April 1, 2025

Office of Strategic Industries and Economic Security
Bureau of Industry and Security
US Department of Commerce
1401 Constitution Avenue, NW
Room 3876
Washington, D.C., 20230

Docket No. 250310-0030
BIS-2025-0011 X-RIN 0694-XC117

RE: Southport Lumber Comments on Section 232 National Security Investigation of Imports of Timber and Lumber

Southport Lumber Company LLC ("Southport"), a U.S. lumber producer in Oregon, respectfully submits the following comments regarding the U.S. Department of Commerce's National Security Investigation of Timber and Lumber pursuant to section 232 of the Trade Expansion Act of 1962, as amended[1]—principally to emphasize the ***distinction between timber and lumber***, that is:

- on one hand, the continued **need to stand up to unfair trade practices** with respect to Canadian ***lumber***,

and on the other hand,

- the **critical need for American companies' access to Canadian *timber (i.e., raw logs)*** to support domestic lumber manufacturing, American jobs, and national security.

These comments explain the importance of the drastically different considerations in **timber vs. lumber** below, with support from expert economic analysis by Dr. Austin Lamica, a PhD in Forest Economics and leading timber economist.[2]

As President Trump's March 1, 2025, Executive Order correctly observes, it is vital that the United States maintain "a strong domestic lumber industry and a manufacturing base capable of meeting both military-specific and wider civilian needs." Moreover, the difficulties U.S. lumber producers face, due in part to unfair trade practices, is at this point well known and

[1] 19 U.S.C. § 1862, as amended.
[2] *See* Expert Economic Report of Dr. Austin Lamica regarding U.S. Timber Supply (March 26, 2025), Appendix ("Lamica Expert Timber Report").

documented by the U.S. Government.[3] The U.S. Lumber Coalition, of which Southport is a member, has demonstrated as much repeatedly as a petitioner in anti-dumping and countervailing duty proceedings related to softwood lumber.

Given this combination of high stakes and significant challenges, U.S. lumber producers must maintain access to sufficient feedstock in the form of raw logs—or, in the verbiage of the investigation documents, "timber"— to remain viable and competitive.[4] Any measure that would constrain available timber would undermine domestic lumber production, and the jobs associated with that domestic manufacturing. Because environmental and other constraints limit the supply of timber in the Pacific Northwest, lumber producers like Southport in Oregon must supplement their feedstock of U.S. logs with Canadian logs.

Any measure that would reduce access to Canadian logs would therefore reduce U.S. lumber output and harm U.S. producers like Southport. In other words, any measure that would make it more difficult or expensive to import Canadian logs would weaken the domestic lumber industry and make the manufacturing base ***less*** capable of meeting both military-specific and wider civilian needs. Thus, additional measures on timber, whether tariffs, quotas, or otherwise, are not "necessary to protect national security;"[5] indeed, they would ***undermine*** national security. Furthermore, any measures leading to supply reductions could cause lumber prices to increase, which could add more cost pressure to the struggling U.S. housing sector.

Accordingly, to meet the important objectives of this investigation and the statutory factors in Section 232 of the Trade Expansion Act of 1962, as amended, Southport urges the Secretary of Commerce to refrain from recommending any measures that would inhibit the importation of timber from Canada, and similarly refrain from making any findings that would support such measures.

I. U.S. Lumber Producers Could Increase Output and Meet Domestic Demand Under the Right Conditions.

U.S. lumber producers could increase output to eventually meet all of U.S. demand under the right conditions. In 2024, softwood lumber capacity utilization fell short of 80%. During the same period, Canadian exporters captured 25% of U.S. softwood lumber demand. Thus, intense price competition from Canadian lumber producers continues to render the U.S. lumber industry smaller and weaker than it would otherwise be. In addition to increasing utilization rates, U.S. lumber producers could increase capacity, whether at the margins through adding shifts or tweaking existing operations, or more significantly through investment in new mills. It is import competition—overwhelmingly from Canada and repeatedly determined by the U.S. Government to be unfair—that constrains U.S. lumber production. (Although, as discussed in the next section, insufficient timber supply could under different circumstances constrain U.S. lumber output.)

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[3] *See*, *e.g.*, *Certain Softwood Lumber Products From Canada: Amended Final Results of Antidumping Duty Administrative Review in Part; 2022*, 89 FR 77826 (September 24, 2024).
[4] For purposes of these comments, Southport uses the terms "raw logs," "logs," and "timber" interchangeably.
[5] "Addressing the Threat to National Security From Imports of Timber, Lumber, and Their Derivative Products," Executive Order 14223 (March 1, 2025), Sec. 2(vi).

