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Managing Supply Chain Disruption in Light of Categorical Bans on Foreign-Produced Electronic Equipment

Client Alerts

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Key Takeaways

- **Restrictions now follow products, not just companies.** The FCC's Covered List increasingly turns on where a product or class of products is produced, so US companies that manufacture abroad can be caught.
- **Exposure runs through components and sector-wide orders.** A listed component, software layer, or equipment category can reach a company whose finished product is not itself listed.
- **Customs expectations are rising.** CBP is exploring new foreign export documentation and tracing requirements, and the Department of Justice (DOJ) has increased enforcement on forced labor, duty evasion, and transshipment.
- **Point-in-time compliance is not enough.** Contracts, disclosures, and supplier monitoring need to keep pace with rules that change quickly.

Background

For years, national security restrictions on supply chains mostly named specific companies. The Federal Communications Commission's (FCC) Covered List, created under the Secure and Trusted Communications Networks Act, started as a list of video surveillance and telecommunications equipment and services from Chinese and Russian companies that had been determined to pose an unacceptable risk to the security of the United States or US persons. Products on the FCC's Covered List are prohibited from receiving FCC equipment authorization, meaning they cannot be imported, marketed, or sold in the United States except in limited circumstances. Companies seeking to manage supply chain risk could largely do so by screening vendors against it.

That model has shifted. In December 2025, the FCC announced the addition to the Covered List of the entire category of foreign-produced unmanned aircraft systems (UAS), e.g., drones, and UAS critical components, with only limited exceptions, based on a national security determination from

an executive branch interagency body comprising agencies with national security expertise. In March 2026, the FCC announced a national security determination that required the addition to the Covered List of foreign-produced consumer routers, and in July 2026, announced the addition of foreign-produced power inverters and advanced robotics devices. As with the drones listing, each of these applies to an entire product category rather than to specific products, or specific uses of certain products, from named companies. In each case, the listing extends to any product in that category that is "foreign produced," where "production" includes manufacturing, assembly, design, and development. As a result, US companies with overseas operations or supply chain providers, and whose products include or incorporate the listed product categories face potential exposure. Parallel executive actions under emergency powers and in customs enforcement add to the pressure. On October 28, 2026, Martin Glass, Madeleine Findley, and Rachel Alpert hosted a webinar on how companies can respond.

What Has Changed

FCC Covered List. Following the additions of foreign-produced UAS and UAS critical components on December 22, 2025, and foreign-produced consumer routers on March 23, 2026, the FCC added foreign-produced power inverters and advanced robotics devices to the Covered List on July 28, 2026. New products cannot obtain the authorization needed to reach the US market. Previously authorized devices retain authorization, at least for a period of time, and certain, limited software and firmware updates for covered equipment are permitted through at least January 1, 2029. The FCC has encouraged entities producing covered products to apply for conditional approval through a process managed by the Department of War or Department of Homeland Security. The application requires extensive disclosures regarding corporate ownership and investors, supply chain, product components, and sourcing, as well as the submission of a detailed, time-bound plan for moving production to the United States. The executive agency review process is nonpublic. Conditional approvals are being granted on a rolling basis, and are announced by the FCC, most recently on November 6, 2026. Conditional approvals for routers carry termination dates, typically 18 months from approval, while approvals for other product categories currently remain effective so long as the approved entity abides by the onshoring plan it submitted in its application unless superseded.

Executive Order 14421. President Trump signed Executive Order 14421, *Declaring a National Emergency to Secure the United States Bulk-Power System*, on August 26, 2026 (Order). The Order authorizes the Department of Energy (DOE) to prohibit or condition certain transactions involving foreign-produced bulk-power system equipment. DOE may also impose conditions on equipment acquired or installed even before August 26, 2026. For companies in the power sector and their lenders and investors, this puts existing contracts and installed equipment in play.

CBP. In response to a separate executive order, Customs and Border Protection (CBP) issued an advance notice of proposed rulemaking on September 2, 2026, seeking additional information that may lead to new rules covering foreign export documentation requirements, party identification requirements, supply chain tracing technology, and Customs Trade Partnership Against Terrorism

requirements. Comments are due on December 1, 2026. There is also an increase in CBP-related enforcement actions from DOJ due to the joint DOJ, CBP, and Homeland Security Investigations Trade Fraud Task Force announced in July 2026.

Export and Outbound. Export control and outbound investment enforcement are also growing. Effective compliance systems are the best mechanism for limiting exposure. In the event of a potential violation, voluntary self-disclosure and cooperation can help.

Why This Matters for You

Supply chain risk can arrive through the FCC Covered List, a sector-wide executive order, or an enforcement action at the border, and a company can be caught even when its own products are not listed. DOE's implementing rules under the Order are due within 120 days of August 26, 2026, on or about December 24, 2026, and will signal which equipment and entities DOE intends to target. In preparation, we recommend that companies take these steps.

Monitor regulatory developments. Ensure supply chain and risk teams monitor these sources of potential exposure and share updated risks with decision makers.

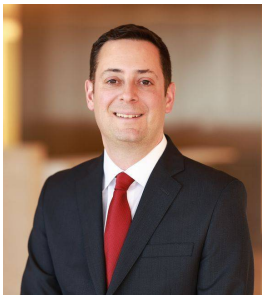
Update contracts and diligence. Revisit supplier representations, indemnities, and change-in-law rights, and build supply chain provenance into merger and acquisition diligence.

Review disclosures. Public companies should consider risk factor, management discussion and analysis, and Form 8-K implications when a key supplier or component is affected.

Adopt a repeatable process. Map suppliers and provenance across tiers; assess exposure under FCC, customs, sanctions, and export regimes; remediate; and monitor continuously, with accountability integrated into the compliance structure.

You can watch the full webinar recording. For questions about your company's exposure or its regulatory and contractual risks, please contact Martin Glass, Madeleine Findley, or Rachel Alpert.

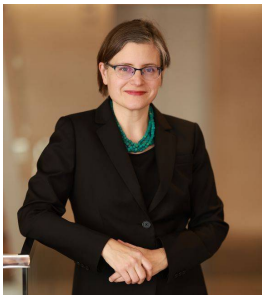
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