

## **Tariff Position Policy Synopsis**

This nonpartisan document outlines how current U.S. trade policy—specifically the imposition of a maximum of 245% tariffs on Chinese imports—is endangering the American toy and hobby industry, a sector composed primarily of small businesses supporting over 600,000 U.S. jobs. Drawing from real-time industry data, the paper urges swift, targeted policy relief.

## **Scope & Structure**

The full paper provides:

- Context for current trade policy
- Economic, employment, and consumer impact analysis
- Historical justification for past tariff exclusions
- Targeted, actionable policy recommendations

## **Crisis Overview**

- In April 2025, tariffs on Chinese imports rose up to 245%; China imposed 125% retaliatory tariffs.
- The toy and hobby sector—largely U.S.-based in design, development, and assembly—is caught without distinction or relief.
- Production shutdowns, layoffs, and cost spikes now threaten a large part of the industry's survival.

## **Key Impacts**

Economic:

- Tariffs more than double the landed cost of goods.
- Small businesses (5–10% margins) face cash flow collapse.
- Inventory delays, canceled shipments, and pricing instability are mounting.
- Sales cycles are shrinking; innovation is slowing; federal and state tax revenue is declining.

Employment:

- Jobs in design, marketing, logistics, warehousing, and customer service are at risk.

- Thousands of community-rooted retailers face layoffs, reduced hours, or closure.

#### Consumer Access:

- Products used in education, therapy, and childhood development are becoming unaffordable.
- Tariffs disproportionately hurt lower-income families, veterans, STEM educators, and underserved schools.
- The gap in access to developmental tools is widening.

#### Historical Context

- From 2018–2020, USTR granted Section 301 tariff exclusions to toy and hobby products based on economic harm and lack of alternatives.
- Conditions warranting relief then—non-sensitive goods, domestic sourcing issues, educational use—remain or have worsened.
- The April 2025 escalation makes renewed exclusions critical and logical.

#### Policy Recommendations

##### A. Reinstate & Expand Exclusions

- Prioritize products used in education, family development, and therapy.

##### B. Emergency Suspension

- Temporarily lift tariffs on essential, non-sensitive hobby and toy categories.

##### C. Transparent Review Process

- Enable real-time business impact submissions and tracking.

##### D. Small Business Mitigation

- Tailor exemptions for firms with <500 employees.

##### E. Preserve Consumer Access

- Factor in affordability and educational equity in future tariff decisions.

##### F. Target Relief to Non-Sensitive Goods

- Avoid applying strategic tariffs to cultural and consumer items.

##### G. Rebuild Skilled Trades

- Invest in U.S.-based tooling and technical education to restore domestic capacity.

## **Conclusion & Call to Action**

The toy and hobby industry—a vital source of learning, creativity, and community—is facing collapse. Tariffs have escalated into an existential threat. Policy solutions are available and supported by precedent. Immediate action urged to:

- Reinstatement of exclusions
- Provide targeted relief
- Preserve American jobs and consumer access