Industry & Trade Summary

Toys and Models

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PREFACE

In 1991 the United States International Trade Commission initiated its current *Industry and Trade Summary* series of informational reports on the thousands of products imported into and exported from the United States. Each summary addresses a different commodity/industry area and contains information on product uses, U.S. and foreign producers, and customs treatment. Also included is an analysis of the basic factors affecting trends in consumption, production, and trade of the commodity, as well as those bearing on the competitiveness of U.S. industries in domestic and foreign markets.[1]

This report on toys and models covers the period 1986 through 1990 and represents one of approximately 250-300 individual reports to be produced in this series during the first half of the 1990s. This is the first individual summary report published to date on the miscellaneous manufactures sector.

[1] The information and analysis provided in this report are for the purpose of this report only. Nothing in this report should be construed to indicate how the Commission would find in an investigation conducted under statutory authority covering the same or similar subject matter.

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Introduction

This report provides information on the domestic and foreign industries producing toys and models, U.S. and foreign tariff policies and nontariff measures in effect for these products, and the U.S. industry's performance in domestic and foreign markets. The report covers the period 1986 through 1990.

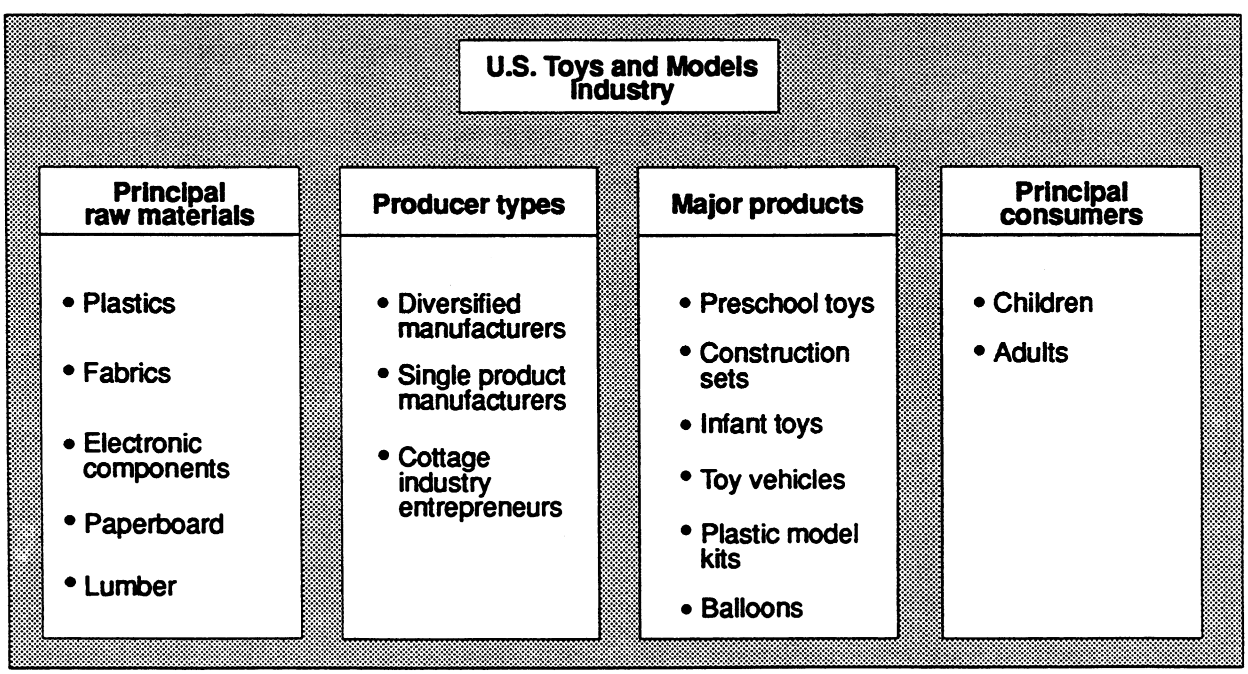
The products covered here include toys, both mechanical and nonmechanical, and reduced-size models. The toy category includes toys representing animals or nonhuman creatures, either stuffed or unstuffed, toy furniture, doll carriages, construction sets and other toy sets, toy musical instruments, toys and models incorporating a motor, kites, inflatable toy balls and balloons, toy guns, nonriding vehicles, other toys with or without a spring mechanism, parts and accessories for toys, magic tricks, practical joke items, and party favors. Of these, the most significant in terms of domestic production are miscellaneous toys with or without a spring mechanism, inflatable toys, and toy sets. The leading imported toys are the miscellaneous toys without a spring mechanism, and stuffed toys representing animals or nonhuman creatures.

Reduced-size models, replicas of real articles, are more than a crude representation of an original and are marketed as models, usually with the scale, make, body style and year of the replicated item identified on the retail package. Models are used to entertain, explain, or teach. Most models are scale representations of vehicles. Die-cast miniature vehicles are classified as models if the level of detail is high with respect to the original vehicle and if marketed as models; otherwise, the products are classified as toys rather than models. Models may come completely assembled or in kit form.

Construction sets are toys containing pieces that can be combined or connected to make various buildings or objects and can be disassembled and reused. Toys representing animals or nonhuman creatures include robots, monsters, humanoid, or extraterrestrial figures in addition to animals. Stuffed toys are defined by the U.S. Customs Service as being "filled to full distention," containing either shredded textile waste, polyester fibers, or other traditional stuffing material. Inflatable toy balls are those that use air to define their form. Balloons may be made of either latex rubber or thin-film plastic (mylar) and may be filled with either air or helium. Kites are those used as toys or hobbies and exclude those used in scientific research or in hang gliding. Practical joke articles are designed to shock, surprise, or to place the intended victim at a humorous disadvantage. Party favors are items used at parties, such as confetti, paper spirals, and noisemakers, but exclude party decorations.

Toy manufacturing processes vary widely. One of the most extensive processes is injection molding of polypropylene or polyethylene plastic toys. Toy manufacturing is typically highly labor intensive, particularly when sewing of stuffed toys is involved. Materials principally used in toy production include plastics, fabrics, electronic components, paperboard, and lumber (see figure 1).

Figure 1
U.S. toys and models industry: Principal raw materials, producer types, major products, and principal consumers



Source: U.S. Department of Commerce, Bureau of the Census, *Census of Manufactures, 1987;* industry sources.

U.S. Industry Profile

Industry Structure

The U.S. industry examined in this report comprises part of SIC 3944, Games, Toys, and Children's Vehicles, excluding games, children's vehicles and certain other products, and also covers that part of SIC 3942, Dolls, which includes stuffed toys. Additionally, toy balloons of latex rubber covered in this report are classified in SIC 3069, Fabricated Rubber Products, Not Elsewhere Classified.

The domestic toy industry consisted of approximately 320 establishments in 1990, compared to about 400 in 1986. The top 25 manufacturers accounted for roughly 80 percent of domestic shipments, with much of the remainder of the industry consisting of small, cottage-industry manufacturers of toys (see figure 1).

Estimated U.S. employment in this industry totaled 13,000 in 1990, compared to 20,000 in 1986. The principal concentrations of employment are in New York and Ohio, and notable production exists in Illinois, the New England states, New Jersey, Pennsylvania, and lesser amounts in other states. Employment in the U.S. toy industry has declined steadily since the 1970s. The primary reason is that the lower labor costs available overseas, especially in Asia, led many of the larger toy producers to shift production to these areas by either opening production facilities, entering joint ventures, or contracting with Asian manufacturers. Canada, Mexico, and Europe are also the site of foreign manufacturing facilities owned by U.S. companies. Some U.S.-based toy companies reportedly own no manufacturing capability at all, while others own no domestic facilities. Those U.S. firms that curtailed or eliminated their U.S. production now gear their domestic operations to development, design, engineering, distribution, marketing, and management. Some producers manufacture certain parts domestically when this proves economical, while others do only assembly and packaging operations for parts manufactured overseas. The major U.S. toy producers, including Hasbro and Mattel, are usually diversified into the manufacture of games, dolls, and other products which are not covered in this report.

