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April 15, 2026

Ambassador Jamieson Greer
United States Trade Representative
Office of the United States Trade Representative
600 17th Street NW
Washington, DC 20508

Re: USTR Request for Comments on Section 301 Investigations of Acts, Policies and Practices of Certain Economies Relating to Structural Excess Capacity and Production in Manufacturing Sectors
Docket No. USTR-2026-0067

Dear Ambassador Greer,

In response to the Federal Register notice and request for comments published by the United States Trade Representative (USTR) on March 11, The Toy Association (TA) welcomes the opportunity to provide comments on the Section 301 Investigations on Acts, Policies and Practices of Certain Economies Relating to Structural Excess Capacity and Production in Manufacturing Sectors.

For more than a century, The Toy Association has been the driving force behind the growth, health, and innovation of the toy industry. Established in 1916, the Association today represents more than 800 companies in North America whose products and services power a \$42 billion U.S. toy market and contribute to an estimated \$155.7 billion in annual U.S. economic impact. The toy industry not only contributes significantly to the U.S. economy but also serves as a cornerstone of American society, supporting children's healthy development, strengthening families, creating jobs, supporting entrepreneurs and small business, and driving the nation's creative economy. Furthermore, toy safety is the top priority, and the toy industry has been a global leader in advocating for and advancing toy safety laws, regulations, and standards for decades. To continue delivering safe and reliable toys and providing benefits to children's education and development, the toy industry must continue to rely on high-quality, exceptionally secure, and affordable manufacturing that will allow for American Families to have access to toys as integral developmental tools in their children's lives.

We respectfully submit these comments to illustrate that the toy industry is not impacted by structural excess capacity or production in relation to the countries where we manufacture. Toy manufacturing in these countries is driven by our safety requirements as an industry, long-term, established relationships, and supply chains which we have developed over the years. Accordingly, any measures as the result of this investigation in the form of tariffs would unfairly burden the toy industry and would not adequately reflect the realities of our business.

We encourage the Administration to take this distinction into account when evaluating the potential impact of the proposed actions on the toy industry, and to continue the Administration's commitment to sustaining constructive economic dialogue with our trading partners, particularly in those low-risk countries where ongoing engagement fosters transparency, predictability, and mutual economic benefit.

Introduction:

The United States is the world's largest toy market and a global leader in innovation, reinforcing the industry's critical role in driving product development and creativity worldwide. Historically toys have not been subject to tariffs and for the reasons outlined throughout this submission, the U.S. toy industry should continue to be tariff-free. The toy industry is a vital contributor to the U.S. economy, driven by small- and medium-sized businesses, with most high-value functions—such as design, innovation, marketing, and management—remaining based in the United States, while manufacturing generally happens abroad. The toy industry does not face industrial overcapacity and imposing tariffs on toys would raise costs for families, reduce access to safe and affordable toys, and risk increasing the presence of unsafe, counterfeit products. To the extent that USTR considers tariffs based on this Section 301 investigation, we strongly urge the exclusion of toys.

I. The Toy Industry Is Committed to Child Safety While Actively Supporting Efforts to Diversify the Toy Manufacturing Supply Chain:

The toy industry's top priority is the safety and well-being of children, and the safety of our products is essential to upholding consumers' trust and expectation. With children and families as our core customers, high safety and quality standards are not optional; they are essential. The industry is among the most heavily regulated and operates under rigorous safety standards. This commitment to safety places the industry in a unique position, requiring advanced technological expertise and manufacturing capacity. Our products must meet all relevant national and international standards in addition to our member companies' own safety and quality standards, which are often more demanding.

