U.S. Department of Commerce Industry Report
Dolls, Toys, Games, and Children's Vehicles NAICS Code 33993

Industry Definition

NAICS 339931 comprises establishments primarily engaged in manufacturing complete dolls, doll parts, and doll clothes, action figures, and stuffed toys. NAICS 339932 comprises establishments primarily engaged in manufacturing games and game sets for adults and children, and mechanical and non-mechanical toys. Establishments primarily engaged in manufacturing electronic video game cartridges and non-doll rubber toys are not included. The information in this industry report aggregates the industry data for both NAICS codes.

Current Economic Indicators NAICS 33993

See the table below for a complete listing of the current economic indicators for the toy industry[1].

	2004	2005	2006	2007	2008	2009	2010
Total Value of Shipments	$3,558,885	$3,721,741	$3,904,760	$3,021,754	$2,861,473	$2,115,219	$2,307,707
Product Shipments	$3,180,434	$3,284,022	$3,431,119	$2,526,067	$2,568,226	$1,882,415	$2,076,556
Exports	$880,493	$1,070,187	$1,325,192	$1,983,033	$1,554,128	$1,582,753	$1,531,789
Imports	$14,244,081	$16,243,647	$16,971,999	$21,768,888	$22,820,281	$20,423,985	$21,427,885
Apparent Consumption	$16,922,473	$18,895,201	$19,551,567	$22,807,609	$24,127,626	$20,956,451	$22,203,803
Imports as a % of Apparent Consumption	84.17%	85.97%	86.81%	95.45%	94.58%	97.46%	96.51%
Imports from China	$12,053,678	$13,439,770	$14,592,830	$19,446,731	$20,677,929	$18,330,413	$18,979,444
Imports from China as a % of Apparent Consumption	71.23%	71.13%	74.64%	85.26%	85.70%	87.47%	85.48%

The industry's domestic production in 2010, the latest year of available data, was estimated at approximately $2.076 billion. While the majority of toys destined for the American market are designed in the United States, large-scale production has shifted abroad. However, even though large portions of the major U.S. toy companies' product lines are manufactured outside the United States, they still incorporate significant U.S. value in terms of the product design, marketing, research and development, and corporate support functions. While U.S. toy

[1] This report uses the most recent full year data, 2010. Sources: U.S. Census Bureau's Annual Survey of Manufacturing: http://www.census.gov/manufacturing/asm and the U.S. International Trade Commission's Trade Dataweb: http://dataweb.usitc.gov

companies have their own toy development divisions, they also support a network of independent toy inventors and designers that sell their concepts to the larger companies. The largest U.S. toy trade association, Toy Industry Association (TIA) has resources that toy inventors and designers can use to market their products to manufacturers. TIA organizes one of the world's largest toy trade shows. Held each year in February in New York City, Toy Fair attracts more than 20,000 attendees and 12,000 exhibitors in 350,000 square feet of exhibit space.

TIA estimates domestic toy related employment at 31,000. TIA member companies employed approximately 26,215 U.S. workers in 2009. TIA employment figures capture all toy related operations including independent toy inventors and designers. The Bureau of Labor Statistics' Quarterly Assessment of Employment and Wages estimated 2010 employment at 11,886, down from 12,881 in 2010.[2] The Census Bureau's 2010 Annual Survey of Manufactures (ASM)[3], a sampling of manufacturing operations, estimated manufacturing related employment at 9,137.

Toy Sales

The U.S. Toy Industry Association, TIA, estimates that U.S. retail sales of traditional toys were $21.78 billion in 2008, up 2 percent from 2009[4]. TIA member companies reported that the toy categories of Dolls, Building Sets and Outdoor & Sports toys saw the strongest growth in 2010, while Youth Electronics, Action Figures & Accessories, and Games & Puzzles saw the largest drop.

TIA estimates that the worldwide retail sales of toys totaled $80.280 billion in 2009[5]. The top ten markets by retail sales were: United States; Japan, China, the United Kingdom, France, Germany, Brazil, India, Australia, and Canada. Annual toy spending per child in these markets ranged from a high of $401 in Australia to a low of $6 in India.[6]

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[2] http://www.bls.gov/cew. Major exclusions include self-employed workers.

[3] http://www.census.gov/manufacturing/asm/index.html The Annual Survey of Manufactures (ASM) is a sample survey of approximately 50,000 establishments.