II. By Contrast, U.S. Timber Supply is Constrained and Would not Meaningfully Expand in Response to Curbs on Imports; Instead, Reductions in Timber Imports would Harm Domestic Lumber Producers, Put American Jobs at Risk, and Undermine National Security.

The dynamics that characterize the lumber market, including domestic supply potential, bear no resemblance to the dynamics governing timber (*i.e.,* logs). Demand for timber is a direct function of demand for downstream products like lumber, but domestic supply is constrained and unable to increase sufficiently to accommodate increases in demand.

There is no question that trees are abundant throughout the United States. But no corresponding availability of timber/logs exists because of the legal and other constraints to harvesting those trees, coupled with the prohibitive transportation costs of moving timber across land by rail or truck.

A. Regional Nature of Timber Supply

In the United States, the South and the West account for approximately 97% of domestic softwood timber harvest.[6] The West includes the Pacific Northwest (PNW), where Southport is located in Oregon, and the Inland. Oregon and Washington are the top lumber and plywood producing states, and the forest products industry supports over 100,00 jobs in Oregon, Washington, and California, many in rural communities with limited employment opportunities.[7]

It is critical to understand the regional nature of supply—which means that producers like Southport in the PNW cannot source timber from other U.S. regions, like the South. The principal reason is the prohibitive freight costs that would attach to moving such large, heavy, and bulky products long distances by truck or rail. Thus, 98% of softwood lumber trade in the South occurs between Southern states, with timber harvested there staying in the region.[8] Moreover, different regions have different species. The PNW has Douglas-firs, true firs, and hemlocks, whereas the South overwhelmingly has Southern yellow pine. These species can have different preferred uses and different customers. They also can require different processing. For example, Douglas-fir can be used without needing to be kiln dried; this is not the case for Southern yellow pine. A company like Southport simply would not have equipment to kiln dry 100% of its current output. For these reasons, it is important to understand timber supply, including imports of timber, in the context of regional demand.

B. Constraints on Timber Supply in the Pacific Northwest

The most significant factor in the limited supply of timber in the PNW is environmental regulation. In the PNW, the federal government is the largest owner of forestland. Through the 1980s, federal lands produced about 11 billion board feet (BBF) of timber per year. However, after the northern spotted owl was listed as endangered species, harvest levels dropped

[6] *See* Lamica Expert Timber Report, para. 4.
[7] *See* Lamica Expert Timber Report, paras. 4-6.
[8] *See* Lamica Expert Timber Report, para. 14.

dramatically, with federal timber harvest just over 25% of historic levels.[9] Other factors limiting supply include carbon sequestration projects and the Labor Day fire of 2020, which burned more nearly one million acres of timberland in Oregon alone, which experts estimate will reduce timber harvest volume by 100-250 million BBF per year through 2065.[10] As a result, "the PNW has been operating under a timber deficit for many years,"[11] and it "continues to worsen today."[12]

C. The Necessity of Canadian Timber for U.S. Manufacturing and Jobs

For the reasons described above, Southport sources timber first and foremost from Oregon. Thus, Southport sources ***more than half*** of its timber from the United States. Unfortunately, there simply is not enough available timber to maintain, much less expand, the output of PNW producers, including Southport.

Therefore, Southport and other producers in the region supplement their feedstock with timber from Canada, specifically British Columbia. It is nearby, the same species, and can be transported affordably over water on barge.[13] Following the onset of environmental regulation in the early 1990s, exports from British Columbia to the PNW increased substantially.[14] Prior to these import increases, large numbers of PNW mills had been closing, but the increase in imports from British Columbia coincided with declining closures.[15]

D. The Consequences of Further Restricting Timber Supply

As Dr. Lamica notes, "the timber deficit in the PNW continues to worsen today, making supplemental supplies much more critical to a thriving forest products industry in the region."[16] Southport of course support making more PNW timber available for harvest, but even if steps were taken immediately in this respect, it would take years before the quantities of timber necessary to replace Canadian imports could even theoretically be available.

Thus, should timber supply currently coming from Canada contract, it would only add competition for the finite PNW timber supply. With demand rising amid flat or declining supply, ***"many mills would likely have to reduce output and employment levels to stay afloat, while other mills may have to completely shut down."***[17] It is important to underscore that this applies to all mills competing for that finite domestic supply, not just those that currently use timber from Canada. And because the forest products industry is a significant employer and engine for economic growth in the region, mill closures could have knock-on effects for many communities. The trickle-down effects would also impact customers. As Dr. Lamica observes, reduced output of lumber and structural panels from a major supplying region could increase downstream costs

[9] *See* Lamica Expert Timber Report, para. 10.
[10] *See* Lamica Expert Timber Report, para. 17.
[11] Lamica Expert Timber Report, para. 8.
[12] Lamica Expert Timber Report, para. 17.
[13] *See* Lamica Expert Timber Report, para. 14.
[14] *See* Lamica Expert Timber Report, para. 12.
[15] *See* Lamica Expert Timber Report, para. 12.
[16] Lamica Expert Timber Report, para. 17.
[17] Lamica Expert Timber Report, para. 19.

amid a housing shortage and high costs of home ownership, and could also create supply chain disruptions for the construction sector.[18]

III. Conclusion

Southport has been, and continues to be, supportive of measures that discipline unfair trade practices concerning imports of ***lumber*** from Canada.

