Supply-Build Canada
Formerly the Western Retail Lumber Association

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The Right Honourable Mark Carney
Prime Minister of Canada
Office of the Prime Minister
80 Wellington Street
Ottawa, ON
K1A 0A2

Date: July 6, 2026

Re: The Need for a Softwood Lumber Agreement with the United States:
How Lumber Exports Effects Canada's Domestic Lumber Supply

Dear Prime Minister Carney,

Canada's building supply and forest products industry is the third largest GDP contributor generating $53.1 billon for Canada's economy. The industry supports 561,585 full and part time jobs, and represents a wide range of businesses within the supply chain including manufactures, distributors, buying groups, and retailers.[i] Many of these businesses, located in rural areas, are the social and economic heartbeat for their communities. As the industry's largest association Supply-Build Canada helps its 1300 member businesses navigate challenging times, and provides them with a voice in government advocacy.

Why Softwood Lumber Export Impacts Domestic Supply?

Supply-Build Canada's members produce, distribute, and sell Canadian lumber which is critical to building. Our concern with the softwood lumber trade file is that its effects on domestic supply are being overlooked. Lumber producers that export are the same producers who supply Canada's lumber. Due to a limited market Canadian producers have leveraged part of their business success exporting to the U.S. The current combined 45.16% duty and tariff rates implemented by the U.S. on Canadian lumber have caused a reduction in export demand. This has forced the closure and curtailments of Canadian lumber mills, which, in turn, impacts domestic supply.

Our membership represents lumber producers, and the domestic customer base of the lumber producers. A loss in lumber supply is an issue for the entire industry as an estimated 44%[ii] of construction costs of a single-family home is affected by lumber prices and availability. For instance, during the pandemic lumber experienced extreme price volatility. Initial supply and demand dropped followed by a surge in demand coupled with mill curtailments because of a brief economic collapse and employee Covid-19 safety requirements. This sent prices soaring, and businesses were unable to purchase and supply wood products to build.[iii] Similarly, current U.S. duty/tariff rates on softwood lumber are forcing mills in Canada to reduce production which has an impact on domestic and export supply. This will create pandemic-like conditions as demand to build increases.

Our Position:

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Reaching a softwood lumber agreement with the U.S. is critical not only for the benefit of the lumber producers' ability to export lumber to the U.S., but also for the domestic lumber supply, and Canada's infrastructure building capacity.

The current system includes over $10 billion in collected duty deposits held pending resolution of ongoing disputes.[iv] The Government of Canada should actively seek a negotiated settlement with the United States that either returns, offsets, or repurposes the softwood lumber duty deposits. Historically, Canada and the United States have resolved lumber disputes through negotiated agreements that provide stability and predictability for both producers and consumers. A renewed framework could help restore balance to the market by reducing volatility in pricing and supply, supporting increased housing production, and reinforcing the integrated North American lumber system.

Supply-Build Canada would support a Tariff-quota agreement, or an agreement that reduces the duty rate. First, negotiations should aim to remove the 10% Section 232 tariffs (something deemed reasonable by Congressional offices).[v] Second, work toward a tariff-quota or reduced-duty system that balances U.S. trade concerns with Canadian production realities. Third, ensure a distinction is made from lumber and value-added wood products. Currently, value-added manufactures face "double duties" meaning a duty is placed on the value of lumber used, and additional domestic costs, such as labour, freight, and processing despite not holding tenure rights or been accused of receiving subsidies. These businesses should not be subject to the same duty rate as primary lumber producers.

An agreement that creates predictability would reduce mill curtailments, support sustained production levels, and help prevent domestic shortages and price volatility for lumber.

We welcome the opportunity to meet with you to further discuss our position.

Thank you.

Sincerely,

Liz Kovach
President

Supply-Build Canada

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[i] Numbers derived from Statistics Canada, Table: 36-10-0480-01.
[ii] Number derived from Eric Lynch, "Cost of Constructing a Home in 2024", NAHB, 23 January 2025, https://eyeonhousing.org/2025/01/cost-of-constructing-a-home-in-2024/.
[iii] Peter Armstrong, "Record-high lumber prices add as much as $30k to the cost of building a house," *CBC News*, April 2, 2021, https://www.cbc.ca/news/business/lumber-prices-covid-19-cost-of-housing-1.5973416.

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[iv] Supply-Build Canada, "The Lumber Limbo," *Supply-Build Canada,* 26 March 2026, https://supplybuild.ca/bulletin-pages/march-26-2026-the-lumber-limbo.html.
[v] Supply-Build Canada, "Information on Supply-Build Canada's (SBC) Advocacy Trip to D.C.", Supply-Build Canada, 19 March 2026, https://supplybuild.ca/files/Information%20Note%20on%20February%20Trip%20to%20DC.pdf.