- **Toy Manufacturers' Top Priority Is Child Safety, And the Industry Is Committed to Producing Safe, High-Quality Toys for American Consumers:** The toy industry has made significant investments in developing a safety infrastructure over many decades, including when the 2008 Consumer Product Safety Improvement Act (CPSIA) strengthened federal requirements. Toys must be evaluated by independent accredited third-party or insulated labs and certified by US manufacturers or importers of record as compliant with stringent federal toy safety standards. Beyond U.S. regulations, U.S. companies also follow international standards and often apply internal requirements that exceed government-established benchmarks.
- **The Toy Industry Remains Committed to Diversifying Operations While Upholding Toy Safety:** As a sector, we uphold the highest standards and have made substantial investments to consistently meet these requirements. Our members' dedication to safety and accessible U.S. designed products for American families and children distinguishes the toy industry, compared to other sectors. Toy manufacturing is both complex and labor-intensive, requiring specialized expertise, experience, and strict adherence to safety and production procedures. At the same time, toys are low-cost consumer goods, so offshoring production plays a key role in maintaining high quality while keeping prices affordable for American households. As such, for over more than 40 years the U.S. toy industry has worked to develop our supply chain primarily in China, including a world class infrastructure with the expertise and ability to produce excellent, secure, durable, and compliant toys, while allowing them to remain accessible to American children. To date, approximately 76% of all toys sold in the United States come from China, where toy suppliers are qualified and trained to meet strict U.S. product safety rules for use by American children.
- **The Toy Industry's Efforts To Diversify Manufacturing While Ensuring The Continued Production Of High-Quality, Safe Products:** Developing comparable capabilities in the United States and countries such as Mexico, Vietnam, India, Indonesia, Thailand and Malaysia has required additional extensive investment and has taken toy industry years to develop while China remains a relevant pillar for toy manufacturing given their

expertise and high-developed local supply chain. A prerequisite to shifting supply chains for toys is finding and developing a suitable workforce that can uphold our rigorous toy safety and quality standards.

The toy industry has made significant strides to diversify its supply chain, with Mexico emerging as a key partner under the United States-Mexico-Canada Agreement (USMCA) and the predictable, consistent, and open trade conditions it provides. USMCA has enabled efficient, highly integrated U.S.–Mexico operations for designing, sourcing, testing, and distributing safe, high-quality toys, strengthening competitiveness, efficiency, and resilience within a rules-based framework, while helping to reduce reliance on China. Beyond Mexico, the industry has also expanded manufacturing capacity in Vietnam, India, Indonesia, Thailand and Malaysia, further supporting diversification and de-risking, with no structural overcapacity concerns in these markets.

- **The Toy Industry’s Contributions to Advancing U.S. Manufacturing, With A Focus on Reshoring Automated Toy Manufacturing and Promoting Economic Prosperity Across the U.S.:** Even with the challenges in finding specialized production capacity as an industry, we have remained committed to diversifying our supply chain, including in the United States where feasible. Since President Trump’s first term, the toy industry has continued to diversify from China, reducing U.S. imports from 87% in 2017, to our current level of 76% (as of 2026), with a continued commitment to further reducing this amount over time. Furthermore, Toy Association members have committed to reshoring automated toy production with over \$1 billion investment by multiple companies to expand U.S. toy manufacturing efforts across states like Ohio, Pennsylvania, Florida, Virginia, and Texas, adding to the existing toy manufacturing base in the United States.

II. The Toy Industry Is Not Impacted by Structural Excess Capacity or Manufacturing Surpluses Across the Economies in Which It Operates Due to Its Demanding Quality Requirements and Continuously Refreshing and Seasonally Changing Product Lines:

The toy supply chain outside of the US has been developed over decades to meet strict toy safety standards for the American market. The challenge of shifting supply chains requires a suitable, established workforce, supply chains for materials and parts, low labor rates, and most importantly, the capacity to uphold rigorous toy safety and quality standards. Given the stringent unique U.S. Toy Safety Requirements, we are not a market where there is structural overcapacity since generic toys which are not specifically designed and produced to meet stringent U.S. requirements cannot legally be imported and sold in U.S. commerce. Therefore, overcapacity issues within our sector are less likely to exist compared to other consumer products.

Additionally, while subject to stringent design and safety requirements unique to the U.S., toys do not use advanced manufacturing techniques for production. The production cycle in our industry is seasonal and fast-paced, which does not lend itself to market oversupply or to continuous, high-volume production that could flood the market with inputs from China or other U.S. competitors.