But any measures that would lessen supply of Canadian ***timber***—whether tariffs that drive up prices, quotas, or other measures—would spark increased competition for insufficient domestic supply that would lead to:

- ***less domestic lumber manufacturing,***
- ***fewer American jobs,***
- ***higher housing costs, and***
- ***potential supply chain disruptions in the construction sector.***

Southport fully agrees that "[t] he wood products industry, composed of timber, lumber, and their derivative products (such as paper products, furniture, and cabinetry) is a critical manufacturing industry essential to the national security, economic strength, and industrial resilience of the United States."[19] However, any new measures on Canadian timber would undermine U.S. national security by weakening the U.S. wood products industry and making it less capable to meet military and civilian needs.

Accordingly, Southport urges the Secretary to find that imports of timber (or logs) do not harm or threaten to impair national security, and to refrain from recommending that any actions be taken with respect to imports of timber from Canada.

Sincerely,

Jason Smith
President, Southport

[18] *See* Lamica Expert Timber Report, para. 20.
[19] "Addressing the Threat to National Security From Imports of Timber, Lumber, and Their Derivative Products," Executive Order 14223 (March 1, 2025).

APPENDIX

Expert Economic Report of Dr. Austin Lamica regarding U.S. Timber Supply

1. My name is Austin Lamica, and I hold an M.S. and PhD in Forest Economics from North Carolina State University, as well as a B.S in Forest Resources Management with minors in economics and applied statistics from the State University of New York College of Environmental Science and Forestry. I am a North America timber economist for Fastmarkets, the preeminent price reporting, events and intelligence provider for the agriculture, metals, mining and forest products markets that we serve.

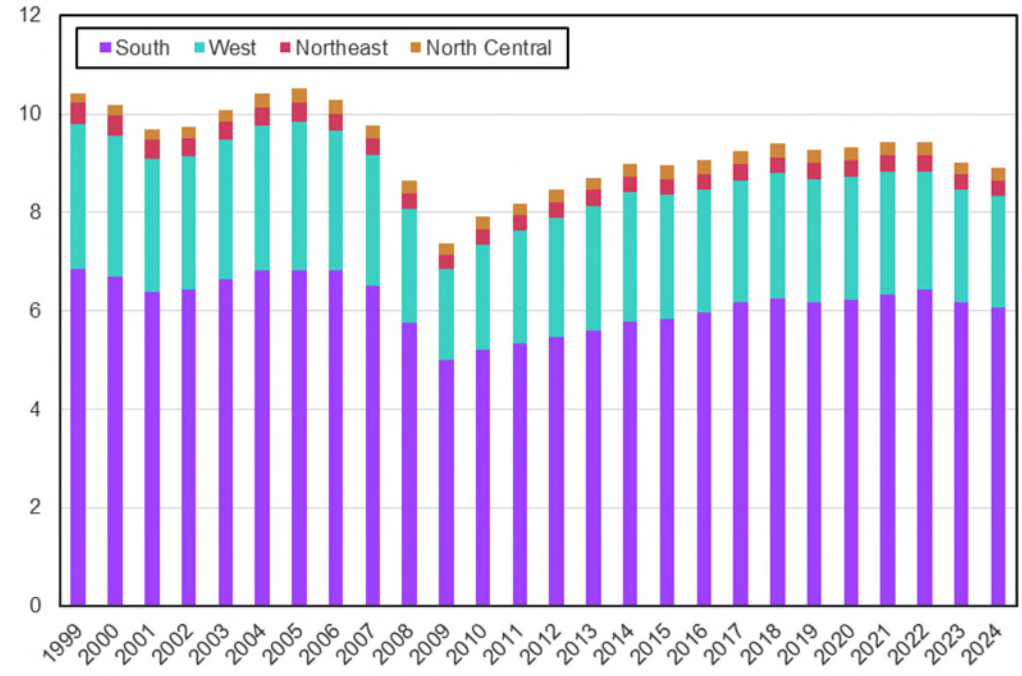
2. I have produced the following report in response to a request from Southport Lumber Company LLC to provide an expert economic analysis of U.S. lumber supply in the context of the U.S. Department of Commerce's Section 232 National Security Investigation of Imports of Timber and Lumber.