[4] The term "traditional toys" does not include video games. TIA's "State of the Industry Table" available at: http://www.toyassociation.org/TIA/Industry_Facts/salesdata/IndustryFacts/Sales_Data/Sales_Data.aspx?hkey=6381a73a-ce46-4caf-8bc1-72b99567df1e#.UXGj0qw8_ng

[5] TIA commissioned report "Toy Markets in the World: Summary Charts Annual 2009" by the NPD Group available at: http://www.toyassociation.org/App_Themes/tia/pdfs/facts/ToyMarkets10.pdf

[6] *Ibid.*

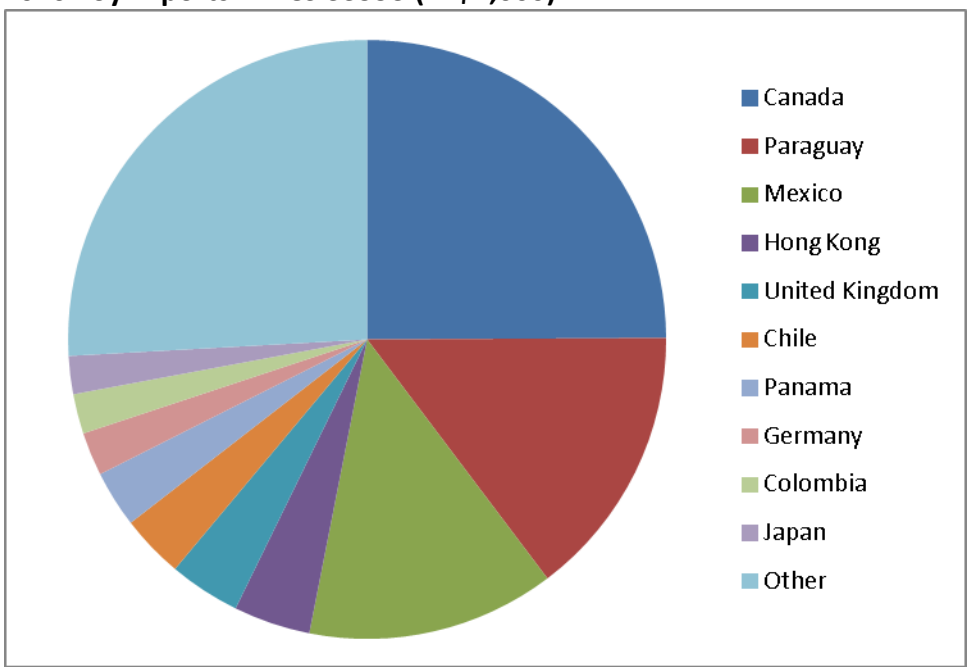
U.S. Exports and Imports of NAICS 33993

U.S. trade statistics don't reflect the global strength of the U.S. toy industry since the majority of toys consumed in the U.S. are imported or produced regionally to serve specific markets. The U.S. toy industry exported $1.531 billion in 2010 a decrease of 3.2 percent from 2009.

Toys, Dolls, and Games NAICS 33993: FAS Value U.S. Domestic Exports[7]

Country	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
	In 1,000 Dollars									
Canada	293,472	319,731	337,921	315,458	443,826	433,283	540,887	376,955	367,525	381,652
Paraguay	12,490	15,478	34,803	26,176	16,306	34,424	37,183	99,898	163,015	226,508
Mexico	128,249	88,520	68,873	81,188	78,699	233,321	749,717	324,323	229,555	205,271
Hong Kong	29,343	44,627	52,523	46,902	54,559	71,809	106,324	69,043	82,470	63,552
United Kingdom	70,613	68,025	65,745	71,811	75,387	76,536	72,676	74,359	71,177	59,067
Chile	6,915	5,451	6,752	5,669	30,618	36,085	31,501	47,421	39,452	52,227
Panama	5,138	5,852	5,403	5,757	8,696	11,982	24,188	55,816	49,508	46,806
Germany	20,244	21,728	16,246	20,436	16,692	16,816	17,544	15,497	18,867	35,909
Colombia	9,942	8,116	8,357	8,009	12,452	20,712	24,512	35,872	35,424	32,926
Japan	64,013	57,669	51,212	41,062	45,230	33,446	28,658	30,208	30,667	31,494
Subtotal :	640,419	635,198	647,834	622,469	782,464	968,414	1,633,189	1,129,394	1,087,661	1,135,411
All Other:	226,491	199,837	214,922	258,024	287,723	356,779	349,844	424,735	495,092	396,378
Total	**866,910**	**835,036**	**862,756**	**880,493**	**1,070,187**	**1,325,192**	**1,983,033**	**1,554,128**	**1,582,753**	**1,531,789**

2010 Toy Exports NAICS 33993 (In $1,000)



[7] ITA does not consider Paraguay's imports of U.S. manufactured toys to be indicative of Paraguay's domestic consumption.

