A key challenge lies in the classification of autonomy-enabling software. Software components—including source code—used for object recognition, sensor fusion, or autonomous navigation can be controlled under Export Administration Regulations (EAR) categories if they meet certain performance thresholds or are designed for systems that can be used for ISR or defense purposes.

Aligning regulatory frameworks with legislative intent is essential to advancing integrated deterrence and maintaining U.S. technological leadership. Operational collaboration also suffers from licensing delays, even for unclassified demonstrations aboard AUKUS partner platforms.³ These routine tests, which are central to validating distributed maritime operations and human-machine teaming concepts, are bogged down in red tape, sometimes requiring six months or more for approval. These delays stifle the very experimentation the DoD is trying to accelerate, eroding allied confidence in U.S. industry and impeding urgent capability integration. Streamlined exemptions for these activities would reduce friction, enhance interoperability, and demonstrate the U.S. commitment to delivering on alliance modernization.

In addition to regulatory friction, outdated international controls continue to hamper the export of vital unmanned systems. The Missile Technology Control Regime (MTCR) was designed for Cold War-era ballistic missiles and fails to account for today's modern drones. Its current thresholds—specifically, a range of 300 km and a payload of 500 kg—do not account for modern, attritable UAS designed for tactical operations. Subjecting these platforms to the same constraints as intercontinental systems disadvantages U.S. companies and has allowed non-MTCR competitors, such as the PRC and Turkey, to capture over 60% of the global UAS export market.⁴ The aforementioned Executive Order calls for a reevaluation of these restrictions in

² Covington & Burling LLP. (2024, August 20). DDTC publishes ITAR amendments to implement the AUKUS exemption. Government Contracts Legal Forum. <https://www.governmentcontractslegalforum.com/2024/08/articles/government-contracts/ddtc-publishes-itar-amendments-to-implement-the-aukus-exemption/>

³ Davis, S., & Shoebridge, M. (2024, March). Breaking the barriers: Reforming US export controls to realize the potential of AUKUS. United States Studies Centre. <https://www.usssc.edu.au/breaking-the-barriers-reforming-us-export-controls-to-realise-the-potential-of-aukus>

⁴ IntelliNews. (2024, January 19). Uzbekistan to acquire Anka combat drones from Turkey. <https://www.intellinews.com/uzbekistan-to-acquire-anka-combat-drones-from-turkey-364408/?source=turkey>

consultation with the Secretary of Commerce, and we urge Congress to take bold action to reform MTCR for today's technologies.

The current implementation of the AUKUS ITAR exemption includes an Excluded Technology List (ETL) that encompasses not only complete UAS platforms but also various components and subsystems. This broad exclusion goes beyond the statutory requirements outlined in the Arms Export Control Act (AECA) §2778, which primarily restricts complete systems exceeding specific thresholds.⁵ By narrowing the exclusions to only those mandated by statute, the U.S. would align its policies with allies like the United Kingdom, which employs a more targeted approach through its Open General License (OGEL) system.

Aligning ITAR exclusions with statutory requirements would facilitate more efficient collaboration with AUKUS partners on UAS development and sustainment. This alignment would reduce licensing delays and enable quicker joint development and deployment of UAS technologies, which is crucial for maintaining a competitive edge in the Indo-Pacific region. It would also enhance defense system interoperability among AUKUS nations, strengthening collective security.

These outdated parameters inadvertently restrict U.S. manufacturers from exporting such systems. Without reform, U.S. manufacturers will remain boxed out of critical markets, weakening both national security and the industrial base.⁶ Additionally, proposed “expedited” ITAR licensing reforms could backfire if poorly implemented, leading to returned-without-action (RWA) decisions and increased uncertainty for U.S. exporters.

The autonomous maritime domain presents a particularly acute challenge. Systems such as uncrewed surface or underwater vehicles—though commercially viable for port security, environmental monitoring, or subsea mapping—may be treated as defense articles under USML Category VI (surface vessels of war) or Category XIX (submersibles) based solely on their range, payload capacity, or modularity. This classification can subject even commercially focused companies to the full weight of ITAR oversight, including extensive licensing requirements and restrictions on technical data sharing.