Importance of forest resources

3. Logs, or raw timber, are primary inputs in lumber and structural panel production. Generally, softwood timber species are utilized to produce lumber and structural panels used in residential construction. As residential construction accounts for roughly 70% of US lumber demand, with repair and remodelling (R&R) making up 40% and new construction 30%, having a reliable timber supply is critical, particularly as the US faces a housing shortage.

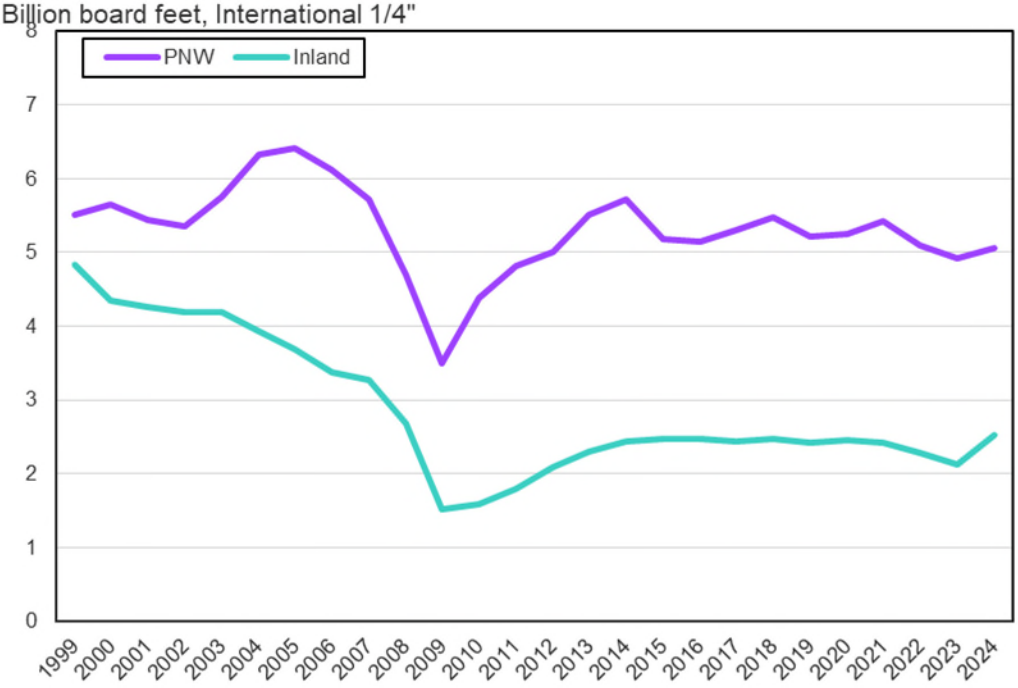
4. Within the US there are four major timber producing regions. These regions include the Northeast, North Central, South, and West. Of these regions, the US South and West are the two major softwood timber producing regions that supply timber for lumber and structural panel production. Regionally, the South harvests about 6 billion cubic feet of softwood growing stock annually, while the West as a whole harvests about 2.5 billion cubic feet (Figure 1). These harvest levels equate to about 97% of total annual US softwood timber harvest, with the South accounting for 66% and the West accounting for 27%.

Figure 1
US softwood timber harvest by region, 1999-2024
Billion cubic feet



5. Breaking down the West into the Pacific Northwest (PNW) and Inland, the PNW produces a larger volume of softwood sawtimber harvest off private land compared to the Inland region (Figure 2). Additionally, Oregon and Washington are the top lumber and plywood producing states in nation (Oregon Forest Resources Institute 2023). Therefore, the timber harvest and wood products production levels in the PNW underscores the importance of this regional sector to the entire US forest products industry.