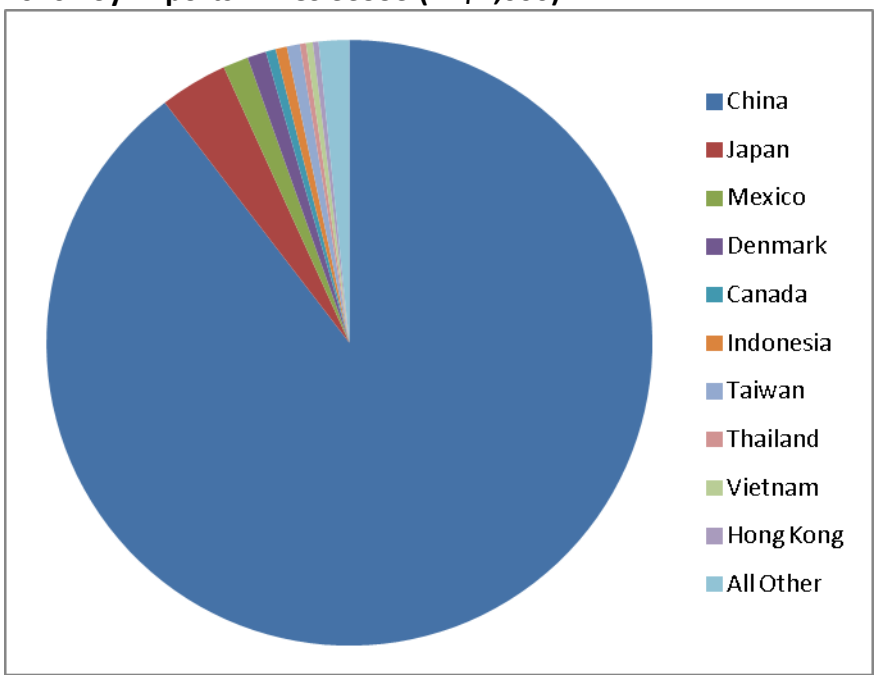
The top five export destinations were Canada, Paraguay, Mexico, Hong Kong, the United Kingdom, and Chile. Combined, Canada, Paraguay, and Mexico accounted for 53 percent of toy exports.

The toy industry imported $21.427 billion worth of toys, dolls and games in 2010, an increase of 5 percent over 2010 levels.

Toys, Dolls, and Games NAICS 33993: Customs Value U.S. Imports for Consumption

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Country	*In 1,000 Dollars*									
China	8,742,865	10,428,832	11,660,592	12,053,678	13,439,770	14,592,830	19,446,731	20,677,929	18,330,413	18,979,444
Japan	3,206,034	2,055,828	690,227	604,364	1,270,560	885,981	843,295	758,488	741,681	692,406
Mexico	552,629	1,029,327	395,910	317,211	318,359	312,178	304,603	294,328	276,086	339,744
Denmark	122,514	135,999	89,721	98,434	115,753	129,908	163,019	108,428	205,568	278,733
Canada	193,475	177,410	159,007	141,325	134,937	106,009	89,158	104,653	109,226	240,197
Indonesia	119,832	110,847	107,581	93,180	89,607	77,291	97,998	114,322	121,991	173,598
Taiwan	207,893	202,406	191,513	186,723	172,279	169,196	196,115	170,703	143,869	153,923
Thailand	109,060	101,648	97,252	77,220	76,955	93,301	70,549	91,940	66,706	86,006
Vietnam	309	6,505	5,390	10,851	23,868	28,144	42,103	48,420	73,215	81,545
Hong Kong	194,399	209,715	201,480	196,486	158,266	174,140	127,050	95,891	63,360	69,780
Subtotal	13,449,010	14,458,517	13,598,673	13,779,472	15,800,354	16,568,977	21,380,621	22,465,103	20,132,115	21,095,376
Other:	751,673	603,592	575,198	464,609	443,293	403,022	388,267	355,178	291,870	332,509
Total	**14,200,683**	**15,062,108**	**14,173,871**	**14,244,081**	**16,243,647**	**16,971,999**	**21,768,888**	**22,820,281**	**20,423,985**	**21,427,885**

