Supply-Build Canada
Formerly the Western Retail Lumber Association

Key Findings

Impacts of Elevated U.S. Duties on Canadian Lumber in the U.S.

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Key Findings

- Canadian imports of softwood lumber represent 25% of total U.S. softwood consumption and 5% of total construction costs. This means Canadian lumber sustains your local lumber yards.
- Tariffs increase construction costs, preventing Americans from building homes and communities. The proposed increase in existing combined countervailing and anti-dumping duties from 14.5% to 34.5% would increase overall single-family housing construction costs in the U.S. by up to $6,000, or a 1.4% increase over existing costs. These increases would drive up overall housing construction costs in the U.S. by $23.4 billion.
- Conversely, the removal of existing duties (14.5%) would reduce housing construction costs by up to $4,400.
- If Section 232 tariffs of 25% go into effect, along with the elevated duty rate (34.5%), the total combined rate on Canadian softwood lumber would rise to 59.5%. For median single-family home construction, costs could rise by as much as $13,500.
- The U.S. does not currently produce enough softwood lumber to replace existing Canadian imports, meaning the U.S. needs Canadian lumber to thrive. Moreover, the U.S. sawmill industry is hamstrung by labor supply challenges that will inhibit the ability of the industry increase production in the coming years.
- The average net profit margin for homebuilders in the U.S. is 11%. The proposed increase in combined duty rates from 14.5% to 34.5% would reduce profit margins by 1.4 percentage points. With the advent of Section 232, profit margins could fall 3.2 percentage points. Without lumber imports, Americans' jobs are at risk.
- A World Trade Organization (WTO) panel in August 2020 determined that U.S. countervailing duties on Canadian softwood lumber breached global trade rules because the U.S. failed to demonstrate that Canadian timber prices were artificially low due to subsidies.

Analysis

This section provides a more detailed discussion of analysis and findings, including intermediate steps. Additional information on assumptions, data inputs, and supporting analysis can be found in the Appendix.

Estimated share of Canadian softwood lumber in total U.S. housing construction costs

- In 2024, the United States imported more than 9.1 million metric tons of lumber (HS code 4407), worth more than $5.6 billion in coniferous and non-coniferous treated wood. These exports totaled 28.4 million cubic meters, or approximately 12.2 billion board feet (BBF).[1] Canadian imports represented 84% of total U.S. imported volume (33.7 million cubic meters), or 72% by value. This means Canadian lumber supplies a large percentage of mom-and-pop lumber yards in the U.S. An estimated 98% of Canadian lumber production is softwood;[2] applying this percentage yields an estimated softwood lumber export total to the U.S. of 12.0 BBF.
- Total U.S. softwood lumber consumption in 2024 was an estimated 47.9 billion board feet (BBF).[3] **Based on this figure, imports of Canadian softwood lumber represent 25% of all U.S. softwood consumption, meaning the U.S. needs Canadian lumber to thrive.**

[1] United Nations (2025). UN Comtrade Database. Retrieved 3 June 2025, from **https://comtrade.un.org**.

[2] Statistics Canada (2022, July 11). The lumber industry in Canada: A business and economic snapshot (Catalogue no. 11-621-M2022023). **https://www150.statcan.gc.ca/n1/pub/11-621-m/11-621-m2022023-eng.htm**.

[3] Fastmarkets (2024, May 13). "Policy-driven supply shock: North American lumber market braces for Trump tariffs 2.0." Fastmarkets. **https://www.fastmarkets.com/insights/policy-driven-supply-shock-north-american-lumber-market-braces-for-trump-tariffs-2-0/**; Forisk Consulting (2024, February 29). Top 10 North American and U.S. lumber producers in 2024. Forisk. **https://forisk.com/top-10-north-american-and-u-s-lumber-producers-in-2024/**.