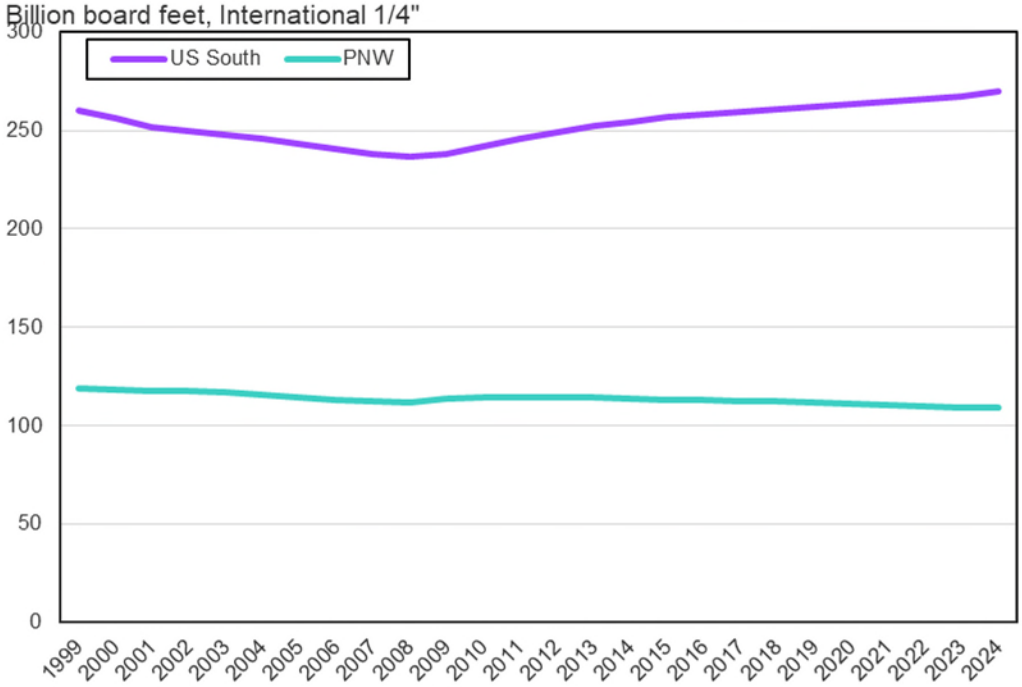
Figure 2
Private softwood sawtimber harvest in the US West, 1999-2024
Billion board feet, International 1/4"



6. Other than its' contribution to the national forest products industry, the forest products industry in the PNW is a large supporter of local jobs and economies. For example, in 2023 forestry and logging and wood products and paper manufacturing supported 31,712 jobs in Oregon, 24,199 jobs in Washington and 48,592 jobs in California (Bureau of Labor Statistics 2025). Generally, many of these facilities are in rural areas close to the timber supply and offer some of the only employment opportunities for communities in these areas. Therefore, many rural communities rely on a strong forest products industry to support their livelihood.

7. Between the South and PNW some differences exist. First, the South is dominated by southern yellow pine species like loblolly, longleaf, shortleaf, and slash pine, whereas the PNW consists of species like Douglas-fir, true firs, western hemlock, spruce and cedar. Second, while private softwood timber plantations are common in both regions the amount of timber available for harvest vastly differs between them. In the South, growth has exceeded harvest levels for nearly two decades leading to an enormous oversupply of plantation fiber on private land (Figure 3). The opposite is true for the PNW as growth and harvest have remained in closer alignment, but private land operable inventory has become increasingly restricted due to increased environmental regulations, wildfires, and conversion to carbon sequestration projects and higher-and-better uses (HBUs).

Figure 3
Private operable softwood sawtimber inventory, 1999-2024
Billion board feet, International 1/4"



PNW timber supply challenges

8. The prosperity of the forest products industry in the PNW is dependent on a consistent and reliable supply of economically viable timber. However, procuring reliable timber supplies within the PNW has been challenging, as the PNW has been operating under a timber deficit for many years. The timber deficit has been associated with environmental regulations, carbon sequestration projects, HBU conversions, and wildfires causing timber supply to contract on both private and federal lands.

9. In the PNW the US government is the largest owner of forestland. In Oregon, Washington and California the government owns and manages 60% (Oregon Forest Resources Institute 2017), 63% (Washington Forest Products Association) and 57% (University of California 2025), respectively, of forestland in the state. While there is ample timber on these lands only a small share is harvested each year. For example, only 9% of annual growth is harvested off federal lands in Oregon each year (Oregon Forest Resources Institute 2017). Similarly, federal timber harvest contributes less than 3% of total annual harvest in Washington (Washington Forest Products Association). However, this was not always the case as the federal lands once provided a consist timber supply.

10. Prior to the northern spotted owl being listed as an endangered species, federal lands provided significant amounts of timber harvest. From 1960 to 1989 federal lands produced about 11 billion board feet (BBF) of timber per year (USDA Forest Service 2025). After the northern spotted owl was listed as endangered in 1990 harvest levels dramatically fell and have remained suppressed for the last two decades. Since 2000, federal timber harvest has only produced about 3 BBF of timber annually (USDA Forest Service 2025). These statistics highlight the significant impacts that environmental regulations have had on federal timber harvest volumes.

