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April 1, 2025

**PUBLIC VERSION**

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and Exhibit 21

**VIA ELECTRONIC FILING  
DOCKET NO. BIS-2025-0011**

Mr. Eric Longnecker  
Deputy Assistant Secretary for Technology Security  
Bureau of Industry and Security  
U.S. Department of Commerce  
1401 Constitution Avenue, N.W.  
Washington, D.C. 20230

**Re: X-RIN-0694-XC177, Comments on Section 232 National Security  
Investigation of Imports of Timber and Lumber**

Dear Deputy Assistant Secretary Longnecker:

On behalf of the British Columbia Lumber Trade Council (“BCLTC”), we respectfully submit the following written comments in connection with the Section 232 National Security Investigation of Imports of Timber and Lumber. BCLTC is a trade association, which represents the majority of British Columbian lumber producers and

exporters.<sup>1</sup> British Columbia accounts for about one-third of Canada's softwood lumber production, and about 40 percent of Canada's softwood lumber exports to the United States.<sup>2</sup>

These comments are submitted pursuant to the invitation for comments set forth in the Department of Commerce's March 11, 2025 Notice of Request for Public Comments on this investigation, published in the Federal Register (90 *Fed. Reg.* 11941).

Pursuant to 5 U.S.C. § 552(b)(4) and 15 C.F.R. § 705.6(a)(2), BCLTC respectfully requests that the Department treat as confidential the information bracketed in this submission because it contains commercial, financial, and other information that BCLTC considers privileged and confidential. Specifically, the comments include information related to confidential company data of individual BCLTC constituent members, the public disclosure of which would cause substantial harm to the competitive position of these companies. As requested by the Department in its Federal Register notice, BCLTC will submit both a business confidential version and a public version of this submission.

\* \* \*

BCLTC appreciates the opportunity to provide these comments. Please do not hesitate to contact the undersigned, should you have any questions regarding this submission.

Respectfully submitted,

/s/ Amy J. Lentz

Amy J. Lentz  
Steptoe LLP  
*Counsel to the British Columbia  
Lumber Trade Council*

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<sup>1</sup> BCLTC has ten corporate members: Interfor Corporation, Sinclair Group Forest Products Ltd., Tolko Industries Ltd., West Fraser Mills Ltd., Western Forest Products Inc., Canfor Corporation, Dunkley Lumber Ltd., Conifex Inc., Gorman Bros. Lumber Ltd., and Carrier Lumber Ltd.

<sup>2</sup> See BCLTC, "About the B.C. Lumber Trade Council" (**Exh. 1**).

**BEFORE THE U.S. DEPARTMENT OF COMMERCE  
BUREAU OF INDUSTRY AND SECURITY**

<hr/>	)	<b><u>PUBLIC VERSION</u></b>
<i>Section 232 National Security</i>	)	Docket No. BIS-2025-0011
<i>Investigation of Imports of</i>	)	Business Confidential Information Removed from
<i>Lumber and Timber</i>	)	Pages 4, 15, 22, 23, 29, 32, 34, 38 and Exhibit 21
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**Comments Submitted by BCLTC**  
**(April 1, 2025)**

**I. INTRODUCTION**

Section 232 of the Trade Expansion Act of 1962 provides for an investigation by the United States Department of Commerce (“Department”) into whether imports of certain products (for purposes of these comments, “softwood lumber”) “threaten to impair the *national security*” of the United States.<sup>3</sup> In undertaking this analysis, the Department must investigate “the effects on the national security” of imports of the relevant product.<sup>4</sup>

BCLTC understands that the essential question in a Section 232 investigation is not whether a given U.S. industry’s financial success is threatened by imports of the relevant product, but rather whether those imports threaten the very survival of that industry and its ability to produce the quantities needed to satisfy national security requirements.<sup>5</sup> With respect to imports of softwood lumber, the majority of which originate in Canada, the answer is clearly no.

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<sup>3</sup> 19 U.S.C. § 1862 (emphasis added).

<sup>4</sup> *Id.*

<sup>5</sup> 19 U.S.C. § 1862(b)(3)(A).

The U.S. domestic softwood lumber industry is thriving, currently supplies over [ ] percent of U.S. demand for softwood lumber, and is capable of producing whatever quantities are needed to satisfy any relevant U.S. national security requirements.