It is also important to note that roughly 50 percent or more of the toy industry’s product portfolio is refreshed each year. By the time a toy is manufactured and reaches the market, the industry has often already moved on to design the next wave of products, making it impractical to oversupply items that quickly go out of style or fall out of demand.

- **Because The Toy Industry Does Not Experience Structural Excess Capacity, The Acts, Policies, And Practices Identified Under Section 301 Of the Trade Act Do Not Warrant Tariff or Non-Tariff Measures.** From the toy industry’s perspective, the practices under review do not warrant action under Section 301(b), as our sector is not impacted by structural excess capacity and has instead focused on sustaining operations in a challenging environment with supply chain disruptions, job losses, affordability concerns, and tariffs. Despite the

challenges, toymakers have remained resilient by prioritizing innovation, diversifying products, expanding distribution channels, and optimizing supply chains.

This uncertain commercial landscape though, has affected our larger brands but has been even more detrimental to our small- and medium-sized members, who represent 96% of our membership. All our members have faced these challenges and remained sustainable, in part by continuing to produce high-quality safe products at affordable prices. Increasing tariffs on toys resulting from this Section 301 investigation would impact toy companies, potentially leading to workforce reductions, reduced production and adverse effects on supply chains and market access.

- **Imposing Tariffs on Toys Due To Perceived Manufacturing Excess Capacity Would Disadvantage U.S. Producers and Harm Consumers.** Limiting the U.S. toy industry's ability to access rigorous and premium manufacturing for our products will create a competitive advantage for Chinese and other foreign competitors. Importantly, although manufacturing of our products typically occurs outside of the U.S., the key operations and corresponding expertise and jobs - including those relating to product design and innovation, marketing, management, and others – remain within the U.S.

Tariff increases impact not just products produced abroad-but these U.S. operations as well, leading to job losses, reduced production, and diminished access to affordable, durable, and safe toys for American consumers. In effect, consumers might turn to lower-cost, potentially unsafe alternatives, including counterfeit products, undermining decades of national and international safety standards and regulations, and U.S.-led innovation. Tariffs that make legitimate products unaffordable in a sector not affected by overcapacity would also inadvertently bolster the counterfeit market, compromising consumer safety and industry standards.

- **Global manufacturing allows the toy industry to meet U.S. consumer demand efficiently and should not be subject to tariffs or non-tariff barriers.** We recognize the Administration's aim to 'level the playing field' and ensure the United States remains a global commercial and manufacturing leader; and we understand the commercial concerns relating to Chinese and U.S. competitor activities that could flood the market. However, the U.S. toy industry and marketplace are regulated by strict safety standards and compliance requirements, making it difficult to flood the market with compliant, low-cost, high-quality products.

Part of the value of toys is precisely their affordability and accessibility in all segments of society. Tariff-related cost increases could limit availability, especially for underserved communities, and may shift demand toward lower-priced, non-compliant imports, often reaching consumers directly from third countries via e-commerce platforms. Such scenarios are already playing out, and responsible e-commerce platforms are working to identify and remove unsafe products and cooperate with our industry, but risks remain that some non-compliant toys may still reach consumers, potentially placing the health and safety of children at risk. Compounding the issue, foreign counterfeit producers gain an unfair competitive advantage by copying products (which may or may not comply with safety standards), then undervaluing them for Customs to reduce tariff obligations, and often avoiding U.S. income taxes on their profits while legitimate companies fully comply with these requirements.

Further, while consumers increasingly prioritize affordability, and retailers work to maintain low prices and quality, including offering discounted off-season or outdated inventory to support underserved and budget-conscious families, tariffs from this Section 301 investigation could limit these options, reducing access to low-cost toys and potentially leading families to forgo purchases, which may decrease children's accessibility to the developmental benefits of play.

III. The Toy Industry Is not a Strategic Manufacturing Sector, Does not Utilize Advanced Technology or Pose National Security Concerns, and Should not be subject to additional Tariffs under Section 301:

We support the Administration's strategic agenda to build more competitive and resilient supply chains in the United States to advance economic growth, independence, and national security. However, the toy industry is a low-technology, low-complexity, and low-priority sector. Accordingly, it is not a strategic manufacturing industry, as toy production relies on relatively simple manufacturing processes that do not depend on advanced technologies or critical inputs associated with national security or strategic industrial capacity.