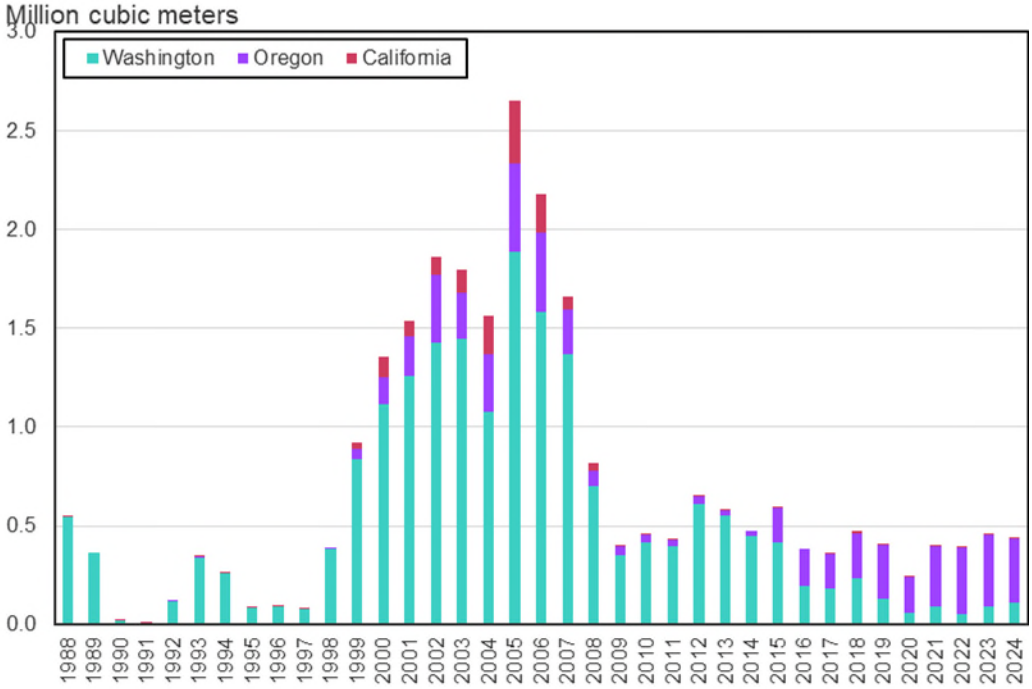
Supplemental timber supplies

11. Due to environmental regulations, HBU conversions, carbon sequestration projects and wildfires creating a timber deficit in the PNW, many mill operators must source timber from other locations to continue

production, support local employment, and keep their doors open. With their ample timber endowments and proximity to the PNW many mill operators have turned to Canada, namely British Columbia (B.C.), as a reliable source for raw timber.

12. Following the onset of environmental regulations, like the addition of the northern spotted owl to the endangered species list in 1990 and the Northwest Forest Plan in 1994, exports of wood in the rough, which includes raw timber, from B.C. to the PNW significantly increased (Figure 4). From 1988 to 1994 total wood in the rough exports from British Columbia, which includes raw timber, averaged 238,000 cubic meters (M^3) per year. Then, imports significantly increased to a range of 1 million M^3 to 2.5 million M^3 from 1998 to 2007, before falling off during the global financial crisis. While wood in the rough imports significantly increased for the US as a whole during this period, an interesting trend is observed between B.C. wood in the rough exports and PNW mill closures. Prior to the start of the significant increase in B.C. exports, large numbers of mills were closing throughout the PNW. However, from 2001 to 2007, when B.C. export volumes were at their highest levels, PNW mill closures declined consistently. Even though US-wide import trends during this period indicate the market may have been expanding, the correlation between declining PNW timber supply, increasing B.C. supply, and PNW mill closures should be carefully considered.

Figure 4
British Columbia wood in the rough* exports to PNW, 1988-2024



*4403, wood in the rough, whether or not stripped of bark or sapwood, or roughly squared (excl. rough-cut wood for walking sticks, umbrellas, tool shafts and the like; wood in the form of railway sleepers; wood cut into boards or beams, etc.)