AUVSI recommends the following actions to better address these gaps:

- **Clarify ITAR exemptions to include UAS-related technical data** aligned with FY2024 NDAA and AUKUS Pillar II priorities. This will enable co-development and accelerate integration of autonomous systems with key allies.

⁵ University of Arkansas. (n.d.). International Traffic in Arms Regulations (ITAR) compliance -- Interim policy. Research Integrity and Compliance. <https://rsic.uark.edu/exportcontrol/itar-compliance.php>

⁶ TRT Afrika. (2024, March 22). Türkiye leads global drone exports, surpassing US and China. <https://trtafrika.com/turkey/turkiye-leads-global-drone-exports-surpassing-us-and-china-18210556>

- **Exempt routine demonstrations and exercises with AUKUS partners from licensing requirements.** Reducing administrative burdens will speed up experimentation and operational validation of next-generation capabilities.
- **Update the MTCR thresholds to exclude attritable UAS to enable U.S. companies to compete more effectively in the global market.** This legislative change would open new avenues for exports, bolstering the domestic UAS industry's growth and innovation. Additionally, granting the State Department authority to waive certain restrictions for AUKUS partners would strengthen these alliances through enhanced technological collaboration.
- **Reform Export Licensing:**
 - The proposed expedited licensing process under ITAR §126.15 aims to streamline the approval of defense exports to AUKUS partners by setting review timelines of 30 days for government-to-government agreements and 45 days for other applications. However, without enforceable deadlines, there is a risk that applications exceeding these timeframes may be RWA, necessitating resubmissions and causing further delays. This inefficiency can hinder timely collaboration on critical defense projects.
 - Implementing a mandate that requires adjudication within the specified timelines, with automatic approvals if deadlines lapse, would enhance the predictability and efficiency of the licensing process. Such reforms would expedite the deployment of UAS technologies to allies, ensuring that joint operations and development initiatives proceed without unnecessary bureaucratic obstacles. This improvement is vital for maintaining the agility and responsiveness of the U.S. defense industrial base.
- **Fund FMS Digitalization:**
 - The April 2025 Executive Order on FMS Modernization emphasizes the need for digital tracking systems to enhance transparency and efficiency in FMS and Direct Commercial Sales (DCS).
 - The lack of real-time tracking contributes to delays in sustainment and cooperative development programs, affecting the readiness and interoperability of allied forces. Allocating resources to implement these digital systems would address these challenges.
 - Investing in FMS digitalization would streamline the export process, reducing turnaround times for UAS sustainment cases and improving support to allies. Enhanced transparency and accountability would foster greater trust among partners, encouraging more robust collaboration on defense initiatives. This modernization would reinforce the U.S. position as a reliable leader in the global defense industry.
- **Modernize Congressional Thresholds:**

- Updating these Cold War-era thresholds is essential to expedite the sale of modern defense technologies like UAS. Without reform, routine sales are subjected to outdated bureaucratic delays that reduce competitiveness against foreign providers. Raising the thresholds allows American firms to deliver urgently needed capabilities faster and more efficiently, supporting both economic and strategic interests.
- **Establish Clearer Classification Guidance for Dual-Use Autonomous Systems:**
 - Congress should direct the Department of Commerce and the Department of State to jointly issue updated guidance—through advisory opinions or FAQs—clarifying how autonomy-enabling software and maritime platforms are treated under the CCL and the USML. This guidance should explicitly address how range, payload, modularity, and software features affect classification, reducing ambiguity and accelerating time to market for U.S. manufacturers.
- **Create a Fast-Track Export Classification Request Process:**
 - The U.S. government should establish a streamlined Commodity Jurisdiction (CJ) and Commodity Classification (CCATS) request process for companies developing autonomous technologies. Given the rapid pace of innovation in AI and autonomy, this process should include clear timelines and a dedicated point of contact within DDTC for emerging and dual-use autonomy applicants.
- **Carve Out Commercial Maritime Exemptions:**
 - Congress should direct the State Department to work with industry and allies to define commercial-use exemptions for certain uncrewed surface and subsurface vehicles used exclusively for non-military purposes (e.g., port monitoring, subsea cable inspection, or climate data collection). This would enable commercial deployment without triggering full ITAR restrictions, provided the systems meet clearly defined non-weaponization criteria.
- **Modernize Export Controls for Autonomy-Enabling Software:**
 - Software used in object recognition, path planning, and sensor fusion should be reevaluated under EAR to ensure that controls are risk-based and not overly restrictive.

