

# Toy Makers Mount Drive to Salvage China's Safety Reputation

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HONG KONG — Jay Horowitz, owner of American Classic Toy, started putting a prominent notice last October on all his products, most of them made in China, stating that they contained no lead-based paint.

Mr. Horowitz, 60, and a New York native, has a nostalgic product line that harks back to an era when many more toys were made in the United States.

The toys that his company produces, like Snakes Alive, first released in 1966, may well look quaint to a generation of children growing up on computer games.

But unlike the handful of rivals that still manufacture toys in the United States, Mr. Horowitz, like almost everyone else in the business, remains committed to making toys in China. As a result, he has joined the industry campaign — by suppliers in China and distributors and retailers in the United States and Europe — to restore its reputation with an intense international effort to improve safety checks.

At an annual toy fair here this week, attended by about 2,000 exhibitors from around the world, industry executives, regulators and politicians delivered two messages. The first was that toys, the vast majority made in China, already have an enviable safety record; the second, more critical, is that toy makers are committed to instituting tougher quality controls in China and elsewhere to try to avoid repetition of the relatively small number of prominent recalls that damaged the industry last year.

“Toys are inherently safe products,” Carter Keithley, president of the U.S. Toy Industry Association, said in an interview Wednesday. “They don’t have high voltages in them, they don’t purposely have hazardous chemicals in them and they don’t have volatile fuels. I mean, it’s a doll or a building block.”

Mr. Keithley said that recalls of toys as a result of hazardous material affected only about 0.3 percent of the three billion toys imported into the United States from China last year.

Still, the industry is lobbying for a stronger safety system — one that involves better production-line audits of materials and approval of designs by independently certified auditors. In the United States, it wants a new inspection regimen backed by law. Congress is considering legislation that would set tougher quality-control measures, including third-party testing of toys and possibly other child products, and the elimination of lead.

The move to tighter regulation will force toy companies to place a new level of scrutiny on Chinese suppliers. In talks in China, industry representatives and regulators consulted on the regulatory changes being promoted in the United States.

At the same time, Chinese regulators say they have intensified their inspections of manufacturers in recent months. Li Qingxiang, an official in the Guangdong Province Entry-Exit Inspection and Quarantine Bureau, told a conference here Wednesday that some 200 small manufacturers had been prohibited from exporting because of “substandard products.”

“Some of them have chaotic management systems,” he said.

These were mostly small firms, Mr. Li said, adding that more than 90 percent of Chinese toy exports were made by a few hundred top-tier suppliers and that only a handful of export products had been found to be defective.

For the regulators and the industry, tightening quality control will come at a cost, which will temper enthusiasm in some quarters. Toy makers, who say they already face steep increases because of rising pay rates in China, higher energy prices and the weaker dollar, will bear most of the costs. Prices to consumers are likely to rise, though probably by relatively small amounts.

The industry acknowledges that new regulatory safety requirements are necessary. But Mr. Keithley said that overly restrictive regulations could mean ending up with “a safety system that would be applicable to a nuclear energy hazard for a building block.”

Mr. Horowitz, the toy company executive, said his production costs had risen 20 percent over the last year. His suppliers in China quote prices 30 to 90 days in advance instead of setting an annual price, as they had done before. “We have to remain with the same retail price or lose significant sales,” he said. “So we squeeze our margins.”

Despite the product scares of 2007 and the prospect of higher costs, toy companies say there is no realistic alternative to China. Philip Shoptaugh, who owns Shoptaugh Games, an educational toy maker in Oakland, Calif., said China’s manufacturing facilities and labor rates still give it a big edge over alternatives.

“I think there are probably a lot of shoppers who made an effort over Christmas to read the box and say ‘It’s made in China; I won’t buy made in China this year,’ ” he noted.

“But having said that, are you going to pay twice as much for a doll because it’s not made in China?” Mr. Shoptaugh added. “The thing is you cannot make these products in the United States and have them be competitive on the shelf.”