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April 13, 2026

Lisa Barton
Secretary to the Commission
US International Trade Commission
500 E Street SW
Washington, DC 20436

Re: Effects on the U.S. Economy of Revoking China's Permanent Normal Trade Relations Status Investigation No. 332-609:

Dear Secretary Barton,

The Toy Association (TA) welcomes the opportunity to respond to the U.S. International Trade Commission's Federal Register Notice of Investigation into the Effects on the U.S. Economy Revoking China's Permanent Normal Trade Relations Status.

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 **900 companies**, including manufacturers, designers, engineering, inventors, product quality and safety compliance Assessment laboratories and distributors, 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. Compared to other regions, the U.S. toy market stands out for its scale, maturity, and strong consumer demand, while many other markets are either more fragmented, more price-sensitive, or still in earlier stages of growth

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, creativity, and learning, strengthening families, creating jobs, supporting entrepreneurs and small business, and driving the nation's creative economy. The safety of toys and the children who play with them 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 to American children and families, toymakers need to be able to produce toys at the highest quality while remaining affordable for American families. To accomplish that, because toy manufacturing is labor intensive and cannot easily be automated, the toy industry relies on a network of highly specialized suppliers developed over decades, including, in particular, China, which remains a key supply chain partner despite ongoing efforts to diversify manufacturing sourcing.

We respectfully submit these comments to highlight the severe impacts that revoking China's PNTR will have on the toy industry. Without PNTR, Column 2 tariffs which vary by sector will come into play and for the toy industry, Column 2 was part of HTS codes adopted by Congress in 1989 and are 70%. Revoking China's PNTR would impose undue burdens on the toy industry and impact American families, limiting their access to safe, reliable toys, likely forcing them to consider lower cost alternatives, including

counterfeit toys, which may not meet the same stringent safety standards and could place children at risk.

- **Toy manufacturers are committed to producing safe, high-quality toys for American consumers:** The toy industry is a heavily regulated sector where product safety and quality are essential to maintaining consumer trust, supported by strict U.S. and international requirements. In the United States, all toys must comply with federal safety standards enforced by the Consumer Product Safety Commission (CPSC), including rigorous testing, certification, and oversight by accredited third-party laboratories to ensure products are safe and age appropriate. To meet these obligations, manufacturers have invested significantly in advanced safety and compliance systems, infrastructure, and specialized expertise developed over time, with much of the industry's most effective manufacturing and technical capability currently concentrated in China. In addition to U.S. regulations, companies also adhere to international safety guidelines and often apply even stricter internal standards to ensure the highest levels of product safety and quality across all markets.

- **The toy industry is actively working to diversify manufacturing beyond China and to advance nearshoring** The toy industry is complex and labor-intensive, requiring specialized expertise, strict production processes, and strong safety compliance, while also needing to keep products affordable as low-cost consumer goods for families. Over decades, the U.S. industry has built an extensive global supply chain—most notably in China—to meet these demands at scale, leveraging China's large manufacturing capacity, developed infrastructure, and trained suppliers capable of consistently meeting strict U.S. safety standards. This system enables efficient, high-volume production of high-quality, durable, and safe toys, while maintaining affordability for American households. As a result of this long-established manufacturing ecosystem, a significant percentage of all toys (see below) sold by in the United States are sourced from China, where suppliers are trained to meet strict U.S. product safety standards.

China remains a critical pillar of toy manufacturing, including for American brands, due to its deeply established capabilities and advanced local supply chain. Replicating this ecosystem in the U.S. or other countries requires significant investment and time. A key challenge in shifting supply chains is identifying and developing a skilled workforce capable of meeting the industry's rigorous safety and quality standards, an effort that is ongoing, while China continues to maintain advanced capabilities in this area. The strict safety rules for toys also require appropriate raw materials which need to be available close to manufacturing sites. The available supply chain of such materials in China is crucial for the toy sector to ensure the safety of our products while keeping toys affordable.

Even with these challenges, the industry has remained committed to identifying opportunities to diversify its supply chain, including expanding production in the United States where feasible. Notably, since President Trump's first term, the share of U.S. toy imports from China has decreased from 87% in 2017 to 76% today with a continued commitment to further reducing imports over time. In parallel, Toy Association members have committed over a billion dollars to reshoring efforts, with multiple companies expanding manufacturing across states such as Idaho, Ohio, Pennsylvania, Tennessee, Florida, and Texas, building on existing domestic production capacity. However, given the complexities and specific needs of toy manufacturing and to allow for a good balance of product safety and affordability, reshoring requires time.

- **Revoking China's PNTR would disrupt toy manufacturing, mainly impact small- and medium-size businesses, and reduce toy access for American Families:** The United States is the world's largest

toy market and a global leader in innovation. 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 happens abroad. If toys are to be subject to Column 2 tariffs, the creative economy supporting the toy industry would be severely impacted, and the United States will no longer be the top global leader and innovator in the sector. The devastating effect of revoking China’s PNTR status would add to the high pressure of duties that are already in place under Section 122 and Section 301. Especially small- and mid-sized companies will not be able to deal with this and significantly increase their risk of going out of business.

The sharp increase in costs resulting from these combined measures cannot be absorbed by companies, particularly in an already highly competitive environment shaped by the growing share of sales through online marketplaces. Reputable, U.S.-based companies would face significant financial strain or closure, while low-cost, potentially unsafe toys could continue to enter the market through e-commerce platforms, shipped directly to consumers from third countries. It bears noting that while responsible e-commerce platforms have been working with industry to identify and remove non-compliant products, the burden of policing online marketplaces will increase alongside demand for the lowest-priced goods. This outcome would not only undermine U.S. businesses but also erode product safety standards and consumer trust, resulting in lasting harm to the industry and its role in the broader U.S. economy.