Our key considerations and recommendations to USTR's specific inquiries in this Section 301 investigation focus primarily on China, Mexico, Vietnam, India, Indonesia, Thailand, and Malaysia, where our commercial presence and operational exposure are more significant. In other countries under review, our activities and reliance on those markets are less impactful.

Key Considerations:

- Imposing tariffs on toys in response to overcapacity concerns that do not exist in the toy industry would put American toy manufacturers at a disadvantage in the global toy market and fail to meet the administration's goal to reduce foreign production. Manufacturers in China, Mexico, India, Vietnam, Indonesia, Thailand, and Malaysia would continue to leverage their established expertise to produce high-quality, affordable toys and overtake global supply, while U.S. toy makers, small-and medium-sized businesses would face limited options to manufacture competitively. In turn, this would weaken the U.S. toy industry and risk undermining the nation's broader creative economy.
- Additional tariffs would harm American families and children by driving up prices and limiting access to affordable, high-quality toys; and resulting shifts away from long-established, trusted suppliers would raise safety concerns, as these suppliers have worked with U.S. toy companies for decades to ensure compliance with rigorous U.S. toy safety standards.
- Imposing tariffs on the U.S. toy sector that has already faced significant challenges in recent years would not stop China and other competitors from continuing to produce toys; instead, it would further restrict sourcing access for American toymakers. The U.S. toy industry is not currently facing an overcapacity issue and remains dependent on manufacturing capabilities in China, Mexico, Vietnam, India, Indonesia, Thailand, and Malaysia as reliable sources for importing complaint toys and games.
- In the case of Mexico, the USMCA delivers the certainty needed to invest, innovate, and grow within North America. It ensures that children and families in the United States can continue to benefit from a diverse array of safe, high-quality, and educational toys — strengthening not just trade relationships but also shared prosperity and trust across the region.
- In China, toys are among the few sectors with eliminated trade barriers, including the removal of tariffs as part of its WTO accession commitments, making a strong case for reciprocal treatment by exempting toys from any additional U.S. tariffs; moreover, while the U.S. toy industry is not significantly impacted by Chinese overcapacity, it does face serious intellectual property challenges such as counterfeit and knock off toys produced in China and sold at lower prices by online sellers. New tariffs could exacerbate the problem by pushing legitimate manufacturing out of China and increasing knockoff products in the U.S. market, ultimately harming both American toy companies and consumers.

- The toy industry is focused on providing products that support children’s development and well-being and deliver the benefits of play¹ to American families. While not a primary economic driver, it plays a meaningful societal role, including through philanthropic efforts such as The Toy Foundation². Because toys contribute to healthy child development and are not linked to national security or strategic industrial capacity, the industry falls outside the scope of goods typically subject to tariff measures aimed at strategic sectors. Accordingly, excess global manufacturing capacity does not have a material impact on the industry in a way that would justify tariff intervention.

Recommendations:

- Toys and play bring joy, learning, and lasting memories to families and children; they are a hallmark of American tradition, and most well-known and innovative toy brands are American. There is broad expert consensus on the developmental benefits of play. The TA’s [Genius of Play](#) platform highlights the importance of play for the intellectual, emotional, physical, and social development of children. Because of play’s critical and direct link to a healthy and happy childhood development, toys have historically been tariff-free. We respectfully urge USTR to keep toys tariff-free and not impose Section 301 tariffs for excess capacity, as this is not an issue for the US toy industry and should remain this way³.

- The toy industry produces superior child-safe toys using manufacturing operations that meet stringent national and international standards and should remain tariff free to ensure affordability for America families. The recent decision to exempt bicycles and e-bikes from Section 232 tariffs following sustained industry advocacy highlights the recognition that certain consumer goods carry important developmental and societal benefits. Bicycles are widely viewed as instrumental to children’s physical development, supporting health, coordination, and outdoor activity. Similarly, toys and games play a critical role in child development through play, which experts consistently recognize as essential for cognitive, social, and emotional growth. Given these parallels, toys should likewise be considered a non-strategic consumer good that supports child development and should not be subject to tariffs.