Wide variations in quantities produced and in the detailing required for individual toys make certain toy products in particular and the toy industry in general highly labor intensive. Advances in technology have brought increased automation to such aspects of production as preparation and painting of plastic surfaces, quality control processes, and monitoring of injection molding machinery. However, manufacturers have tended to introduce such automation technology gradually, as the modernization of plant and equipment is costly to absorb in a climate of volatile consumer acceptance of toys. It is estimated that U.S. toy establishments are producing at approximately 70 to 75 percent of capacity, representing a slight increase in recent years.

The industry has undergone a number of changes in recent years. Among the most significant were mergers among larger toy companies. For example, Hasbro moved to acquire Tonka early in 1991, after having acquired Coleco, Milton Bradley, Warner Communication's former Knickerbocker Toy Co., and Playskool since 1983; Tonka acquired Kenner-Parker Toys in 1987; and Tyco acquired View-Master and Nasta International since 1989. According to industry sources, sales downturns of weaker partners prior to mergers, and high acquisition costs borne by the acquirers have contributed to a reluctance to spend extensively to develop new toy products, as companies relied instead on variations of toys previously popular. The liquidity shortage also played a large part in bankruptcies or reorganizations of companies that had become dependent on a single "fad" type product that lost consumer acceptance. Due to the volatility and unpredictability of consumers' buying habits, the industry has suffered major swings in certain consumption trends and, as a result, expects failure rates for new toy introductions as high as 80 percent. Many producers have diversified their product lines in recent years in an effort to reduce their dependency on a single "hit" toy.

Historically, toys have fallen into two broad categories of consumer acceptance: "promotional" and "staple." Promotional toys are highly advertised; upon successful introduction, these toys enjoy high popularity for 2 to 4 years, usually followed by rapidly declining sales. The fact that a small number of highly successful promotional toys will evolve into staple toys noted for sustained popularity prompts toy companies to conduct research attempting to predict such acceptance. Staple toys are predictable, established product lines upon which companies can introduce variations and accessories to maintain consistent popularity. In the last few years, major toy companies have placed greater emphasis on staple toy products in order to conserve sparse development funds and reduce the risk of substantial losses.

Toy sales are highly seasonal, as an estimated 60 percent of retail sales occur in the last 2 months of the year. Accordingly, the heaviest period for shipments occurs between August and October. Generally, manufacturers deliver merchandise to retailers several months ahead of the buying season, but toy makers collect payments from retailers on a delayed basis.

Consumer Characteristics and Factors Affecting Demand

While toys may amuse both children and adults, the industry's prime market is children. Toy consumption depends most upon the relative popularity of the individual toy, but consumption is also affected by demographic trends. The United States currently is experiencing an upswing in births, having reached its highest number of births since 1964. The large number of women bearing children, and especially their first child, offset the incidence of smaller numbers of children per household, compared to several decades ago, according to the Bureau of the Census. Typically, parents spend more money on toys and other items for the first child. An additional trend favorable to toy companies and retailers is the increasing number of children born into two-income households or into households with active and well-financed grandparents. The estimated 54 million U.S. children up through age 14 in 1990 were projected to increase by an additional 1.3 million by 1995, before declining in the second half of the decade. While the population of children under age 5 was expected to decline 8.2 percent by the year 2000 compared to 1990 levels, the population of children age 10 and over was expected to increase throughout the 1990s.

Industry sources point to dozens of factors that influence the success of a particular toy or toy product category, including available supply, affordable price, repetitive play possibilities, innovative extensions of existing toy lines, creative marketing, and proper in-store exposure. Combined with varying combinations of the preceding factors, positive peer pressure and "word of mouth" make a particular toy or category successful.

The U.S. toy industry produces an estimated 150,000 individual products, including approximately 5,000 new products each year. That results in high substitutability within the toy commodity group itself, not to mention other commodities, such as games and dolls, with which it competes for discretionary consumer dollars. For example, video games captured the major share of sales traditionally drawn to boys' toys during the latter half of the 1980s. Toy companies countered with action figures appealing to younger boys, but many such toys remained popular only for several years. An exception was a toy line from a Hong Kong-based company known as Teenage Mutant Ninja Turtles, which became the "blockbuster boys' toy" (over $100 million in sales annually) in the late 1980s.

By the mid-1980s, prices for popular toys, dolls, and games grew sharply higher than levels seen previously. Furthermore, the extensive toy accessories and outfits available in a given company's toy product line added substantially to the cost of satisfying children's appetites for toys.

Foreign Industry Profile

Major foreign toy suppliers to the United States in 1990 were China, with 44 percent of toy imports; Republic of Korea, with 12 percent; Taiwan, with 8 percent; and Macao and Hong Kong, with about 7 percent each. China is reportedly the world's largest toy exporter, having replaced Hong Kong in the late 1980s. An indication of how rapid China's ascendancy has been is that imports from China accounted for only 6 percent of toy imports into the United States as recently as 1985. Toy companies from Hong Kong, the United States, and elsewhere spurred the rising Chinese toy industry by transferring production to China, as Hong Kong's labor shortages and labor costs grew. In 1990, Hong Kong remained a prominent center for design, management, expertise in manufacturing, and distribution with respect to toys.

During the period 1986-90, expansion in toy manufacturing occurred in Thailand, Macao, and Malaysia, partially due to U.S. and foreign toy companies seeking to spread the risk of relying too heavily on production from a single country supplier. While political unrest in China in 1989 appeared to have had no measurable effect on the flow of toys from China into the United States in 1990, U.S. toy companies reportedly expressed concern over whether Most Favored Nation status for China would be sustained in the future. U.S. toy firms are reported to be investigating opportunities for future production sites in South America and Eastern Europe.

Foreign producers have a significantly competitive advantage over domestic producers in terms of labor costs for manufacturing and assembly. Toy production, especially of stuffed toys, is highly labor intensive. Pieces must be made by hand and sewn together using a wide variety of patterns. The outer fabric covering for stuffed toys, called the "skin," is often sewn offshore and stuffed domestically to save on shipping costs. Producers in low-wage rate areas, such as China and Thailand, have a competitive advantage in assembly and sewing, and countries with low-cost microelectronics manufacturing and assembly capabilities, such as Taiwan and Hong Kong, have a competitive advantage in the production of toys with electronic circuits. Domestic producers have a competitive advantage in transportation costs in the case of either bulky or heavy toys, especially those of wood or metal, as well as plastic model kits.

Toy manufacturing and assembly also increased in Mexico[1] because of financial assistance received through joint ventures and direct foreign investment, chiefly by U.S. toy firms such as Mattel, Tonka, Fisher-Price, Ertl, and Kransco. Mexico is the world's largest producer of latex balloons, and a Mexican plant owned by a U.S. company is the sole manufacturer worldwide of the Frisbee.

European toy production also is well established, especially in Germany and Denmark. Popular toys produced in these countries and exported to the United States include electric trains from Germany and construction toys from Denmark. U.S. toy companies have invested in European manufacturing operations and continued to acquire or form joint ventures with leading European toy firms.

[1] For a detailed discussion of this matter, see sections on U.S. Imports and U.S. Exports.

U.S. Trade Measures

Tariff Measures

Table 1 shows the current U.S. rates of duty (as of January 1, 1991), applicable to imports of toys and models under the Harmonized Tariff Schedule of the United States (HTS). The table shows the column 1 duty rates for countries considered for general or Most Favored Nation treatment, as well as duty rates under column 1 for countries qualifying under special tariff programs.

In accordance with the provisions of Section XXII, Chapter 99, Subchapter II of the Harmonized Tariff Schedule, column 1 duty rates were temporarily suspended for imports of certain articles provided for in HTS headings 9503 and 9505 covered in this report, effective through December 31, 1992. Specifically, duty is suspended on stuffed or filled toys representing animals or nonhuman creatures, not having a spring mechanism and not exceeding 63.5 cm in either length, width, or height (provided for in subheading 9503.41.10 or 9503.49.00); skins for stuffed toys representing animals or nonhuman creatures (provided for in subheading 9503.41.30); and articles (except parts) provided for in heading 9503 or 9505.90 (except balloons, marbles, and diecast vehicles), valued not over 5 cents per unit.