- According to the National Association of Home Builders, framing and trusses constitute an estimated 18.4% of total single-family housing construction.[4] Based on this estimate, **Canadian softwood lumber represents approximately 5% of total construction costs for single-family housing.** For example, according to a 2025 report by the National Association of Home Builders (NAHB), the median construction cost for a single-family home in the United States in 2024 was $428,215,[5] of which nearly $20,000 would be from the purchase of Canadian softwood lumber for framing and trussing.

  Tariffs hike up construction costs, forcing Americans to pay more out of pocket in order to build their communities.

Change in U.S. housing construction costs if the existing duty rate on Canadian softwood increases from 14.5% to 34.5%, as well as if the duty is reduced or entirely removed.

- We assume at a rate of $450 per 1,000 board feet for softwood lumber. Freight costs for the shipment of Canadian softwood add an additional $100 to this price, though U.S. duties are applied to the import price sans freight costs.[6]
- Based on the above estimates, an increase in the existing U.S. combined countervailing and anti-dumping duties on Canadian softwood lumber from 14.5% to 34.5% would result in an estimated additional $1,500 in construction costs in the U.S. This estimate is based on an assumption that 50% of the duty is borne by the shipper and 50% borne by the end customer (e.g., U.S. homebuilder).
- However, lumber is traded as a commodity—an increase in the cost of imports will likely push up the cost of all softwood lumber, regardless of origin, as prices between imported and domestic lumber converge (see, for example, Exhibit 1 in Appendix). **This would result in total U.S. single-family housing costs increasing by $6,000, making it more expensive for Americans to build.**
- According to Up for Growth, a leading housing policy organization, as of 2023 there was an unmet housing gap of 3.9 million units.[7] With existing and increased countervailing duties on Canadian softwood lumber, the aggregate cost to build these units would be an estimated $23.4 billion.
- **If the existing duties (14.5%) were entirely removed, and assuming price convergence between Canadian imported and domestic softwood lumber, single-family construction costs would decline by $4,400, making building more affordable.**
- If Section 232 tariffs go into effect, adding an additional 25% tax on top of existing and proposed elevated duties, the total new rate on Canadian softwood lumber would rise to 59.5%. The total cost of softwood lumber, assuming convergence between domestic and imported prices, would **increase by $13,500** for median single-family home construction.
- Using the same estimated underproduced housing figure cited above, the total increase cost of new construction from the combined elevated countervailing duty and Section 232 tariff would be $52.7 billion.
- Any increase in the cost of housing construction will negatively impact housing affordability in the U.S. According to analysis by NAHB, only 21.1% of new and existing home listings are affordable to households earning $75,000. Fewer than half of U.S. households can afford a $250,000 home.[8]

[4] Eric Lynch (2023, February 1). "Cost of Constructing a Home - 2022." Economics & Housing Policy. National Association of Home Builders (NAHB).

[5] Eric Lynch (2025, January 20). "Cost of Constructing a Home - 2024." Economics & Housing Policy. National Association of Home Builders (NAHB).

[6] Some more specific processed softwood products, such as fascia, command a much higher price per 1,000 board feet (e.g., $1,000). We do not have a breakout of shipments between standard softwood dimensional lumber and these more specific processed products, so for simplicity work with a standard rate only for dimensional lumber.

[7] Up for Growth. (2023). 2023 Housing Underproduction™ in the U.S. Retrieved from https://upforgrowth.org/apply-the-vision/2023-housing-underproduction/. The report estimate is for housing units.

[8] National Association of Home Builders. (2024, May). Housing affordability pyramid: 2024 update. https://www.nahb.org/blog/2024/05/housing-affordability-pyramid.

Whether there is existing supply of U.S. domestic softwood production to replace Canadian softwood if the latter becomes too expensive for the U.S. market with the advent of increased duties.

