

many common forms as is possible. Such action would contribute significantly towards the removal of one of the more unattractive features to international trade.

DISCRIMINATORY PRACTICES

Japan is and has been the chief supplier to domestic manufacturers of toy companies and completed toy items. Under regulations promulgated and enforced by the Ministry of International Trade and Industry, Japanese exporters are prohibited from extending credit to American importers (goods may not be shipped until the exporter has received payment in advance). The Japanese Government does, however, at the same time permit importers from other nations to obtain favorable delayed payment terms. Prompt and effective measures should be initiated to eliminate this discriminatory practice.

OTHER NONTARIFF BARRIERS

In March of 1964, the Toy Manufacturers of America, Inc. (then known as the Toy Manufacturers of the U.S.A.), appeared and filed briefs with the United States Tariff Commission and the Trade Information Committee in connection with Investigation TEA 221(b). It indicated at that time the dire need for realistic international patent, copyright and trademark protection. Huge sums are expended annually by the domestic toy industry in research and development. The domestic toy industry has suffered severely as the direct result of the foreign manufacturers' adeptness in accurately and rapidly copying America's best selling toys for exportation to the United States. The authenticity of these foreign copies, and the extent to which this practice is and has been followed, is of common knowledge. The need for realistic international accords with respect to design and patent protection is particularly acute in the toy industry. The damage suffered by the domestic industry as a result of foreign made copies is further compounded by the fact that domestic manufacturers expend well in excess of \$100,000,000 per annum in order to stimulate a demand for their toys, by way of radio and television advertising. Foreign manufacturers not only by-pass research and development costs but they capitalize on a demand generated by domestic advertising. The practice of copying America's best-selling toys also eliminates some of the greatest financial risks inherent in the toy business in that foreign manufacturers copying "sure sellers" are not plagued by poor selling items which become a lingering drain on profits. They do not maintain inventories and produce goods only in the fulfilment of firm orders. Over-production by domestic manufacturers resulting from this practice (copying U.S. toys) has resulted in substantial losses to many U.S. toy companies. Equitable and effective accords are sorely needed in this area.

EXPORT PROMOTION

The Association also favors export tax incentives and progressive government market development programs. With respect to export promotions, the Association strongly endorses the government trade show programs and favors broadening these programs (whether they be wholly or partially subsidized by the government).

ADJUSTMENT ASSISTANCE

Subchapter III of the Trade Expansion Act of 1962, 19 U.S.C.A. section 1901 etc., entitled "Tariff Adjustment and Other Adjustment Assistance" has been a source of great concern to the toy industry, particularly in view of the fact that the twenty petitions heretofore submitted pursuant to these provisions have been rejected by the U.S. Tariff Commission.

Although no toy companies or groups of workers from toy companies have sought relief pursuant to Subchapter III of the Trade Expansion Act, many toy companies have suffered adversely as a direct result of increased imports. There is a strong possibility, in view of the 50% "Kennedy Round" tariff reductions applicable to most imported toys, that any number of domestic manufacturers will need and will seek the financial, tax and technical assistance contemplated by Congress when it enacted Subchapter III of the Trade Expansion Act of 1962.

Whether the fault be placed with the language of the statute itself or with the Tariff Commission's interpretation of Subchapter III, it is clear that injured workers or firms have not been able to obtain any federal assistance whatsoever under the tariff adjustment program. Although the adjustment assistance bene-