The 1991 U.S. general rate of duty for most toys under HTS heading 9503 is 6.8 percent ad valorem, except in the instance of toy building blocks, bricks and shapes, and toy alphabet blocks, in which it is 6 percent, and on toy tea sets of ceramic ware to a scale of 1 to 10 or larger, and on crossword puzzle books, which are free of duty. The rates of duty on the articles classified under the HTS subheadings 9505.90.20 through 9505.90.60 are below the average duty rates for toys, ranging from 3.1 percent to 5.8 percent ad valorem.

Toy products in HTS heading 9503, except toy kites, as well as items in HTS subheadings 9505.90.20 through 9505.90.60, were free of duty under the Generalized System of Preferences (GSP). All of the aforementioned products, including toy kites, were free of duty to beneficiary countries under the Caribbean Basin Economic Recovery Act and under the free trade agreement with Israel. Under the U.S.-Canada Free-Trade Agreement, staged reductions in tariffs in bilateral trade on these goods will occur until yearend 1997, by which time all duties between the two countries will be reduced to zero.

The changeover to the Harmonized Tariff Schedule effective in 1989 has eased problems with the former tariff schedule with respect to classification of certain toy commodities. Customs import specialists point to Rule 3(b) of the General Rules of Interpretation pertaining to the classification of goods put up in sets as a step forward under the HTS. Under this rule in the hierarchy of classification of goods, an assessment is made of that material or component of the set that gives the set its "essential character." Thus, if the major article in a set is clearly intended for amusement, the set may be reasonably classified as a toy. The HTS also broadened and simplified the classification of certain toys by eliminating the distinction between animate and inanimate toy figures present under the former tariff schedule.

U.S. Customs Service rulings and interpretations were still evolving in 1990 based on experiences with classifying toy commodities in accordance with the HTS during its first 2 years.

Nontariff Measures

There are no known U.S. nontariff trade measures that significantly influence trade in the products in this report.

Foreign Trade Measures

Tariff Measures

Most trading partners of the United States legislate rates of duty on toys and models, some of which were higher and others lower than the U.S. duty rates. In general, foreign rates of duty were lower in 1991 than was the case in the early- to mid-1980s. Mexico's rate of duty on all toys is 20 percent ad valorem, which is higher than the U.S. duty rate, but considerably below Mexico's 100-percent duty rate in 1984. Mexico made an additional impetus to trade in 1987 by eliminating a uniform import tax of 5 percent that had been imposed in addition to duties. As previously noted, duty rates in both Canada and the United States are currently being reduced and are scheduled to become zero by January 1, 1998, for trade between the two countries. Canada's duty rate on imports from the United States for 1991 is 10.5 percent ad valorem on stuffed toys, and 8.8 percent ad valorem on most other toy categories where significant trade occurred between the two countries. The European Community's rate of duty on nearly all toys is 8 percent ad valorem.

The current duty rates of Asian countries vary widely with the type of product, including toys and models. Goods imported into Thailand under HTS heading 9503 are dutiable at 80 percent, and the duty on items of HTS heading 9505 is 40 percent. The duty rate for the Republic of Korea is 13 percent, in addition to a 10 percent value-added tax. Korea has delayed a scheduled 1991 reduction to an 11-percent duty rate but scheduled further staged reductions in duty rates for 1992-1994. Taiwan's duty rate is 10 percent on complete toys, and 5 percent on parts, in addition to a harbor tax and a value added tax. Japan's duty rates on stuffed toys are 4.6 percent on toys of textile, woven fabric, or plastic, and 3.4 percent on stuffed toys of other material. Hong Kong levies no tariff, but does impose a 0.5 percent trade declaration charge and an export tax.

Table 1
Toys and models: Harmonized Tariff Schedule subheading; description; U.S. col. 1 rate of duty as of Jan. 1, 1991; U.S. exports and imports, 1990

HTS subheading	*Description*	*Col. 1 rate of duty As of Jan. 1, 1991 General*	*Special*[1]	*U.S. exports, 1990*	*U.S. imports, 1990*
				— Million dollars —	
9503.10.00	Toy electric trains, including tracks, signals, and other accessories thereof; parts thereof	6.8%[2]	Free (A, E, IL) 4.7% (CA)	12	78
9503.20.00	Reduced-size ("scale") model assembly kits, whether or not working models, excluding those of subheading 9503.10.00; parts and accessories thereof	6.8%[2]	Free (A, E, IL) 4.7%(CA)	24	24
9503.30.40	Toy building blocks, bricks and shapes	6%[2]	Free (A, E, IL) 4.2% (CA)	13	71
9503.30.80	Other construction sets and constructional toys, and parts and accessories thereof	6.8%[2]	Free (A, E, IL) 4.7% (CA)	16	8
9503.41.10	Stuffed toys representing animals or non-human creatures	6.8%[2 3]	Free (A, E, IL) 4.7% (CA)	12	571
9503.41.20	Artificial eyes, except prosthetic articles, for stuffed toys representing animals or non-human creatures	6.8%[2]	Free (A, E, IL) 4.7% (CA)	1	1
9503.41.30	Parts and accessories of stuffed toys representing animals or non-human creatures, nesi	6.8%[2 4]	Free (A, E, IL) 4.7% (CA)	5	40
9503.49.00	Toys representing animals or non-human creatures, other than stuffed toys, and parts and accessories thereof	6.8%[2 3]	Free (A, E, IL) 4.7% (CA)	20	338
9503.50.00	Toy musical instruments and apparatus, and parts and accessories thereof	6.8%[2]	Free (A, E, IL) 4.7% (CA)	4	65
9503.60.10	Crossword puzzle books	Free		([5])	([5])
9503.60.20	Puzzles and parts and accessories thereof, other than crossword puzzle books	6.8%	Free (A, E, IL) 4.7% (CA)	5	17
9503.70.40	Toy tea sets of ceramic ware made to the approximate scale of 1 to 10 or larger	Free		4	2
9503.70.60	Toy alphabet blocks, in sets	6%[2]	Free (A, E, IL) 4.2% (CA)	9	2
9503.70.80	Toys, put up in sets or outfits, nesi, and parts and accessories thereof	6.8%[2]	Free (A, E, IL) 4.7% (CA)	24	150
9503.80.20	Toys (except models) incorporating an electric motor	6.8%	Free (A, E, IL) 4.7% (CA)	7	264
9503.80.40	Toys (except models) incorporating a non-electric motor	6.8%[2]	Free (A, E, IL) 4.7% (CA)	16	18
9503.80.60	Models incorporating a motor	6.8%[2]	Free (A, E, IL) 4.7% (CA)	17	46

See notes at end of table.

Table 1—Continued
Toys and models: Harmonized Tariff Schedule subheading; description; U.S. col. 1 rate of duty as of Jan. 1, 1991; U.S. exports and imports, 1990

HTS subheading	Description	Col. 1 rate of duty As of Jan. 1, 1991 General	Special[1]	U.S. exports, 1990	U.S. imports, 1990
				— Million dollars —	
9503.80.80	Parts and accessories of toys and models incorporating a motor	6.8%[2]	Free (A, E, IL) 4.7% (CA)	6	4
9503.90.20	Toy kites	6.8%[2]	Free (E, IL) 4.7% (CA)	3	5
9503.90.50	Inflatable toy balls, balloons and punchballs	6.8%	Free (A, E, IL) 4.7% (CA)	15	32
9503.90.60	Other toys (except models), not having a spring mechanism	6.8%[2]	Free (A, E, IL) 4.7% (CA)	74	682
9503.90.70	Toys and models, nesi	6.8%[2]	Free (A, E, IL) 4.7% (CA)	73	194
9505.90.20	Magic tricks, and practical joke articles; parts and accessories thereof	5.8%[2]	Free (A, E, IL) 4% (CA)	3	13
9505.90.40	Confetti, paper spirals or streamers, party favors, and noisemakers; parts and accessories thereof	4%[2]	Free (A, E, IL) 2.8% (CA)	9	25
9505.90.60	Festive, carnival, or other entertainment articles, nesi; parts and accessories thereof	3.1%[2]	Free (A, E, IL) 2.1% (CA)	9	66

[1] Programs under which special tariff treatment may be provided and the corresponding symbols for such programs as they are indicated in the "Special" subcolumn are as follows: Generalized System of Preferences (A); Automotive Products Trade Act (B); Agreement on Trade in Civil Aircraft (C); United States-Canada Free-Trade Agreement (CA); Caribbean Basin Economic Recovery Act (E); and United States-Israel Free Trade Area (IL).
[2] Duty is temporarily suspended (subheading 9902.71.13) on certain toys (except parts) provided for in heading 9502, 9503, or 9504 or subheading 9505.90 (except balloons, marbles, dice, and diecast vehicles) valued not over 5¢ per unit.
[3] Duty is temporarily suspended (subheading 9902.95.02) on stuffed or filled toys representing animals or non-human creatures, not having a spring mechanism and not exceeding 63.5 cm in either length, width, or height (provided for in subheading 9503.41.10 or 9503.49.00).
[4] Duty is temporarily suspended (subheading 9902.95.04) on skins for stuffed toys representing animals or non-human creatures (provided for in subheading 9503.41.30).
[5] Less than $500,000.