- The U.S. imported 12.0 BBF of Canadian softwood lumber in 2024. U.S. domestic softwood production in 2024 totaled 47.9 BBF. These values showcase how our decades-long partnership has allowed both our countries to grow and thrive.
- Despite claims to have the capacity to supply up to 95% of domestic softwood lumber consumption, U.S. producers operated at an average utilization rate of **78%** in 2024.9 This underutilization was attributed to challenges such as labor shortages and market conditions. The National Association of Homebuilders estimates an even lower rate of 64.7% in the fourth quarter of 2024, based on a four-quarter moving average.[10]
- In addition to limited substitutability, the harvesting and processing of timber also face significant labor force challenges that could both limit production capacity and push up prices. According to the U.S. Bureau of Labor Statistics, as of April 2025, the U.S. manufacturing sector had approximately 381,000 unfilled job openings.[11] The average annual pay across manufacturing subsectors, before supplemental benefits (e.g., healthcare), was $85,500 in 2024, whereas the average annual wage for sawmills (a manufacturing subsector) was just $63,400. Moreover, jobs at sawmills can be more physically challenging and away from urban centers, making them even more difficult to fill. Without Canadian lumber imports, Americans' jobs are at risk.

Impact on U.S. homebuilders: estimated profit margins and reduced profitability from increased lumber costs.

- The average net profit margin for homebuilders in the U.S. is 11%.[12] The proposed increase in combined duty rates from 14.5% to 34.5% would reduce profit margins by 1.4 percentage points.
- With the advent of Section 232, profit margins could fall 3.2 percentage points.

U.S. claims that Canada unfairly subsidies its softwood industry are unfounded.

- A World Trade Organization (WTO) panel in August 2020 determined that U.S. countervailing duties on Canadian softwood lumber breached global trade rules because the U.S. failed to demonstrate that Canadian timber prices were artificially low due to subsidies. The panel criticized the U.S. for using inappropriate benchmarks, such as comparing stumpage prices from Nova Scotia to other provinces, without accounting for regional differences.[13]

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[9] U.S. Lumber Coalition (2024). White paper: Canadian softwood lumber capacity is not sustainable. **https://uslumbercoalition.org/resource/white-paper-canadian-softwood-lumber-capacity-is-not-sustainable/**.

[10] National Association of Home Builders (2025, March). U.S. sawmill production capacity constant in 2024. Eye on Housing. **https://eyeonhousing.org/2025/03/u-s-sawmill-production-capacity-constant-in-2024/**.

[11] U.S. Bureau of Labor Statistics (2025, June 4). Job openings and labor turnover – April 2025 (Economic News Release). U.S. Department of Labor. **https://www.bls.gov/news.release/pdf/jolts.pdf**.

[12] Lynch, E. (2025, January 23). Cost of constructing a home in 2024. Eye on Housing. **https://eyeonhousing.org/2025/01/cost-of-constructing-a-home-in-2024/**.

[13] Reuters. (2020, August 24). Canada largely wins WTO case in lumber dispute with U.S. Reuters. **https://www.reuters.com/article/business/canada-largely-wins-wto-case-in-lumber-dispute-with-us-idUSKBN25K1OQ**; Cornerstone Research. (n.d.). U.S.–Canada softwood lumber dispute. **https://www.cornerstone.com/insights/cases/us-canada-softwood-lumber-dispute/**.