International Risk Assessment for the Uncrewed Industry

In the first four months of 2025, the U.S. drone industry has faced an escalating series of strategic and operational risks that have emphasized the need for immediate action. These risks are rooted in a dependency on PRC supply chains, geopolitical and economic uncertainty, and regulatory bottlenecks. Combined, these risks directly impact the efficacy and viability of the U.S. domestic drone industry and the future of innovation and autonomy across sectors.

On April 4, 2025, The People’s Republic of China’s Ministry of Commerce imposed export restrictions on seven rare earth elements (REEs) and magnets used in the defense, energy, and

automotive sectors, in response to U.S. tariff increases on Chinese products.⁷ These restrictions, applied to 7 of the 17 REEs in which the PRC leads in manufacturing and processing, increased the timeline and burden on U.S. defense companies relying on these components, resulting in higher costs and supply chain bottlenecks. Days later, the PRC government added several U.S. drone and defense firms—seven of which are AUVSI member companies—to its “Unreliable Entity List,” effectively banning each company from trading with PRC.⁸ Industry-leading drone manufacturers experienced immediate disruptions to their supply chain and access to Chinese-made drone components such as batteries, motors, sensors, and control systems.

When Dongguan Poweramp Technology Ltd. cut off battery shipments to a leading U.S. drone manufacturer following Chinese sanctions on the company in late 2024, the company was forced to ration batteries and delay product rollouts.⁹ The PRC’s grip on key drone technologies remains a structural weakness for the U.S. defense industry. LIDAR systems, motors for sUAS, and lithium-based power solutions continue to be dominated by Chinese firms. This monopolistic exposure gives Beijing significant coercive leverage over both U.S. commercial and defense drone sectors. The U.S. drone industry recognizes these risks and the urgent need for the DoD to help secure the sUAS supply chain to prevent additional market disruptions.

To effectively counter U.S. adversaries’ stranglehold on our industry’s ability to innovate at scale and provide critical technologies to the warfighter, we recommend Congress support:

- **Funding Supply Chain Investments through the Office of Strategic Capital (OSC)**
 - The DoD’s Office of Strategic Capital (OSC) should formally recognize drones and their components as a priority investment area. This designation would unlock funding to scale domestic manufacturing and reduce dependency on Chinese suppliers, directly addressing national security risks.
 - The OSC should accelerate investment in drone-related supply chain technologies not typically covered under direct procurement. This will catalyze innovation, strengthen industrial resilience, and help neutralize market distortions created by subsidized PRC competitors.
- **Leveraging Defense Production Act (DPA) and Small Business Administration (SBA) Tools to Support Drone Startups**
 - To rapidly strengthen the domestic drone industrial base, the Administration should activate Title III authorities of the DPA, allowing for targeted investments,

⁷ Fisher, M. (2024, April 9). *The consequences of China’s new rare earths export restrictions*. Center for Strategic and International Studies. <https://www.csis.org/analysis/consequences-chinas-new-rare-earths-export-restrictions>

⁸ Wall Street Journal. (2025, March 4). *China adds 15 American companies to export control list*. <https://www.wsj.com/livecoverage/trump-tariffs-canada-mexico-china-stock-market-today-03-04-2025/card/china-adds-15-american-companies-to-export-control-list-zkD7dJ4hjQOCJSYdBT9h>

⁹ RegTech Times. (2024, October 11). *Skydio faces supply chain crisis as China imposes new sanctions*. <https://regtechtimes.com/skydio-faces-supply-chain-crisis-as-china-impose/>

loans, and purchase commitments to expand critical manufacturing capacity and secure supply chains vital to national defense.