- The United States, through USTR, should continue to engage and negotiate with trading partners—particularly China and Mexico—by promoting clear trade rules, streamlined customs procedures, and regulatory alignment that enable toy manufacturers, importers, and retailers to operate more effectively in the United States and abroad, while advancing the Administration’s goals of leveling the playing field, ensuring market access for American products, strengthening commercial relationships, and holding partners accountable to their trade commitments.

- We strongly encourage that USTR negotiations ensure that China remains committed to removing all barriers to trade in toys, including mutual agreement to restore toys’ tariff-free status. This would highly benefit toy manufacturers in the United States, creating additional U.S. jobs for design, development and other key operations roles, and allowing for American families to access robust and dependable toys. We also encourage continued engagement with China to identify and advance trade in non-sensitive goods that support mutual economic benefit, consistent with the direction USTR has been pursuing.

¹ <https://thegeniusofplay.org/>

² <https://toyfoundation.org/>

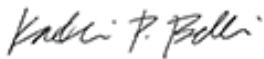
³ The 1994 Uruguay Round of the GATT established a “zero-for-zero” framework under which participating countries eliminated tariffs on toys, a concept subsequently embraced by the global toy industry and reflected at the WTO.

- We encourage the Administration to continue to carefully distinguish between strategic and non-strategic areas of trade as this will help toy manufactures to remain competitive while operating outside of the national security related areas that concern the administration.⁴
- As the Administration continues to encourage industries to diversify supply chains and bolster reliance on US and North American business, it is increasingly important that existing trade agreements, such as USMCA, continue in force and that all participating countries fully comply with their commitments under agreement.

Conclusion:

For the reasons set forth above, we respectfully request that toys and games not be subject to tariffs under Section 301. Even if the Administration identifies concerns related to capacity, trade distortions, or unfair practices in other sectors or products, these should be addressed through targeted sector-specific remedies rather than broad tariff measures that would inadvertently harm unrelated industries such as toys. Consequently, **we respectfully request that USTR make an accommodation for toys and games** classified under HTS Chapter 95 and Chapter 34 **from any tariff or non-tariff remedies** adopted pursuant to this investigation, based on the absence of structural excess capacity, the sector's non-strategic nature, and the disproportionate consumer and safety impacts that would result.

Sincerely,



Kathrin Belliveau
Chief Policy Officer

About The Toy Association:

Founded in 1916, The Toy Association™, Inc. is the business trade association representing all businesses involved in creating and delivering toys and youth entertainment products for kids of all ages. The Toy Association leads the health and growth of the U.S. toy industry, which has an annual U.S. economic impact of \$155.7 billion, and its roughly 900 members drive the annual \$42 billion U.S. domestic toy market. The Toy Association serves as the industry's voice on the developmental benefits of play and promotes play's positive impact on childhood development. The organization has a long history of leadership in toy safety, having helped develop the first comprehensive toy safety standard more than 40 years ago, and remains committed to working with medical experts, governments, consumers, and the industry on ongoing programs to ensure safe and fun play.

As a global leader, The Toy Association produces the world-renowned Toy Fair™ in New York City; hosts marketplace activities at The Toy Building in Los Angeles; engages in state, federal, and international advocacy on behalf of its members; supports the inventor and design community through People of Play™ and its numerous assets and events, including the consumer-facing Chicago Toy & Game Fair; sustains the Canadian Toy Association; acts as secretariat for the International Council of Toy Industries and International Toy Industry CEO Roundtable; and chairs the committee that reviews and revises America's widely emulated ASTM F963 toy safety standard. The Toy Association's philanthropic arm is The Toy Foundation™, a 501 (c)(3) children's charity that acts as the uniting force for the collective philanthropy of the toy industry. To date, The Toy Foundation has delivered the joy of play to 33 million children in need worldwide.

⁴ We appreciate and support USTR's longstanding commitment to removing technical barrier to trade within the global toy industry, as was most recently noted in the USTR 2025 *Trade Enforcement Priorities Report*.