Source: U.S. exports and imports compiled from official statistics of the U.S. Department of Commerce.

Nontariff Measures

Significant foreign nontariff barriers to U.S. exports may be broadly defined as government laws, regulations, policies, or practices (excluding tariffs and other import charges or policies) that either protect domestic producers from foreign competition or artificially stimulate exports of particular domestic products.

There are no known Canadian nontariff measures that significantly influence trade with the United States in the products covered in this report. In the European Community, member states tend to make different interpretations when implementing the newly-enacted harmonized toy safety directive, which became effective in EC countries on January 1, 1990. The directive is an accord to bring into conformity widely differing standards, testing, and certification procedures for toys which had coexisted among EC member states.

U.S. motor carriers are effectively prohibited from operating in Mexico. The restrictions impede border zone shipments, including the transport of components to and from U.S.-owned Mexican assembly plants. U.S. trucking firms transport U.S. goods to the border, where the goods must be switched to Mexican trucking firms for transport into Mexico. Certain U.S. companies arrange with Mexican trucking firms whereby Mexican trucks pick up and drop off on the

U.S. side of the border. This increases transit time and other costs associated with damage, loss, and pilferage.

In Japan, among the most persistent nontariff measures were the complexity and rigidity of Japan's distribution system, thus affecting costs of entry, according to a report previously published by the Commission.[2] The traditional structure of numerous, small, and vertically integrated retailers and wholesalers was changing, however. Prior to 1990, the process of obtaining authority, under the Large Retail Store Law, to open large stores in Japan was difficult, since small merchants could stop or indefinitely delay a new large store from opening in their communities. Changes in the law and a commitment to enhance regional commercial development have resulted in the facilitation of this process. Additionally, exclusive relationships among retailers, wholesalers, and manufacturers, and large numbers of small wholesalers and retailers made setting up a distribution system expensive for new-to-market companies. Toys R Us is the first U.S. retailer to persist in establishing a presence in Japan through a joint venture with McDonald's Co. (Japan) Ltd., with its first stores scheduled to open late in 1991.

U.S. Market

Consumption

The United States is the world's largest market for toys, followed by Japan and Western Europe. U.S. consumption of toys and models increased at an average annual rate of 1.4 percent, from $3.6 billion in 1986 to $3.8 billion in 1990 (see table 2). Overall, there has been a general trend of increasing toy consumption in the United States; however, the unpredictable buying habits of the toy-consuming public have led to substantial fluctuations in consumption. Certain "mega-hit toys," with annual sales over $100 million, such as Transformers and Gobots in the mid-1980s and Teenage Mutant Ninja Turtles in 1989-90, have caused trade data for certain HTS subheadings to show wide variations from year to year, making general trends difficult to predict. The increase in consumption of toy products has been met increasingly by toys produced overseas. The ratio of imports to apparent U.S. consumption rose from 57 percent in 1986 to 71 percent in 1990. The prevalence of imported toys is particularly evident with regard to toys produced in China, which accounted for 31 percent of U.S. apparent consumption in 1990.

[2] For more information, see *Japan's Distribution System and Options for Improving U.S. Access: Report to the Committee on Ways and Means, U.S. House of Representatives, on Investigation No. 332-283 under Section 332 of the Tariff Act of 1930*, USITC Publication 2291, June 1990.

Manufacturers and retailers have seen several important developments in consumption trends in recent years. These trends include a move toward more basic toys that sell with less advertising, and the reintroduction of past releases or expansions of existing successful lines. The industry has had difficulties in recent years introducing new products that stimulate widespread consumer interest, with a few notable exceptions previously cited. High popularity of video games in the latter half of the 1980s weakened sales of certain promotional toys targeted to boys. While changing consumer tastes make trend speculation difficult, industry sources expect somewhat greater consumption of toys to result from reduced demand for video games.

The purchase of toys is highly seasonal, as reflected in retail sales figures in the final 2 months of the year, which usually account for 60 percent of annual consumer spending on toys. According to the Toy Manufacturers of America, many toy companies are compelled to direct their marketing efforts toward the Christmas season, expecting that sales for the remainder of the year will not be sufficient enough to be profitable. Some attempts by retailers and manufacturers to counter seasonal purchasing have been successful, such as with stuffed toy sales.

Generally, U.S. producers have the following competitive advantages in the U.S. market over imported products: (1) U.S.-made products are generally higher quality; (2) delivery time for U.S.-made products is shorter; and (3) warranties and service for U.S.-made products are generally superior. The principal competitive advantage enjoyed by many Far Eastern toy producers, particularly from China, is that they can deliver lower-end and/or labor-intensive products at lower prices.

According to the U.S. Consumer Product Safety Commission (CPSC), a rise in violations of U.S. health and safety regulations has come with the influx of foreign-made toys. In 1987, the CPSC and U.S. Customs developed a joint program to spot-check toys at U.S. ports of entry and at retail stores. Approximately 80 percent of violations of regulations governing toys set forth by the CPSC in 1989 involved imported toys, leading to almost 250 recalls, according to CPSC staff. In 1990, the Justice Department filed lawsuits on behalf of CPSC seeking injunctions against 7 of the largest U.S. toy importers and distributors to prevent the sale of hazardous toys imported into the United States. It is notable that major U.S. toy manufacturers, many of which operate facilities in the Orient or contract for production of small toys there, were not included among the companies cited in the lawsuits. According to the industry factbook of the Toy Manufacturers of America, U.S. manufacturers subjected U.S.-made toys and toys manufactured to their specifications overseas for U.S. consumption to tight compliance with government safety regulations.

Table 2
Toys and models: U.S. shipments, exports of domestic merchandise, imports for consumption, and apparent U.S. consumption, 1986-90

Year	*U.S. shipments*[1]	*U.S. exports*	*U.S. imports*	*Apparent U.S. consumption*	*Ratio of imports to consumption*
	Million dollars				*Percent*
1986	1,710	165	2,077	3,622	57.3
1987	1,695	216	2,533	4,012	63.1
1988	1,510	307	2,389	3,592	66.5
1989	1,500	294	2,694	3,900	69.1
1990	1,475	382	2,716	3,809	71.3

[1] Estimated by the staff of the U.S. International Trade Commission.

Source: Compiled from official statistics of the U.S. Department of Commerce, except as noted.

Production

U.S. production, as reflected in domestic shipments of toy and model products, declined from an estimated $1.7 billion in 1986 to approximately $1.5 billion in 1990 (see table 2). The decrease represents a growing dependency on foreign production by U.S. toy companies, and efforts by U.S. retailers to import large numbers of toys into the U.S. market. Also, retailers contributed to the decline in U.S. shipments in 1990 by delaying or reducing orders for shipments, having anticipated weak consumer spending due to uncertainty about the economy and preoccupation with approaching hostilities involving U.S. armed forces in the Middle East. For the most part, manufacturers and retailers kept inventories as lean as possible. Experiencing particularly weak sales throughout 1990, some retailers offered selected toy merchandise at significant discounts well before Christmas, instead of the normal practice of holding clearance sales following the holiday.

