Why higher tariffs on Canadian lumber may not be enough to stimulate long-term investments in US forestry

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Canadian lumber waits for shipment in a sawmill's yard.

Andrej Ivanov/Getty Images

Lumber, especially softwood lumber like pine and spruce, is critical to U.S. home construction. Its availability and price directly affect housing costs and broader economic activity in the building sector. The U.S. imports about 40% of the softwood lumber the nation uses each year, more than 80% of that from Canada.

President Donald Trump says that the U.S. has the capacity to meet 95% of softwood lumber demand and directed federal officials to update policies and regulatory guidelines to expand domestic timber harvesting and curb the arrival of foreign lumber.

On Sept. 29, 2025, he announced new tariffs on imported timber and wood products, including an additional 10% tariff on Canadian lumber. Those were added to 35% tariffs imposed on Canadian lumber in August. It was the latest phase in a long-standing dispute over the supply of lumber to builders in the U.S., which dates back to the 1980s, when U.S. producers began arguing that Canadian companies were benefiting from unfair subsidies from their government. Starting on Oct. 15, Canadian softwood lumber imports could face tariffs exceeding 45%.

As researchers studying the forestry sector and international trade, we recognize that the U.S. has ample forest resources. But replacing imports with domestic lumber isn't as simple as it sounds.

There are differences in tree species and quality, and U.S. lumber often comes at a higher cost, even with tariffs on imports. Challenges like limited labor and manufacturing capacity require long-term investments, which temporary tariffs and uncertain trade policies often fail to encourage. In addition, the amount of lumber imported tends to mirror the boom-and-bust cycles of housing construction, a dynamic that tariffs alone are unlikely to change.

Trump's moves

To boost U.S. logging, in March, Trump issued an executive order telling the departments of Interior and Agriculture to ease what he called "heavy-handed" regulations on timber harvesting. The executive order and a follow-up memo from Agriculture Secretary Brooke Rollins do not spell out specifics, but officials say more details are in the works that will simplify the timber harvesting process, with the goal of boosting domestic timber production by 25%.

That same month, Trump ordered the Commerce Department to assess how imports of timber, lumber and related wood products affect U.S. national security.

While that assessment was underway, in July, the Commerce Department published findings from a trade review of 2023 Canadian lumber imports. That inquiry alleged that Canadian companies were selling lumber to the U.S. at unfairly low prices, potentially leaving U.S. producers with lower sales or depressed prices. That finding was cited as the basis for the 35% August tariff announcement.

In its national security investigation initiated in March, the Commerce Department concluded that an overreliance on imported wood products means "the United States may be unable to meet demands for wood products that are crucial to the national defense and critical infrastructure." The September tariff announcement is based on those findings.

Canadian timber harvesting continues, despite uncertainty about trade with the U.S.

Artur Widak/NurPhoto via Getty Images

Canadian lumber in the US market

In 1991, the U.S. imported 11.5 billion board feet (27 million cubic meters) of Canadian lumber. Those imports rose to a high of 22 billion board feet (52 million cubic meters) by 2005.

But as housing construction declined – especially during the Great Recession from 2007 to 2009 – imports dropped sharply, to less than 8.4 billion board feet (20 million cubic meters) in 2009. The current volume has not recovered to prerecession levels, rising only to 12 billion board feet (28 million cubic meters) in 2024.

The value of Canadian lumber has also fluctuated. Historically, prices for Canadian lumber have averaged about US$330 per thousand board feet ($140 per cubic meter). During and after the COVID-19 pandemic, import prices soared to almost $800 per thousand board feet ($340 per cubic meter). But since peaking in 2021 and 2022, prices have dropped significantly to $436 per thousand board feet ($185 per cubic meter) by 2024.

In total, in 2024, the U.S. imported more than $11 billion in forest and wood products from Canada. Softwood lumber accounted for almost half of that.

Lumber and housing

As personal income rises and populations grow, people seek to build new homes. As new home construction – called "housing starts" in economic data – increases, so does demand for softwood lumber to build those homes. And when housing starts slow, so does lumber demand.

For instance, housing starts fell during the Great Recession. They declined from a January 2006 peak of 2.3 million to less than 500,000 in January 2009 – a decrease of nearly 80%. In that same period, imports of Canadian lumber fell by more than 60%. Domestic softwood lumber production fell by more than 40%.

Both domestic and imported lumber prices can directly influence the overall cost of building homes, which in turn affects housing affordability. That said, lumber used for framing usually accounts for less than 10% of the total cost to build a new home. The effects of tariffs on new home construction may be significantly less than other factors, such as rising labor costs.

A matter of choice

The U.S. has a lot of potential lumber available. Especially in the South, the inventory of harvestable lumber has grown significantly over many years.

However, the types of wood available in the U.S. are not always the same as what's available from Canadian imports. For framing, contractors may prefer spruce, northern pines and fir, naturally abundant in Canada, because they are lighter and less likely to warp than southern yellow pine, which is abundant in the southern U.S. Southern yellow pine is more commonly used to make utility poles and preservative-treated lumber for outdoor construction projects, such as decks.

Lumber from Idaho, eastern Oregon and eastern Washington, however, does share characteristics with Canadian species and could take the place of at least some Canadian lumber.

As the Trump administration seeks to boost domestic lumber, buyers will be looking not only at where their lumber came from, but what it costs and what type of lumber is best for what they need to accomplish.

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