

WMP Market Insights

US More Than Doubles Duties on Canadian Softwood Lumber, Prompting Calls for Governments to Prioritize Resolving the Longstanding Trade Issue

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Industry leaders are urging the governments of Canada and the US to prioritize resolving the longstanding softwood lumber dispute after the US more than doubled lumber import duty rates. Construction costs are already rising for American builders, while housing affordability and worries about inflation remain

North American softwood lumber production in the first five months of 2025 declined again by 3.0% year-over-year to 40.8 million m³, or 24.0 billion board feet (bbf), according to data released on August 14 by the Western Wood Products Association (WWPA). US lumber production fell by 0.4% to 26.5 million m³ (15.6 bbf), while Canadian production decreased by 6.9% to 14.5 million m³ (8.5 bbf).

Production in British Columbia in the year through May declined by 8.2% year-over-year and Canadian production East of the Rockies declined by 6.3%.

According to WoodMarket Prices (WMP) data, in the first half of 2025 (H1), the US imported 11.8 million m³ of softwood lumber from all sources, a year-over-year decline of 6%. US lumber imports from Canada decreased by 8% year-over-year to 9.7 million m³. Imports from European countries accounted for 1.6 million m³ of the total in the year through June, up 7% compared with the corresponding period of 2024.

The U.S. Department of Commerce published in the Federal Register on August 12 its final determinations for the sixth administrative review (AR6) of countervailing duties on certain softwood lumber products from Canada. The agency had previously published the AR6 antidumping duties determination. The final countervailing duties rates are slightly higher than the preliminary rates published earlier in 2025. Once the final rates go into effect, the combined antidumping and countervailing duty rate will be 35.19%, an increase of 144% compared with the combined rate in the prior year's review (14.40%).

BC Lumber Trade Council President Kurt Niquidet called on the governments of Canada and the US to make resolving the longstanding softwood lumber dispute a top economic priority. The decision to hike import duties "places unnecessary strain on forestry-dependent regions in Canada while driving up construction costs for American builders and families," he said. "What is needed now is

a stable, negotiated agreement that supports jobs, trade, and housing affordability.”

The U.S. Lumber Coalition welcomed the decision to hike Canadian lumber duties, while attacking Canada’s C\$1.2B aid package for its softwood lumber industry, announced by Canadian Prime Minister Carney while visiting British Columbia on August 5. Calling the aid package a “subsidy” for Canada’s lumber industry, Andrew Miller, Chair/Owner of Stimson Lumber Company, said it would “result in job losses in the US forestry sector, plain and simple.”

In an August 13 release, the U.S. Lumber Coalition also attacked the Washington-based National Association of Homebuilders (NAHB) for advocating for Canadian lumber, which meets 25%-30% of US lumber consumption needs. The NAHB has long seen the softwood lumber duties as a cost burden to American builders and home buyers.

“Past NAHB statements would seem to endorse the market disrupting and price suppressing effects of unfair trade,” said the Coalition’s Executive Director Zoltan van Heyningen. “Considering the long-term detrimental impact on US softwood lumber production, and the resulting negative impacts on our country’s overall lumber supply, it seems like a very short-sighted policy priority,”

In fact, the love-hate relationship the US has with Canadian softwood lumber took another turn last week, when the American Building Materials Alliance (ABMA) highlighted one more reason hiking duties on imports of Canadian softwood lumber is a problem for the US construction sector. According to the

ABMA, there is a trend in the US towards more architectural and engineering specifications calling for Canadian SPF. “Canadian SPF and American SPFs are graded differently and are not interchangeable under many construction specifications. This means that when a project specifies Canadian SPF, dealers must supply it to meet the requirement,” it said in a release. “Some New Hampshire retailers report that this has shifted their entire inventory to Canadian SPF.”

Industry leaders have warned that, unless grading standards are aligned or specifications broadened, US builders face greater exposure to rising costs, supply chain risks, and limited domestic alternatives. In the meantime, says ABMA, grading rules will keep the US tethered to Canadian supply, and that makes the high tariffs problematic.

ABMA Chair Rod Wiles, a VP at Hammond Lumber Company, said: “Tariffs at this level send a clear signal that the status quo isn’t sustainable, and they can be a tool to bring both sides back to the table. The sooner we can achieve a fair agreement, the better it will be for the entire North American lumber supply chain.”

Prices for residential building materials rose again in July, marking the largest year-over-year increase in more than two years, according to the NAHB. In its Eye on Housing blog on August 14, NAHB noted that the underlying price growth trend remained the same, with service prices continuing to grow at a faster pace than goods prices.

On the lumber front, the average domestic price of US Southern pine in H1 2025 was up 20% year-over-year to U\$261/m³, and the

average price of Northwest Douglas-fir was up 4% to \$271/m³, according to WoodMarket Prices (WMP) data. The average price of imported softwood lumber in the US in H1 was \$339/m³, up 10% year-over-year, while the average price of softwood lumber imports from Canada in was \$293/m³, up 7%.

High mortgage interest rates, weak demand and ongoing supply-side challenges continued to act as a drag on builder confidence in August, as sentiment levels remain in a holding pattern at a low level, wrote NAHB's Chief Economist Robert Dietz in an August 18 Eye on Housing post. "Builder sentiment has now been in negative territory for 16 consecutive months and has hovered at a relatively low reading between 32 and 34 since May," said Dietz.

The University of Michigan's Index of Consumer Sentiment fell back 5.0% in August compared to July, declining for the first time in four months amid rising worries about inflation. Compared with August 2024, the consumer sentiment index was down 13.7%. The Index of Consumer Expectations declined less than 1.0% from the prior month, but was 20% down year-over-year.

However, US housing starts increased by 5.2% in July to a seasonally adjusted annual rate of 1.43 million units, according to a report from the U.S. Department of Housing and Urban Development and the U.S. Census Bureau. The improvement was led by solid multifamily

construction. Single-family housing starts posted a modest 5.2% gain to a seasonally adjusted annual rate of 1.43 million units as builders continue to contend with market challenges from housing affordability to labor shortages and elevated construction costs.

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