Imports

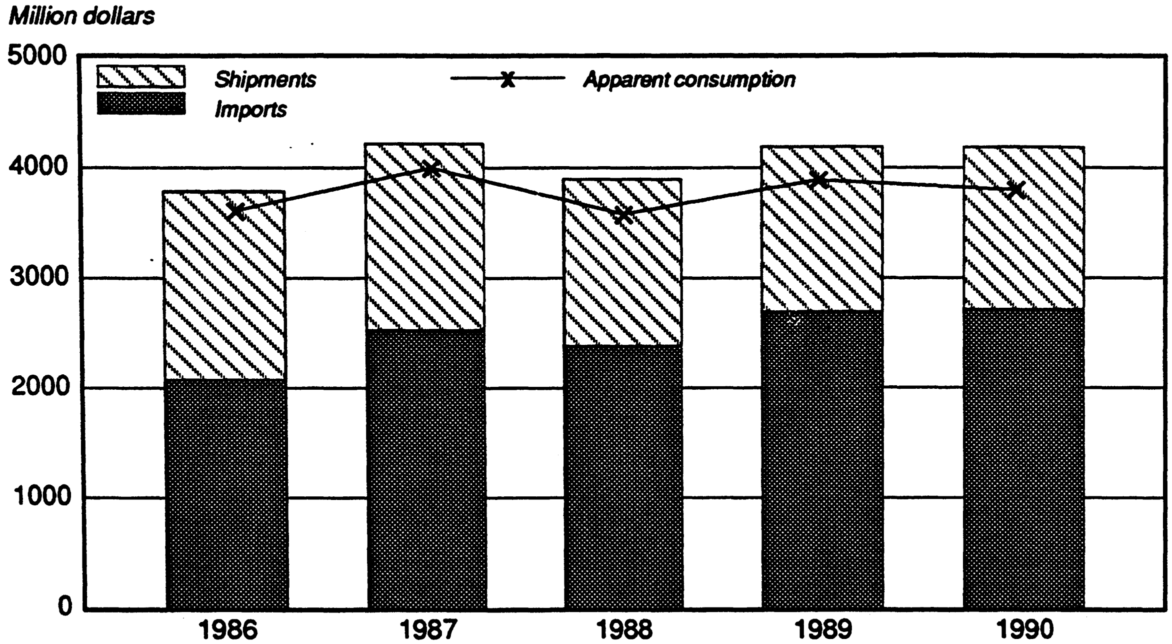
U.S. imports of toys and models increased irregularly at an average annual growth rate of 6.5 percent during 1986-90, rising from $2.1 billion in 1986 to $2.7 billion in 1990 (see table 2, figure 2). Imports for numerous toy products increased over the period, with the largest increases being for stuffed toys representing animals or nonhuman creatures, and nonmetal toys that are relatively small and, therefore, less expensive to ship. The high degree of labor required to manufacture these toys makes their production offshore competitively advantageous. In contrast, U.S. firms tend to focus on the production of higher value, bulky toys, and of toys with a production process which is more mechanized, or which requires skilled labor, especially strict quality control, or other inputs which are unavailable offshore. Many stuffed toys are shipped unstuffed, with stuffing completed upon arrival in the United States. Appendix B includes tables showing imports of 10 toy commodity groups and the principal sources of these imports into the United States for 1989 and 1990.

The major toy supplier to the United States in 1990 was China. Imports of toys and models into the United States from China amounted to $1.2 billion in 1990, which constituted 44 percent of U.S. imports of these commodities (see table 3, figure 3). This preeminence of China is a very recent trade development. As recently as 1986, China ranked fourth, behind the Republic of Korea, Taiwan, and Hong Kong, as the leading foreign suppliers of toys to the United States. The lure of low-cost labor in China in such a highly labor-intensive commodity as toys, the removal of GSP status for Hong Kong and three other Asian countries, and labor shortages and escalating labor costs in Hong Kong contributed to the attractiveness of sourcing production of small toys in China by U.S. and foreign toy companies. Additionally, industry sources perceived that specialty toy retailers increasingly promoted imported toys in order to create and develop profitable niches in the U.S. market, given the higher markup possible on many imported toys from China and elsewhere. While political unrest in China in 1989 appeared to have no measurable effect on the flow of toys from China into the United States in 1990, U.S. toy companies were reportedly reluctant to spend resources on further expansion in China, fearing that favorable trade conditions could be disrupted.

In 1990, imports from the Republic of Korea, Taiwan, and Hong Kong, historically significant trading partners for toys to the U.S. market, continued to fall. All three, along with Singapore, lost favorable GSP status in 1989. Imports from Korea, the second-ranked foreign toy supplier to the United States in 1990, fell to $313 million from $413 million in 1989, a 24 percent decline. Imports from Taiwan, the third-ranked U.S. toy supplier, amounted to $225 million, a 23 percent decrease from the previous year. Imports from Hong Kong, the number one supplier of imported toys to the United States as recently as 1985, continued to decline, totaling $172 million.

By contrast, in 1990, imports rose from Macao, the fourth-ranked supplier to the United States, to $180

Figure 2
Toys and models: U.S. imports, producers' shipments, and apparent consumption,[1] 1986-90



[1] Apparent Consumption = Producers' Shipments + Imports - Exports.
Source: Compiled from official statistics of the U.S. Department of Commerce. U.S. shipments estimated by the staff of the U.S. International Trade Commission.

million. Of the remaining 5 leading foreign suppliers of toys to the U.S. market, imports from Thailand ($97 million) and Germany ($49 million) exceeded 1989 levels by 37 percent and 35 percent, respectively. However, imports from Mexico ($120 million), Japan ($65 million), and Denmark ($47 million) fell, compared to 1989, although the declines were proportionately much less than the import declines for Korea, Taiwan, and Hong Kong.

Of the $2.7 billion worth of toys and models imported into the United States in 1990, products valued at approximately $48 million were imported under one of the special classification provisions, subheading 9802.00.80 of the HTS.[3] This subheading provides tariff treatment for eligible imported goods that contain U.S.-made components. Duty is applied on the value of the imported product minus the value of the U.S.-made components. The value of the U.S.-origin content of these imports amounted to $19 million. Nearly all of these U.S. imports under 9802.00.80 were from U.S.-affiliated assembly facilities in Mexico.

[3] For more detailed information, see *Production Sharing: U.S. Imports Under Harmonized Tariff Schedule Subheadings 9802.00.60 and 9802.00.80, 1986-1989,* USITC Publication 2365, March 1991.

U.S. importers consisted of several types of businesses, with the primary role played by the largest toy retailer, Toys R Us, and by U.S. producers. Secondarily, wholesale importers serving specialty toy retailers demonstrated increased import activity in recent years.

Foreign Markets

Foreign Market Profile

According to U.S. industry sources, foreign consumers long have sought toys invented and designed by U.S. manufacturers for their high amusement value, quality, and creativity. However, prior to the 1980s, most U.S. toy firms largely ignored foreign markets. The circumstance changed in recent years, as U.S. toy makers boosted sales in foreign markets to achieve their goals of improved profits and increased market share. Most U.S. toy manufacturers distributed overseas through subsidiaries, distributors, and direct sales to retailers. Leading export markets for U.S. toys in 1990 were Mexico, Canada, and the United Kingdom, but also included other countries in Western Europe as well as in the Far East.