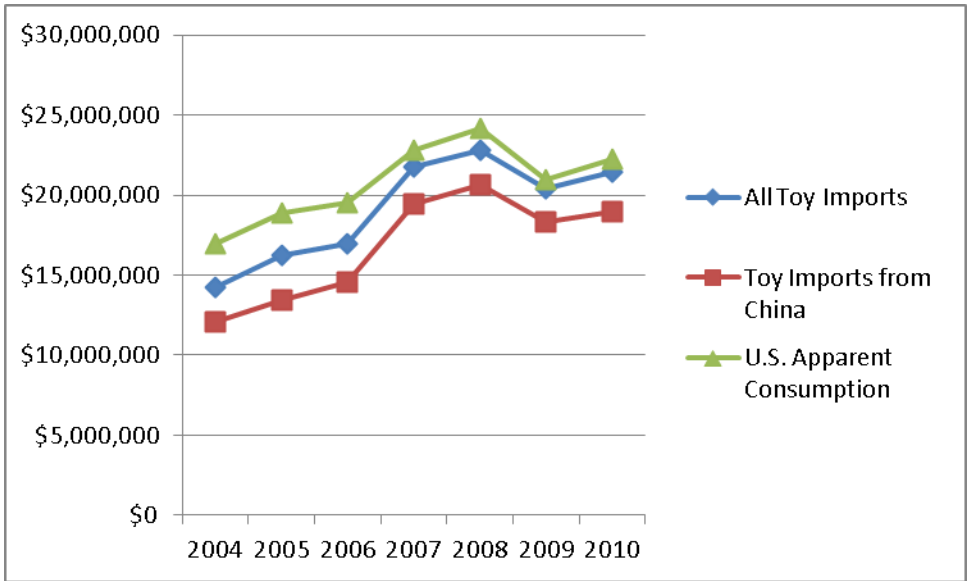
2010 Toy Imports NAICS 33993 (In $1,000)



The top five import sources were China, Japan, Mexico, Denmark, and Canada. Chinese produced toys accounted for approximately 88 percent of all toy imports in 2010.

U.S. apparent consumption of toys was approximately $22.2 billion in 2010 with imports from China accounting for 85 percent of the total.

U.S. Toy Imports NAICS 33993 vs. Apparent Consumption and Toy Imports from China



U.S. and Foreign Toy Tariffs

The U.S. toy industry faces relatively low foreign tariffs. U.S. toy tariffs were reduced beginning in 1995, and eliminated by 1999, as part of the GATT Uruguay Round "Zero-for Zero" negotiations. Other signatories to the agreement include the European Union, Japan, and Korea. Toy trade between Canada, Mexico and the United States is duty free under the NAFTA agreement. As part of China's accession to the World Trade Organization (WTO), it eliminated tariffs on most toy categories in 2005.

In 2011, Free Trade Agreements were signed with Korea, Columbia, and Panama. Current 2012 average toy tariffs[8] on U.S. made toy products are: Korea 4.7 percent; Columbia: 18.5 percent; and Panama: 10.4 percent. Toy tariffs in Korea will be reduced to zero upon implementation of the agreement. Toy tariffs in Columbia will decrease to 0 percent after a 10 year staging. Toy tariffs in Panama will be reduced either upon implementation, or using a five or ten year staging period.

In December 2011, Russia was invited to join the WTO as the 155th member. After full implementation of its WTO commitments, toy tariffs which range from 5-20 percent will be reduced and bound between 5-15 percent depending on the product category. Russia is expected to formally join the WTO in 2012.

[8] Toys are defined as chapter 95 of the U.S. Harmonized Tariff Schedule. Specific toy rates provided in this report are for headings 9501, 9502 and 9503. FTA Tariff rates for other headings are available through the Department of Commerce's Free Trade Agreement Tariff Tool.

U.S. toy companies still face tariffs ranging of up to 10-20 percent in South American countries such as Brazil, and Asian countries such as Indonesia, Vietnam. For current tariffs on U.S. products contact the Trade Information Center or call 1-800-USA-TRADE.

While U.S. toy companies generally enjoy relatively low tariffs in key export markets, they can still encounter non-tariff barriers to these same markets. Companies that encounter problems exporting are encouraged to report their problem to the International Trade Administration's Trade Compliance Center. The U.S. Department of Commerce working in conjunction with USTR and the Commercial staff at Embassies abroad have resolved numerous non-tariff trade barriers for U.S. companies including issues pertaining to import licenses, safety standards, and labeling requirements.