Appendix

Data inputs and assumptions

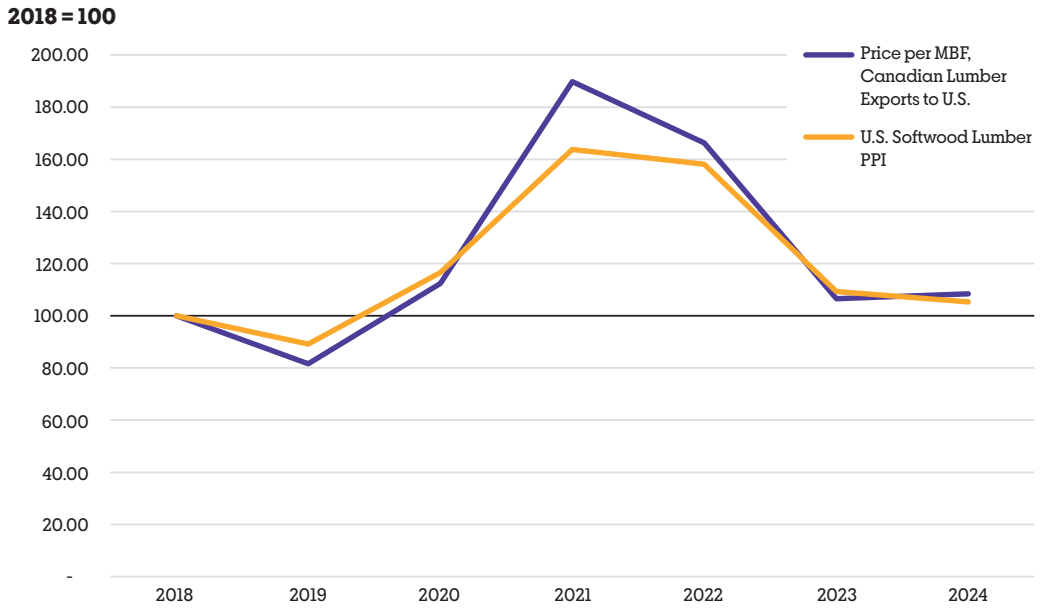
- Median single-family construction costs, 2024: $428,215
- Share of total construction costs for framing and trusses: 18.4%
- Share of duty borne by importer/shipper: 50%
- Average cost of Canadian softwood lumber per 1,000 board feet: $450
- Average shipping costs for 1,000 board feet: $100
- Duty applied only to value of lumber before freight/shipping fee.
- Total U.S. softwood consumption, 2024: 47.9 billion board feet (BBF)
- U.S. imports of Canadian lumber, 2024: $5.6 billion, 9.3 billion kilograms, 28.4 million cubic meters.
- Softwood share of Canadian lumber output: 98%

Comparison of domestic lumber prices and Canadian lumber import prices

This analysis assumes a high degree of convergence between Canadian imported softwood lumber and U.S. softwood lumber of the same specific (Western SPF). This assumption is based on the commodity nature of lumber as a tradable good. Moreover, changes in nominal prices have been fairly consistent over time between imported Canadian imported lumber and U.S. domestic lumber (**Exhibit 1**).

U.S. prices are based on the producer price index for softwood lumber and indexed to 2018. Canadian prices are based on the import prices. For the latter, we took reported U.S. Customs FOB value and volume in cubic meters as reported by UN Comtrade for HS code 4407 (the more detailed HS code for softwood lumber, 440701, is not available due to data suppression). Import volumes were converted into thousand board feet by multiplying cubic volume by 423.776 and dividing by 1,000.[14] Reported FOB was then divided by estimated thousand board feet (MBF) each year to get a FOB price for imported lumber per MBF. For example, in 2024, estimated price per thousand board feet was $478.09, close to the $450 per MBF reported in Random Lengths for Western SPF 2x4 framing lumber.[15]

Exhibit 1. Price Indices: Price per MBF, Canadian Lumber Imports and U.S. Softwood Lumber Producer Price Index



Sources: U.S. Bureau of Labor Statistics (2025, June 3). Producer Price Index by Commodity: Lumber and Wood Products: Softwood Lumber [WPS0811]. Retrieved from FRED, Federal Reserve Bank of St. Louis; **https://fred.stlouisfed.org/series/WPS0811**; United Nations (2025). UN Comtrade Database. Retrieved 3 June 2025, from **https://comtrade.un.org**.

[14] ConvertUnits (n.d.). Cubic meter to board foot conversion. Retrieved June 3, 2025, from **https://www.convertunits.com/from/cubic+meter/to/board+foot**.

[15] Random Lengths (2025, May 29). Lumber Price Guide. Volume 81, Issue 22.