Table 3
Toys and models: U.S. exports of domestic merchandise, imports for consumption, and merchandise trade balance, by selected country and country groups, 1986-90[1]

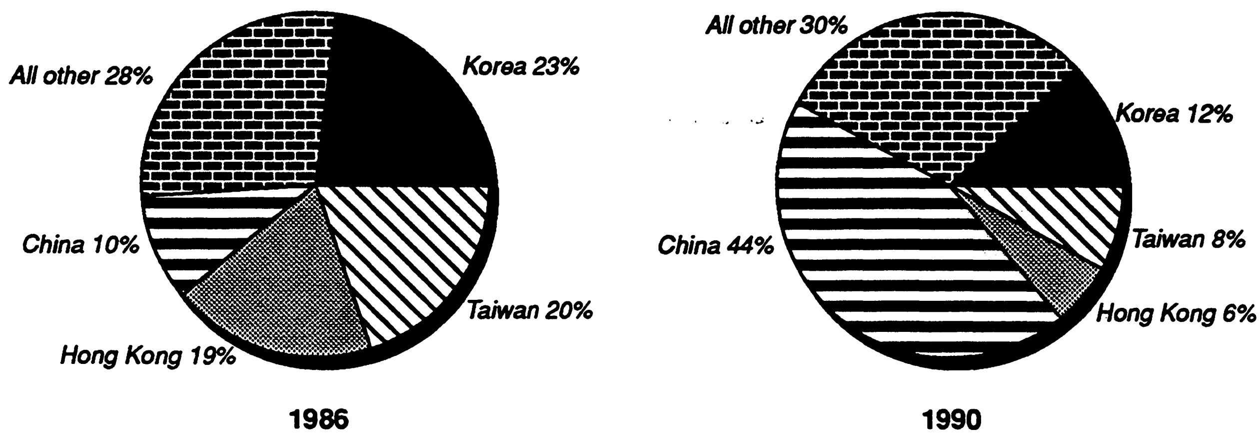
(Million dollars)

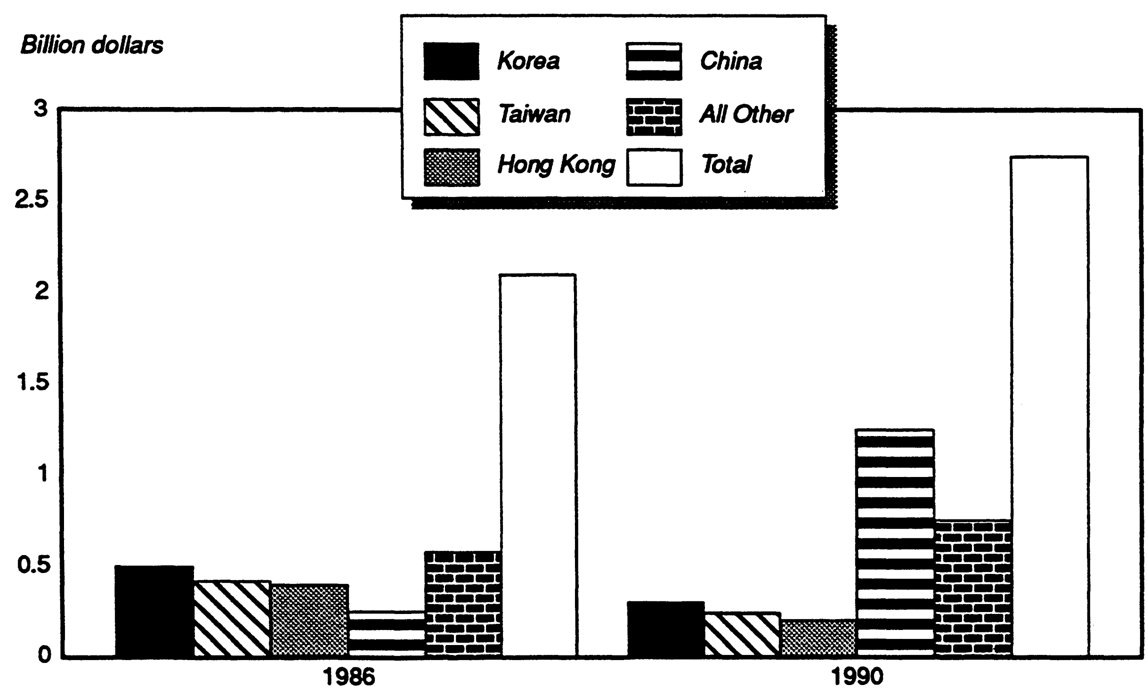
Item	*1986*	*1987*	*1988*	*1989*	*1990*
U.S. exports of domestic merchandise:					
China	2	1	([2])	([2])	([2])
Republic of Korea	2	5	4	2	4
Taiwan	1	4	3	4	4
Mexico	24	30	71	100	105
Hong Kong	7	9	10	7	12
Macao	([2])	([2])	([2])	([2])	([2])
Canada	34	51	64	50	82
Thailand	([2])	1	1	([2])	([2])
Japan	10	14	22	20	25
United Kingdom	20	27	40	34	44
All other	63	74	91	76	105
Total	165	215	305	294	382
EC-12	38	57	73	59	77
OPEC	10	7	12	7	9
ASEAN	4	4	7	5	7
CBERA	13	12	11	8	10
Eastern Europe	0	0	0	0	2
U.S. imports for consumption:					
China	213	415	644	1,017	1,192
Republic of Korea	484	645	498	413	313
Taiwan	416	494	313	294	225
Mexico	80	76	111	137	120
Hong Kong	391	392	289	242	172
Macao	83	78	83	119	180
Canada	13	15	21	20	17
Thailand	16	28	37	71	97
Japan	172	122	75	72	65
United Kingdom	12	14	17	17	17
All other	197	253	301	292	317
Total	2,077	2,533	2,389	2,694	2,716
EC-12	129	135	151	159	170
OPEC	0	0	1	4	12
ASEAN	57	120	162	176	219
CBERA	5	5	3	4	3
Eastern Europe	5	4	6	6	8
U.S. merchandise trade balance:					
China	-211	-414	-644	-1,017	-1,192
Republic of Korea	-482	-640	-494	-411	-309
Taiwan	-415	-490	-310	-290	-221
Mexico	-56	-46	-40	-37	-15
Hong Kong	-384	-383	-279	-235	-160
Macao	-83	-78	-83	-119	-180
Canada	21	36	43	30	65
Thailand	-16	-27	-36	-71	-97
Japan	-162	-108	-53	-52	-40
United Kingdom	8	13	23	17	27
All other	-134	-179	-210	-216	-212
Total	-1,912	-2,318	-2,084	-2,400	-2,334
EC-12	-91	-78	-78	-100	-93
OPEC	10	7	11	3	-3
ASEAN	-53	-116	-155	-171	-212
CBERA	8	7	8	4	7
Eastern Europe	-5	-4	-6	-6	-6

[1] Import values are based on customs value; export values are based on f.a.s. value, U.S. port of export. U.S. trade with East Germany is included in "Germany" but not "Eastern Europe."
[2] Less than $500,000.

Source: Compiled from official statistics of the U.S. Department of Commerce.

Figure 3
Toys and models: U.S. imports from leading sources, by share of total and by value, 1986 and 1990





Source: Based on official statistics of the U.S. Department of Commerce.

In addition to exporting, U.S. manufacturers often made special licensing arrangements with foreign toy companies that produced and distributed U.S. toys in those countries and then paid royalties to the U.S. firms. This enabled U.S. companies to produce revenue and attain worldwide distribution without heavy investment outlays. It also enabled specialists in each foreign country to make appropriate and marketable adjustments in packaging and product specifications.

The U.S.-Canada Free-Trade Agreement, beginning in 1989, is gradually reducing duty rates applicable to U.S.-made toys exported to Canada and Canadian-made toys imported into the United States, with duty elimination scheduled for yearend 1997. Industry groups in the two countries worked to help accelerate this duty-free movement of toys, in order to keep toy prices competitive. Both countries have undergone severe reductions in toy production since the 1950s. U.S. and Canadian toy firms formed marketing arrangements in recent years whereby toys of Canadian firms were distributed by U.S. toy companies in selected foreign markets where U.S. firms held stronger distribution relationships.

A major development likely to affect U.S. toy exports to Europe is the upcoming single European Community (EC) market.[4] The EC market will facilitate free movement for European goods, services, people, and capital, resulting in a unified market of 320 million consumers. The EC market is likely to accelerate demand for U.S. toy products. U.S. and European toy associations and government officials worked to improve access to the EC market under new regulations, which became effective in 1990, with respect to toy safety and requirements for marking of toys and packaging.

U.S. toy companies are broadening the search for markets suitable for international sales and production. These include selected countries in South America and Eastern Europe.