Toys are a non-strategic sector and historically toys have not been subject to tariffs. At the same time, it is widely recognized that toys and play contribute to the healthy development of children and consequently are an important contribution to society. Even if not typically considered a primary economic driver, the toy industry’s contributions - including our strong commitment to philanthropy (The Toy Foundation¹) and to bringing joy and the benefits of play ([Genius of Play Benefits of Play](https://thegeniusofplay.org/)²) to American families and children are valuable, meaningful and impactful.

Revoking Permanent Normal Trade Relations (PNTR) with China would raise toy tariffs to 70% (Column 2), significantly impacting the toy industry and increasing costs for American families, particularly in underserved communities, by limiting choice and access to affordable toys. Higher prices would likely shift demand toward lower-cost imports, including those sold through e-commerce platforms, undercutting responsible American businesses and brands. While responsible e-commerce platforms have been working with industry to identify and remove non-compliant products, the burden of policing online marketplaces will increase as demand grows for the lowest-priced options, raising the risk that counterfeit or non-compliant toys could still reach consumers and potentially threaten children’s safety. Ultimately, revoking China’s PNTR would reduce access to safe, affordable toys and could negatively affect children’s well-being and healthy development.

Considerations:

- Despite ongoing efforts to diversify supply chains to other countries, including Mexico, Vietnam, Malaysia, Thailand, Indonesia and India, China remains an important part of the toy supply chain, given the specialized and large-scale nature of toy manufacturing. Raising U.S. tariffs on toys imported from China, including through the removal of permanent normal trade relations, would have a clearly negative impact on the U.S. toy market. Because toys have historically faced minimal import barriers,

¹ <https://toyfoundation.org/>

² <https://thegeniusofplay.org/>

increasing tariffs would significantly raise costs. These higher costs would be passed on to consumers, leading families to scale back purchases and reducing access to toys. Maintaining stable trade relations is therefore critical to preserving affordability, supply reliability, and consumer choice in the U.S. toy market.

- This impact would fall especially hard on lower-income households, which dedicate a larger share of their budgets to toys compared to higher-income households. While domestic producers might see some gains, those benefits would be outweighed by the broader losses faced by industry and consumers through higher prices and reduced purchasing power. Overall, the effect would be a net economic loss, with the burden carried by American families through diminished affordability and choice in the toy market.
- Another important consideration for the toy industry is the risk of retaliation from China if trade barriers are increased. In response to higher U.S. tariffs, China could impose its own restrictions which would make U.S. toy companies less competitive in the burgeoning Chinese market, limiting U.S. companies' ability to grow internationally and reducing revenue opportunities.
- Toy manufacturers support a broad base of U.S. jobs—over 600,000, including roles in research and development, engineering, product design, safety testing, and innovation, which underpin the sector's global leadership and competitiveness. However, cost pressures could lead to job cuts, reduced production, and delayed innovation, ultimately weakening industry growth and impacting workers, supply chains, and overall sector vitality.
- Toys bring joy 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. As highlighted in the [Genius of Play](#)³, toys are essential for the intellectual, emotional, physical, and social development of children and have historically been tariff-free and should remain this way. Removing China's PNTR status would have the opposite effect and impact American children.

Recommendations:

- The toy industry is a non-strategic sector that produces superior child-safe toys using complex manufacturing operations, specifically geared to meet stringent U.S. 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 highlights the recognition that certain consumer goods carry important developmental and societal benefits. For example, bicycles are widely viewed as instrumental to children's physical development, supporting health, coordination, and other benefits. Similarly, toys play a critical role in child development through play, which experts widely recognize as essential for cognitive, social, emotional, and physical growth, fostering creativity, imagination, and communication skills. Given these parallels, toys should likewise be considered a non-strategic consumer good that supports child development and should not be subject to tariffs.
- Rather than remove China's PNTR we urge the United States, to continue to strengthen the U.S. commercial relationship with China by promoting clear trade rules streamlined customs procedures, regulatory alignment enabling toy manufacturers, importers and retailers to operate more effectively in the U.S. and abroad to advance in the Administration's aim to level the playing field, secure market access for American toys and ensure China is living up to their trade commitments.
- We strongly encourage the United States renew China's PNTR Status and instead prioritize through negotiations to ensure that China remains committed to removing all barriers to trade, especially in toys, and including mutual agreement to restore toys' tariff-free status. This would highly benefit American toy manufacturers and brands, creating additional U.S. jobs in design, development

<https://thegeniusofplay.org/>

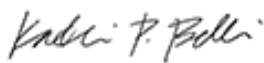
and other key operations roles, and allowing for American families to access safe and dependable toys. We also encourage continued engagement with China to identify and advance trade in non-sensitive goods that support mutual economic benefit, consistent with the direction USTR has been pursuing.

Conclusion:

Revoking permanent normal trade relations with China or imposing higher tariffs would have lasting negative consequences for the U.S. toy industry. Past trade tensions have already shown how restrictive policies can disrupt supply chains and raise costs and further escalation would intensify and compound these challenges for toys. Because the U.S. toy industry depends heavily on efficient, large-scale production and global sourcing, higher tariffs would increase the cost of imported toys and essential components, leaving businesses with difficult choices. Toy companies would be forced to raise prices significantly, cut back on investment in new products, and reduce their workforce. At the same time, higher prices would strain household budgets and reduce overall spending on toys, weakening demand across the market. Taken together, these effects would slow growth, reduce innovation, and diminish the overall strength and competitiveness of the U.S. toy sector, with the burden felt most by American families and workers connected to the industry.

Thank you for your consideration. Please feel free to contact Maria Sierra (msierra@toyassociation.org) for further information.

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.