- The OSC should partner with the SBA to offer loan guarantees and growth capital to drone-focused startups. This joint strategy would mitigate venture capital shortfalls and help promising U.S. companies scale in the face of foreign undercutting.
- **Investing in the U.S. Critical Mineral Supply Chain**
 - The DoD should use funds from the Industrial Base Analysis and Sustainment (IBAS) program and authorities in the DPA to onshore rare earth metallization and magnet manufacturing. Immediate investment would ensure the U.S. is not 100% dependent on the PRC for critical capabilities a year from now.
- **Coordinating with Allies on Global Supply Chain Resilience**
 - The U.S. should lead multilateral efforts to diversify sourcing of drone components and critical materials through partnerships with trusted nations. This collaboration will improve redundancy, lower costs, and make the entire industrial base less vulnerable to geopolitical shocks.

The Strategic Importance of the Uncrewed Industry

Uncrewed and autonomous systems are transforming modern warfare and will be central to U.S. deterrence, power projection, and allied interoperability for decades to come. From high-end maritime and aerial platforms to autonomous logistics vehicles and ISR systems, these technologies are force multipliers—reducing risk to personnel, expanding operational reach, and enabling real-time decision advantage. Yet despite their strategic relevance, U.S. allies continue to face serious challenges acquiring American-made uncrewed systems due to FMS delays, misaligned export controls, and burdensome licensing regimes that limit the co-development and sustainment of these capabilities.

Recent conflicts underscore the impact of autonomous systems across all domains. In Ukraine, autonomous ISR and strike platforms have enabled real-time targeting and standoff precision against a technologically superior adversary. In the Indo-Pacific, autonomy-enabled platforms are foundational to emerging concepts like distributed maritime operations and human-machine teaming. However, under current FMS and ITAR implementation, even unclassified demonstrations of U.S. systems aboard allied platforms require months of licensing and review—undercutting the integration needed to project joint capability forward. This gap not only weakens U.S. credibility as a security partner but opens space for adversaries like the PRC to expand their defense exports and influence.

DoD has begun to accelerate its acquisition and development of uncrewed and autonomous system capabilities, but these efforts will not succeed in isolation. The United States must ensure its allies can access, co-develop, and sustain interoperable autonomous systems—especially

under initiatives like AUKUS Pillar II and the National Technology and Industrial Base (NTIB).¹⁰ Without targeted FMS reform and updates to legacy regimes like the MTCR, the U.S. risks ceding technological and strategic ground to competitors. Congress has a vital opportunity to align export policy with operational need, enabling the United States and its allies to deploy and scale autonomous systems at the speed required by today's threats.

We recommend the following:

- Prioritize FMS cases involving uncrewed and autonomous systems, with streamlined adjudication processes and interagency coordination to accelerate delivery timelines.
- Update MTCR and ITAR implementation to reflect modern autonomous capabilities—excluding attritable platforms and enabling partner access to co-development data and sustainment tools.
- Expand funding and policy support for allied integration and joint development of uncrewed systems under AUKUS Pillar II and NTIB partnerships.

CONCLUSION

AUVSI fully supports the Committee's oversight of the FMS system and its broader role in ensuring that American-made uncrewed systems reach our allies at the speed of relevance. The U.S. cannot afford to cede leadership in a sector that underpins modern deterrence, intelligence, and tactical advantage. Timely reforms to export controls, FMS procedures, and industrial base policy will help close gaps exploited by strategic competitors and strengthen allied interoperability.

We urge Congress to provide the necessary authorities and policy frameworks to sustain the momentum of this industry by enabling U.S. industry to better serve our international allies. AUVSI looks forward to continuing its work with this Committee, the Department of Defense, and industry partners to ensure the United States maintains its leadership in the uncrewed system, robotics, and autonomous technological development.

¹⁰ Sanders, G., Hunter, A. P., McCormick, R., Mooney, S., & Herschlag, D. (2018). National Technology and Industrial Base Integration: How to Overcome Barriers and Capitalize on Cooperation. Center for Strategic and International Studies (CSIS). Retrieved from <https://www.csis.org/analysis/national-technology-and-industrial-base-integration>