U.S. Exports

U.S. exports of toys and models rose irregularly, from $165 million in 1986 to $382 million in 1990. Toy exports in 1990 increased by $88 million, or 30 percent, compared to exports in 1989. Increased exports were recorded in several categories of toys and models. The principal products exported were the vast miscellaneous collection of toys classified as "Other toys (except models), not having a spring mechanism" (Schedule B subheading 9503.90.6000), with $74 million exported in 1990, up from $45 million in 1989. A second large category exported is classified as "Other toys, put up in sets or outfits and parts and accessories thereof" (Schedule B subheading 9503.70.0000), with $38 million exported in 1990, up from $22 million in 1989. A third notable increase in U.S. exports for 1990 was in the toy category of construction sets.

Mexico was the leading destination for U.S. exports in 1990, at $105 million, which included products sent to Mexico for assembly and re-export to the United States. As discussed earlier, no duty is applied toward the U.S.-origin content of these imports from assembly plants in Mexico. Subtracting the U.S. content of imports from Mexico, net exports to Mexico totaled $88 million in 1990.

The second-ranked recipient of U.S. exports of toys and models in 1990 was Canada at $82 million, compared to $50 million the previous year, by far the largest dollar increase in exports to any trading partner in the toy and model category. The third-ranked recipient in 1990 was the United Kingdom, increasing from $34 million in 1989 to $44 million in 1990. Japan received $25 million of U.S. exported toys in 1990, compared to $20 million the previous year. Hong Kong received $12 million, up from $7 million in 1989. Australia received $10 million, only about $400,000 below that received in 1989. U.S. exports to Brazil, Germany, Belgium, and Paraguay all increased in 1990, to round out the top 10 recipients of exports of toys and models.

U.S. toy companies have looked overseas for major sources of sales growth and profitability in recent years, as sales growth fell in the United States. Hasbro, the largest U.S. toy company, reported that 60 percent of its operating profit in fiscal year 1990 came from areas of operation outside of the United States, compared to 41 percent in 1989 and 46 percent in 1988. Mattel, the second largest U.S. toy company, stated in its annual report to stockholders that the company has higher international sales volume and greater profitability than any competitive toy company. Mattel has reported significant growth in sales overseas in recent years.

For further evidence of the growing importance of international markets to U.S. toy companies, retail business is illustrative. Toys R Us, the world's largest toy retailer, reported a 6-percent drop in sales during the 1990 Christmas season at its U.S. stores open for at least a year. In contrast to weak domestic sales, revenue from Toys R Us overseas outlets open for at least a year increased in the 1990 holiday period. The company benefitted further from 71 new stores opened in 1990 in the United States and abroad, including more than 20 new outlets in Europe and Asia. Already operating more than 70 stores in Canada, Puerto Rico, Western Europe, and the Far East, Toys R Us was scheduled to open stores in Japan beginning in late 1991. U.S. manufacturers anticipate that progress toward store openings in Japan will lead to buying orders in time to impact favorably on U.S. shipments and sales of toys, models, and other products during

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[4] Previous studies by the U.S. International Trade Commission include *The Effects of Greater Economic Integration Within the European Community on the United States: Report to the Committee on Ways and Means, U.S. House of Representatives, and the Committee on Finance, U.S. Senate, on Investigation No. 332-267 under Section 332 of the Tariff Act of 1930*, USITC Publications 2268, March 1990, and 2318, September 1990.

1991. Manufacturers indicated that both U.S.-produced goods and those produced for U.S. companies at offshore production facilities will experience enhanced opportunities for consumer acceptance in Japan.

U.S. Trade Balance

The U.S. trade balance for toys and models registered a deficit of $2.3 billion in 1990 (table 3). The trade deficit widened irregularly during the 5-year period beginning in 1986, when imports exceeded exports by $1.9 billion. The surge in imports from China was the major contributor to the trade deficit during 1986-90. It should be noted also that imports from China continued to increase in 1990 by 17 percent, but that a nearly corresponding aggregate decrease in imports from the rest of the world led to an overall increase in imports for 1990 of less than 1 percent.

Exports increased in 1990 by 29 percent to $382 million, the largest amount in the period 1986-90. As a result, exports contributed to the slight narrowing of the U.S. trade deficit for toys and models over the level experienced in 1989.

APPENDIX A
EXPLANATION OF TARIFF AND TRADE AGREEMENT TERMS

TARIFF AND TRADE AGREEMENT TERMS

The ***Harmonized Tariff Schedule of the United States*** (HTS) replaced the *Tariff Schedules of the United States* (TSUS) effective January 1, 1989. Chapters 1 through 97 are based on the internationally adopted Harmonized Commodity Description and Coding System through the 6-digit level of product description, with additional U.S. product subdivisions at the 8-digit level. Chapters 98 and 99 contain special U.S. classification provisions and temporary rate provisions, respectively.

Rates of duty in the ***general*** subcolumn of HTS column 1 are most-favored-nation (MFN) rates; for the most part, they represent the final concession rate from the Tokyo Round of Multilateral Trade Negotiations. Column 1-general duty rates are applicable to imported goods from all countries except those enumerated in general note 3(b) to the HTS, whose products are dutied at the rates set forth in ***column 2***. Goods from the People's Republic of China, Czechoslovakia, Hungary, Poland, and Yugoslavia are among those eligible for MFN treatment. Among articles dutiable at column 1-general rates, particular products of enumerated countries may be eligible for reduced rates of duty or for duty-free entry under one or more preferential tariff programs. Such tariff treatment is set forth in the ***special*** subcolumn of HTS column 1.

The ***Generalized System of Preferences*** (GSP) affords nonreciprocal tariff preferences to developing countries to aid their economic development and to diversify and expand their production and exports. The U.S. GSP, enacted in title V of the Trade Act of 1974 and renewed in the Trade and Tariff Act of 1984, applies to merchandise imported on or after January 1, 1976, and before July 4, 1993. Indicated by the symbol "A" or "A*" in the special subcolumn of column 1, the GSP provides duty-free entry to eligible articles the product of and imported directly from designated beneficiary developing countries, as set forth in general note 3(c)(ii) to the HTS.

The ***Caribbean Basin Economic Recovery Act*** (CBERA) affords nonreciprocal tariff preferences to developing countries in the Caribbean Basin area to aid their economic development and to diversify and expand their production and exports. The CBERA, enacted in title II of Public Law 98-67, implemented by Presidential Proclamation 5133 of November 30, 1983, and amended by the Customs and Trade Act of 1990, applies to merchandise entered, or withdrawn from warehouse for consumption, on or after January 1, 1984; this tariff preference program has no expiration date. Indicated by the symbol "E" or "E*" in the special subcolumn of column 1, the CBERA provides duty-free entry to eligible articles the product of and imported directly from designated countries, as set forth in general note 3(c)(v) to the HTS.

Preferential rates of duty in the special subcolumn of column 1 followed by the symbol "IL" are applicable to products of Israel under the ***United States-Israel Free-Trade Area Implementation Act*** of 1985, as provided in general note 3(c)(vi) of the HTS. When no rate of duty is provided for products of Israel in the special subcolumn for a particular provision, the rate of duty in the general subcolumn of column 1 applies.

Preferential rates of duty in the special duty rates subcolumn of column 1 followed by the symbol "CA" are applicable to eligible goods originating in the territory of Canada under the ***United States-Canada Free-Trade Agreement***, as provided in general note 3(c)(vii) to the HTS.

Other special tariff treatment applies to particular ***products of insular possessions*** (general note 3(a)(iv)), goods covered by the ***Automotive Products Trade Act*** (general note 3(c)(iii)) and the ***Agreement on Trade in Civil Aircraft*** (general note 3(c)(iv)), and ***articles imported from freely associated states*** (general note 3(c)(viii)).