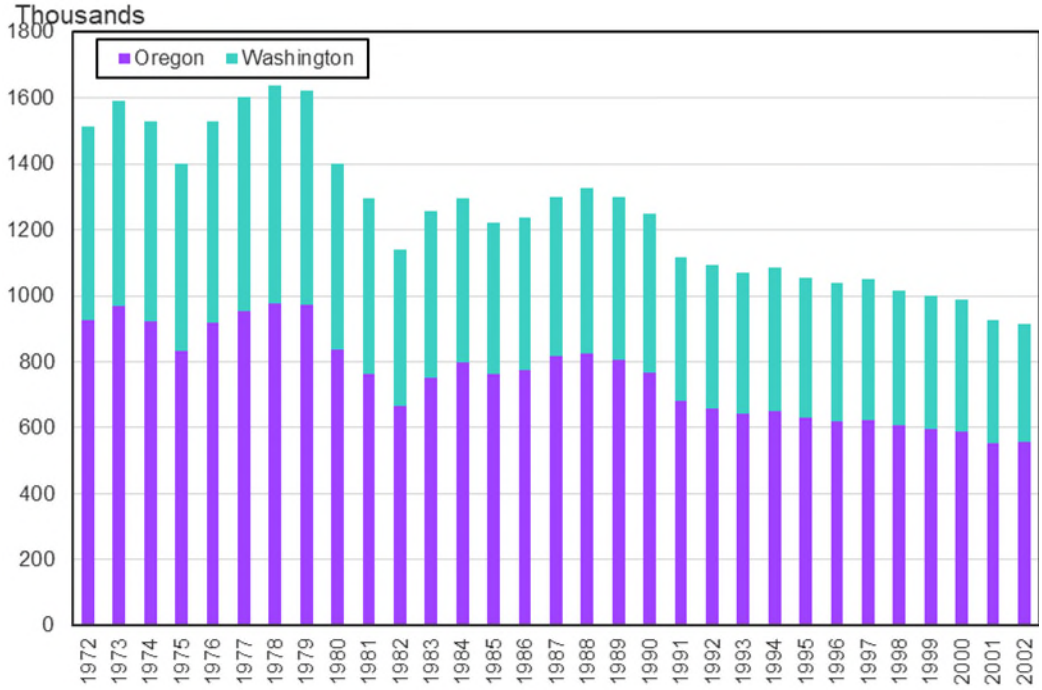
13. Prior to 1999 nearly all the wood in the rough exports from B.C. to the PNW were shipped to Washington. After exports significantly ramped up in 1999, however, Oregon and California began importing these products from B.C. as well. While Washington remained the top destination of B.C. wood in the rough exports until 2015 when Oregon began taking over the majority share, the significant increase in exports to Oregon and California that occurred from 1999 to 2007 highlights the importance of B.C. timber to the forest products industry in the PNW.

14. Importing timber from B.C. is attractive for PNW mill operators due to their geographic proximity to maritime shipping routes and ports that allow timber to be transported via barge. Compared to trucking, barge transportation is often considered more efficient and cheaper due to its' ability to ship in bulk using less energy. Therefore, due to timber's weight and the limited bulk capacity of trucking, freight costs associated with trucking would make timber from the US South much more expensive than Canadian timber transported by barge. Historically, about 98% of softwood timber trade in the US South occurs between Southern states and remains in the region (Lamica and Parajuli 2023). One of the factors that impede timber from being traded from Southern states to states in other regions, like the PNW or Northeast, is the distance between them. Distance has been found to negatively influence the flow of timber between states, which is likely a function of high freight costs associated with shipping bulky timber (Lamica and Parajuli 2023). Therefore, the immense distance between the US South and PNW would significantly increase delivered log costs from the South. Furthermore, the PNW and B.C. are in the same geographic location, and thus have the same timber species, like Douglas-fir, true firs, and hemlocks, whereas the South is dominated by Southern yellow pine. Thus, the ability to secure a reliable and comparable timber supply from B.C. at costs relatively in line with nearby domestic timber allows PNW mills to maintain margins and continue to support local economies and the entire forest products industry.

Potential impacts of reducing supplemental timber supply

15. The prosperity of the forest products industry in the PNW relies on a consistent, reliable supply of economically viable timber. History has shown that significant contractions of timber supply has had negative consequences for the forest products industry in the PNW. For example, following the 1990 endangered species listing of the northern spotted owl and the 1994 Northwest Forest Plan that removed significant amounts of harvestable timber, logging and wood products employment levels began to consistently decline in Oregon and Washington (Figure 5).

