

Tariffs on Canadian lumber could boost U.S. production and market share

With tariffs on U.S. imports of Canadian goods looming, we analyze the potential impacts on lumber markets and possible benefits for regions with untapped production capacity.

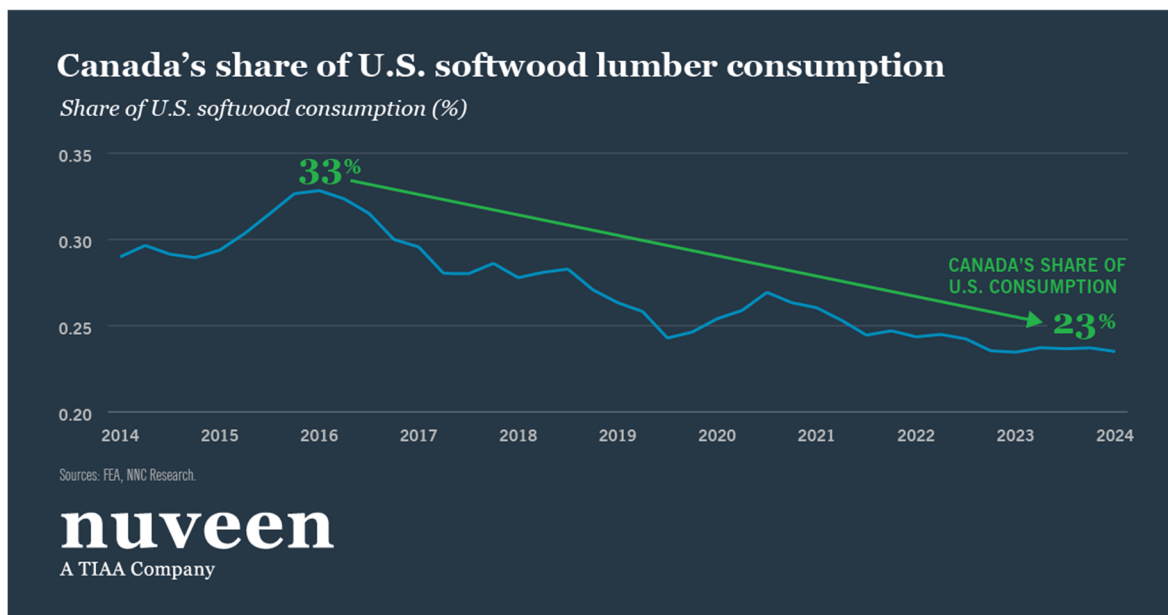
Canadian imports as a share of total U.S. consumption are at their lowest level in more than two decades.

- In 2024, the U.S. imported about 11.9 billion board feet (BFF) from Canada or about 23% of the 50.7 BFF total U.S. consumption.
- Canadian lumber exports to the U.S. are already subject to 14.5% duties as part of the longstanding Canada-US softwood lumber dispute.
- In the near-term, tariffs will further increase the cost of Canadian lumber and increase prices for U.S. consumers.

Canadian imports currently make up about 23% of U.S. softwood lumber consumption.

- Declining imports have been the results of many factors and as Canada has gradually lost U.S. market share, the U.S. South has gained market share. (see [NNC Market Analysis: The US South sees steady gains in domestic lumber markets](#)).

(analysis continues on page 2)

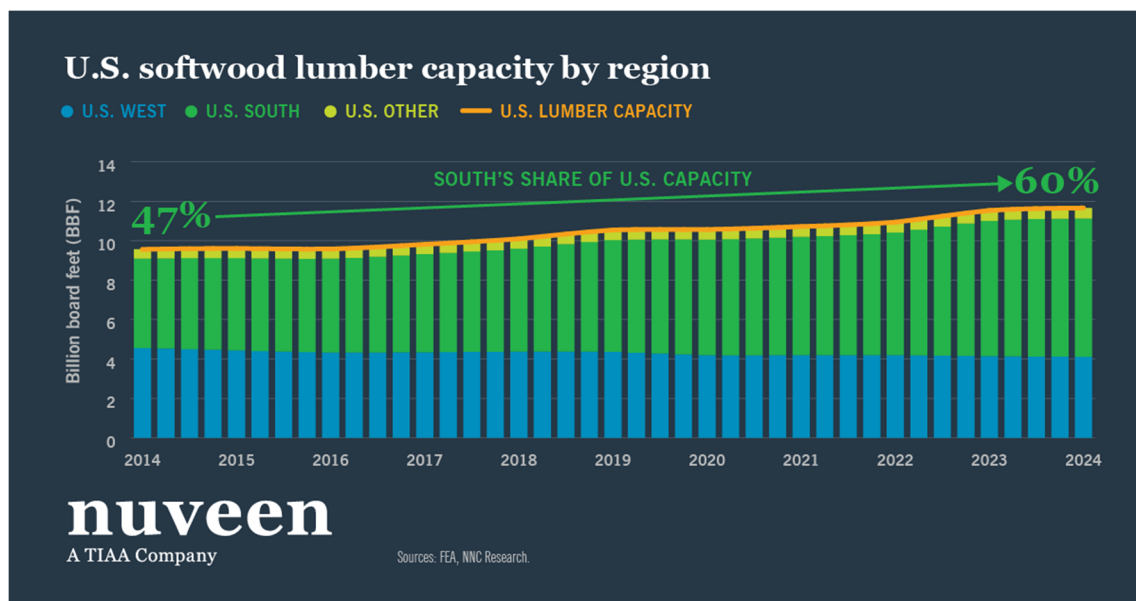


As prices for Canadian lumber rise with new tariffs, we would expect to see an increase in domestic production with the lowest-cost sources coming online first.

- In the near- and medium-term, we could see existing capacity in the South come online and regional production ramp up.
- In the West, where capacity has fallen by about 10% over the past decade, we could see more modest increases in lumber production.
- In both regions, increased demand for sawlogs is expected to create upward pressure on timber prices in more tensioned markets.

The South's share of U.S. softwood lumber capacity reached a multi-decade high in 2024 and is well-positioned to increase production.

- The South currently has the largest share of domestic softwood lumber capacity of any producing region – about 60% in 2024.
- Over the past decade, softwood lumber capacity in the South increased from 4.5 BBF to 7 BBF. At the same time, production capacity in other parts of the U.S. has been flat or slightly down.



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