The ***General Agreement on Tariffs and Trade*** (GATT) (61 Stat. (pt. 5) A58; 8 UST (pt. 2) 1786) is the multilateral agreement setting forth basic principles governing international trade among its more than 90 signatories. The GATT's main obligations relate to most-favored-nation treatment, the maintenance of scheduled concession rates of duty, and national (nondiscriminatory) treatment for imported products. The GATT also provides the legal framework for customs valuation standards, "escape clause" (emergency) actions, antidumping and countervailing duties, and other measures. Results of GATT-sponsored multilateral tariff negotiations are set forth by way of separate schedules of concessions for each participating contracting party, with the U.S. schedule designated as schedule XX.

Officially known as "The Arrangement Regarding International Trade in Textiles," the ***Multifiber Arrangement*** (MFA) provides a framework for the negotiation of bilateral agreements between importing and producing countries, or for unilateral action by importing countries in the absence of an agreement. These bilateral agreements establish quantitative limits on imports of textiles and apparel, of cotton and other vegetable fibers, wool, manmade fibers, and silk blends, in order to prevent market disruption in the importing countries—restrictions that would otherwise be a departure from GATT provisions. The United States has bilateral agreements with more than 30 supplying countries, including the four largest suppliers: China, Hong Kong, the Republic of Korea, and Taiwan.

APPENDIX B
STATISTICAL TABLES

Table B-1
Toy electric trains, including tracks, signals, and other accessories thereof; parts thereof: U.S. imports for consumption, by principal sources, 1989 and 1990

(In thousands of dollars)

Source	1989	1990
China	29,908	23,062
Germany [1]	13,515	18,870
Republic of Korea	16,075	16,870
Hong Kong	10,528	5,722
Japan	3,980	3,483
Yugoslavia	3,057	2,937
Taiwan	2,405	1,823
Italy	1,743	1,060
United Kingdom	1,074	960
Austria	524	900
All other	5,731	2,261
Total	88,541	77,949

[1] U.S. imports from eastern Germany, formerly German Democratic Republic, are included in "Germany" effective July 1, 1990.

Source: Compiled from official statistics of the U.S. Department of Commerce.

Table B-2
Toy building blocks, bricks and shapes: U.S. imports for consumption, by principal sources, 1989 and 1990

(In thousands of dollars)

Source	1989	1990
Denmark	43,439	37,969
Taiwan	10,671	10,484
Switzerland	8,530	8,657
Canada	4,994	3,360
Hong Kong	1,557	1,853
Germany[1]	1,068	1,279
Macao	211	1,236
China	978	1,194
Israel	356	949
Republic of Korea	1,159	655
All other	3,832	3,239
Total	76,795	70,875

[1] U.S. imports from eastern Germany, formerly German Democratic Republic, are included in "Germany" effective July 1, 1990.

Source: Compiled from official statistics of the U.S. Department of Commerce.

Table B-3
Stuffed toys representing animals or non-human creatures: U.S. imports for consumption, by principal sources, 1989 and 1990

(In thousands of dollars)

Source	1989	1990
China	186,536	254,232
Republic of Korea	263,283	215,821
Thailand	13,537	40,724
Taiwan	35,978	15,161
Hong Kong	11,983	12,546
Indonesia	1,915	7,703
Philippines	4,297	7,453
Malaysia	5,618	4,984
Germany[1]	2,629	3,020
Mexico	1,197	1,983
All other	6,341	7,138
Total	533,314	570,764

[1] U.S. imports from eastern Germany, formerly German Democratic Republic, are included in "Germany" effective July 1, 1990.

Source: Compiled from official statistics of the U.S. Department of Commerce.

Table B-4
Toys representing animals or non-human creatures, other than stuffed toys, and parts and accessories thereof: U.S. imports for consumption, by principal sources, 1989 and 1990

(In thousands of dollars)

Source	*1989*	*1990*
China	117,679	171,349
Macao	13,431	86,812
Hong Kong	19,272	16,021
France	12,271	15,055
Republic of Korea	25,025	14,221
Taiwan	24,269	11,733
Philippines	2,898	4,237
Thailand	2,988	3,816
Malaysia	3,235	3,065
Mexico	2,703	2,682
All other	10,493	9,018
Total	234,264	338,009

Source: Compiled from official statistics of the U.S. Department of Commerce.

Table B-5
Toy musical instruments and apparatus, and parts and accessories thereof: U.S. imports for consumption, by principal sources, 1989 and 1990

(In thousands of dollars)

Source	*1989*	*1990*
China	33,029	37,840
Mexico	6,413	6,909
Taiwan	11,449	6,750
Hong Kong	4,015	3,530
Republic of Korea	5,710	2,772
Italy	4,676	2,471
Philippines	1,289	1,921
Macao	210	1,170
Japan	942	486
Singapore	191	483
All other	1,131	712
Total	69,055	65,044

Source: Compiled from official statistics of the U.S. Department of Commerce.

Table B-6
Toys, put up in sets or outfits, nesi, and parts and accessories thereof: U.S. imports for consumption, by principal sources, 1989 and 1990

(In thousands of dollars)

Source	*1989*	*1990*
China	62,232	69,343
Mexico	16,249	25,075
Hong Kong	18,312	15,726
Taiwan	15,525	13,161
Thailand	5,882	6,271
France	389	4,377
Macao	6,126	2,958
Germany[1]	2,696	2,901
Italy	2,330	2,058
Canada	707	1,962
All other	8,271	6,282
Total	138,718	150,115

[1] U.S. imports from eastern Germany, formerly German Democratic Republic, are included in "Germany" effective July 1, 1990.

Source: Compiled from official statistics of the U.S. Department of Commerce.

Table B-7
Toys (except models) incorporating an electric motor: U.S. imports for consumption, by principal sources, 1989 and 1990

(In thousands of dollars)

Source	*1989*	*1990*
China	104,699	99,959
Hong Kong	62,999	46,336
Singapore	35,174	33,041
Taiwan	40,222	27,618
Macao	14,280	15,681
Malaysia	7,262	13,258
Japan	7,528	12,745
Republic of Korea	23,231	8,382
Thailand	11,698	5,064
Philippines	1,072	1,108
All other	2,678	971
Total	310,842	264,143

Source: Compiled from official statistics of the U.S. Department of Commerce.

Table B-8
Other toys (except models), not having a spring mechanism: U.S. imports for consumption, by principal sources, 1989 and 1990

(In thousands of dollars)

Source	*1989*	*1990*
China	328,192	380,712
Taiwan	81,762	72,163
Mexico	65,736	45,005
Hong Kong	69,541	43,392
Macao	46,548	41,299
Thailand	25,681	28,954
Republic of Korea	22,592	14,060
Germany[1]	5,867	10,675
Malaysia	5,087	8,526
United Kingdom	5,424	4,841
All other	34,467	32,019
Total	690,896	681,647

[1] U.S. imports from eastern Germany, formerly German Democratic Republic, are included in "Germany" effective July 1, 1990.

Source: Compiled from official statistics of the U.S. Department of Commerce.

Table B-9
Toys and models, nesi: U.S. imports for consumption, by principal sources, 1989 and 1990

(In thousands of dollars)

Source	*1989*	*1990*
China	77,986	75,715
Mexico	29,079	21,946
Macao	25,954	21,693
Japan	18,895	18,389
Malaysia	16,644	12,454
Hong Kong	21,603	11,991
Taiwan	11,605	6,754
Republic of Korea	7,000	5,064
Thailand	3,163	4,527
Italy	3,111	2,652
All other	10,006	13,114
Total	225,046	194,302

Source: Compiled from official statistics of the U.S. Department of Commerce.

Table B-10
Festive, carnival, or other entertainment articles, nesi; parts and accessories thereof: U.S. imports for consumption, by principal sources, 1989 and 1990

(In thousands of dollars)

Source	*1989*	*1990*
China	24,581	25,297
Taiwan	24,568	24,615
Netherlands	2,533	4,053
Hong Kong	2,567	2,564
Republic of Korea	5,410	2,494
Mexico	2,552	1,237
Germany [1]	528	1,103
Philippines	361	1,072
Thailand	407	817
Japan	516	620
All other	2,209	2,226
Total	66,234	66,099

[1] U.S. imports from eastern Germany, formerly German Democratic Republic, are included in "Germany" effective July 1, 1990.

Source: Compiled from official statistics of the U.S. Department of Commerce.