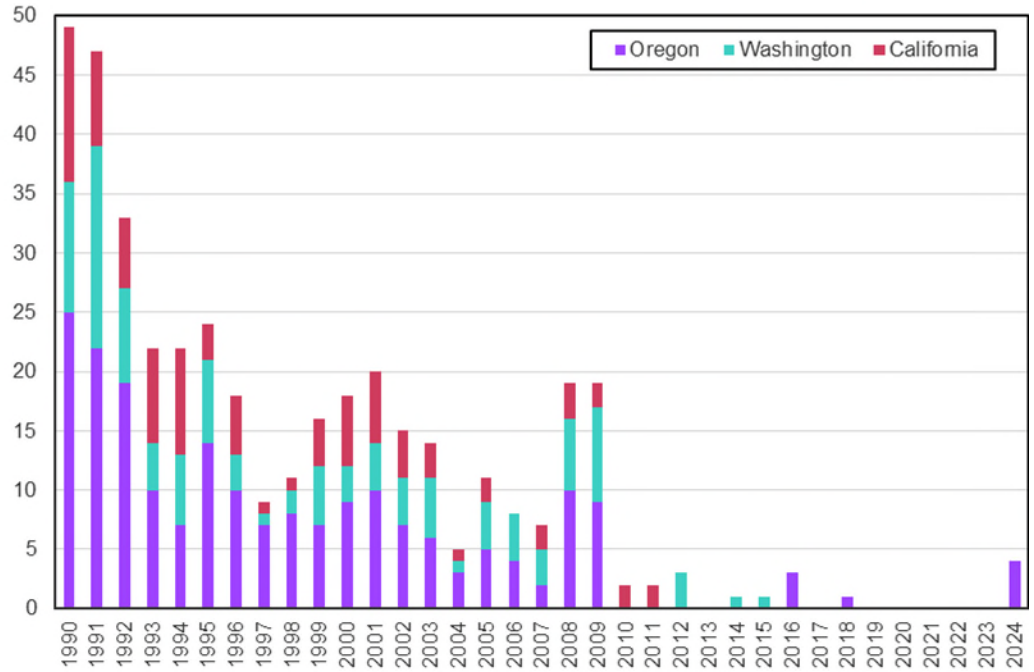
Figure 5
Historic PNW Logging and wood products employment levels



Source: US Bureau of Labor Statistics

16. Furthermore, a large number of mills in the PNW closed in the years following the listing of the northern spotted owl as endangered (Figure 6). In 1990 and 1991 nearly 50 mills shut down. Until 1994 this number slight fell but slightly ticked up in 1995, which is the year after the implantation of the Northwest Forest Plan. This data on employment loss and mill closures in the PNW following environmental regulations that affected timber harvest highlights the negative impacts restricting timber supply can have on the forest products industry.

Figure 6
Number of mill closures in the PNW since 1990



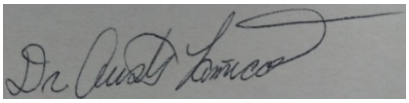
17. Unfortunately, the timber deficit in the PNW continues to worsen today, making supplemental supplies much more critical to a thriving forest products industry in the region. Recently, private timber supply has further contracted due to new environmental policies and wildfires. First, the Labor Day fire of 2020 burned nearly 1 million acres of private and federal timberland in Oregon alone (Oregon Forest Resources Institute 2021). This proved to be devasting to overarching PNW timber supply as timber harvest volume is anticipated to decline by 100 to 250 million board feet (MMBF) per year from 2026 to 2065 due to the loss of future tree growth (Oregon Forest Resources Institute 2023). Next, and specific to private lands in Oregon, the Private Forest Accord has induced greater challenges for timber supply. The Private Forest Accord was signed in 2021 with the goal of increasing protection of fish and amphibian species while also providing regulatory certainty for timber harvest and forest management operations (Oregon Department of Fish and Wildlife 2025). As a result, 7% to 10% of private, industrial timberlands were removed from harvest in 2023.

18. With continuing environmental regulations, carbon sequestration projects, conversion to HBUs and wildfires challenging domestic PNW timber supplies even further, supplemental timber supplies have been increasingly more important. Thus, should supplemental timber supplies contract and become more expensive, the local forest products industry could suffer significant consequences, as increased costs could reduce mill margins and cause closures to occur.

19. Foremost, because timber is a finite resource due to the time and space it takes for forests to re-grow, reducing supplemental supplies will add more pressure to the limited timber volume existing in the PNW. Should supplemental supplies become constricted competition for the finite PNW timber supply would

significantly increase among mills. As demand would rise and the supply would remain constant or even decline, prices for raw timber would significantly increase. Because of the high-cost position of the PNW, increasing timber prices would reduce margins and many mills would likely have to reduce output and employment levels to stay afloat, while other mills may have to completely shut down. The same could be said for increasing the cost of the supplemental supply, as increasing the cost of timber this way would have similar effects.

20. Reducing mill output and employment could have consequence for the PNW and the entire US. As mentioned, the forest products industry is a strong supporter of rural economies and livelihoods. Thus, mill closures and curtailments could limit employment opportunities and economic expansion in these rural areas that depend on the forest products industry. Additionally, because the PNW is a major supplier of softwood lumber and structural panels that are direct inputs to the construction sector reducing output in the region could have trickle down effects throughout the US. The US is currently facing a housing shortage and high costs of home ownership. Should lumber and structural panel output be reduced in the PNW, less domestic material may be available on the market which could cause supply chain issues for the construction sector. Furthermore, supply reductions could cause lumber prices to increase, which could add more cost pressure to the struggling US housing sector.



03/26/2025

Date

Austin Lamica, PhD

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