Industry Legislative Changes and Toy Recalls

In 2007, more than 45 million toys and other children's products were recalled for hazards such as lead paint and small powerful magnets that could injure children if swallowed. Stakeholders, including toy manufacturers, retailers, and consumer groups, participated in numerous Congressional hearings which resulted in significant changes to the standards and testing procedures applied to domestically produced and imported toys and children's products. On July 31, 2008, Congress sent President Bush a compromise bill, H.R. 4040, entitled "Consumer Product Safety Improvement Act of 2008." The Act impacted the U.S. toy industry in the following ways:

- Children's products that contain lead above 600 parts per million for the first year, reducing to 100 parts per million beginning the third year following the enactment of the Act, will be treated as banned hazardous substances. The limits represent some of the lowest lead limits in the world and effectively bans lead from children's products.
- Third party testing and certification for certain children's products will be mandatory.
- Children's products will be required to bear tracking labels that would allow their path from factory to store to be more easily retraced in the event of a recall.
- Toys and games advertised for sale on the internet and in catalogs will be required to prominently display the same cautionary language included on product packaging
- The voluntary industry standard ASTM F-963 will become a mandatory standard overseen by the Commission.
- Phthalates are a group of chemicals added to plastic toys and other plastic products to make them soft and pliable. The phthalates DEHP, DBP, and BBP would be banned above concentrations of 0.1 percent. Until the results of a Chronic Hazard Advisory Panel have been received, the phthalates DINP, DIDP, and DNOP will be banned above concentrations of 0.1 percent in any children's toy or childcare article that can be placed in a child's mouth.

The Consumer Product Safety Commission website has numerous informational resources to help stakeholders understand how the Act's requirements will be implemented including downloadable video files of recent public meetings and timelines which summarize the required actions pursuant to the Act.

The APEC Toy Safety Initiative

The APEC Toy Safety Initiative was the U.S. response to the many notable toy recalls of 2007, and to APEC Leaders' calls in 2007 and 2008 to "strengthen consumer product safety standards and practices in the region" and "to undertake work to ensure the safety of toys." The project was managed by the U.S. Department of Commerce's Office of Health and Consumer Goods and the ITA's Standards Liaison in conjunction with USTR. The Initiative was cosponsored by seven APEC economies: Chile, China, Chinese Taipei, Japan, Malaysia, and Viet Nam. TIA was the U.S. private sector partner and contributed half of the operating funds. The Initiative called for a survey of current toy regulatory practices of all APEC member economies and two events: "A Regulator Dialogue on Toy Safety," held on the margins of the Singapore SCSC meeting August 1-2, 2009; and "An Open Dialogue on Toy Safety for All Stakeholders" (Open Dialogue) held during the Hong Kong Toy Fair on January 12, 2010.

The two Dialogues marked the first-ever meetings of all toy industry stakeholders within the APEC region (home to over 85% of all toy manufacturers and exporters) to discuss opportunities and obstacles to global standards alignment. The Singapore meeting was attended by 130 regulators from 20 of the 21 APEC economies (only Russia was not represented). The Hong Kong meeting was attended by 214 people representing regulators, standards bodies, toy manufacturers, retailers, toy associations, testing companies, and other government representatives. Non-APEC attendees included Belgium, Denmark, India, Sweden and Switzerland. There was discussion of the regulatory systems of 15 members, and the relationship between the three main toy standards, ASTM F963, the EU's EN-71, and ISO 8124.

Key Outcomes from Singapore

- Commitment to participate in a survey of member economies regarding toy safety systems as a deliverable to the Hong Kong meeting.
- Agreement between the ASTM and ISO technical committees to consultations on emerging toy safety hazards.

Key Outcomes from Hong Kong

- Completion and endorsement of the APEC Toy Safety Survey and circulation of the document to the OECD, WTO TBT Committee and related organizations.
- Agreement by APEC members to continue to pursue standards alignment in all stakeholder groups through an industry task force, international regulator forums, and consumer organizations under the auspices of the APEC Toy Safety Initiative.
- Commitment by CPSC to dedicate resources for global toy standards alignment in its 2010 workplan entitled "Plan for International Coordination on Toy Safety Requirements" (released May 2011).

Questions related to this industry report should be directed to the toy industry analyst at Jamie.Ferman@trade.gov

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