U.S. national security is in no way threatened by imports of softwood lumber from Canada, particularly given the substantial *reduction* in Canadian exports of softwood lumber to the United States in recent years as a result of contracting timber supply in British Columbia in particular.

Domestic softwood lumber producers may not be able to satisfy *all* U.S. demand for softwood lumber, but this is *not* the relevant inquiry in a Section 232 investigation. The “economic welfare” of a domestic industry in a Section 232 investigation is relevant only in relation to the industry’s current (and continuing) ability to satisfy national security requirements – a proposition which cannot possibly be in doubt in relation to the domestic softwood lumber industry.

The purpose of a Section 232 investigation is *not* to ensure that a healthy domestic industry has a monopoly in the U.S. market, particularly when doing so would itself create a shortfall in that market. In the absence of softwood lumber imports, the domestic market would confront a significant supply/demand gap that would raise prices for U.S. consumers at a time when housing affordability is already a significant problem that the Administration has committed to address.<sup>6</sup> The use of imports of softwood lumber from Canada to satisfy the balance of U.S. domestic demand that cannot be supplied by U.S. producers should be of no concern, however, because Canada is and always has been a secure source of supply for the United States.

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<sup>6</sup> See The White House, “Delivering Emergency Price Relief for American Families and Defeating the Cost-of-Living Crisis” (Jan. 20, 2025) (**Exh. 2**).

That Canada is a secure source of supply for softwood lumber is unchanged by any concerns about alleged dumping or unfair subsidies, which are *already* being addressed pursuant to existing antidumping and countervailing duty orders. Canadian exports of softwood lumber are currently subject to a combined “all others” antidumping and countervailing duty rate of 14.40 percent, and that rate is projected to go up substantially within the year. As a result, additional tariffs or quotas on imports of softwood lumber from Canada pursuant to this Section 232 investigation are not needed, and would create vulnerabilities in the domestic market for softwood lumber that do not currently exist.

In these comments, BCLTC will address each of the foregoing points in greater detail. In Section II, BCLTC addresses the framework for a Section 232 analysis and the Department’s requirement in prior Section 232 investigations that the present quantities or circumstances of imports of the investigated product threaten to impair national security.

Section III demonstrates that imports of softwood lumber from Canada do not in fact “threaten to impair the national security” of the United States. In Part III.A, BCLTC provides basic background on the North American softwood lumber market. Part III.B then details the indisputable strength of the domestic softwood lumber industry, and demonstrates that the domestic industry has consistently satisfied the overwhelming majority of domestic demand. Particularly in light of timber supply constraints in Canada, BCLTC demonstrates that the domestic industry is not vulnerable as a result of Canadian softwood lumber imports. In Part III.C, BCLTC explains that while the domestic industry is not threatened by softwood lumber imports, those imports are still necessary to satisfy the demand that exceeds the capacity of the domestic industry, particularly because there are numerous barriers to a substantial increase in domestic softwood lumber capacity and production that have nothing to do with imports from Canada or anywhere else.

As a result of the foregoing, BCLTC does not believe that any action against imports of Canadian softwood lumber is necessary under Section 232, and explains in Section IV that the imposition of any tariffs or quotas on top of the existing antidumping and countervailing duties on imports of softwood lumber from Canada would be counterproductive in relation to the goal of maintaining a secure and affordable supply of softwood lumber in the domestic market.

## **II. SECTION 232 REQUIRES THE DEPARTMENT TO DRAW A CLEAR LINK BETWEEN IMPORTS OF THE PRODUCT AND A THREATENED IMPAIRMENT OF THE NATIONAL SECURITY**

### **A. The Department Must First Assess Whether Softwood Lumber is Essential to U.S. National Security**

The first question in each Section 232 investigation completed by the Department in recent years is whether the product is “essential” to national security.<sup>7</sup> It is only if this question is answered affirmatively that the Department should proceed to investigate the availability of a sufficient supply of the product to meet the United States’ national security requirements, and whether imports threaten the very capability of the domestic industry to meet those requirements.

The Department’s national security analysis has historically focused on military and defense needs, and was previously limited to a review of the impact of relevant imports on

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<sup>7</sup> See U.S. Department of Commerce, *The Effect of Imports of Steel on the National Security Supply* (Jan. 2018), pp. 23-27; U.S. Department of Commerce, *The Effect of Imports on Aluminum on the National Security* (Jan. 2018), pp. 23-40; U.S. Department of Commerce, *The Effect of Imports of Automobiles and Automobile Parts on the National Security* (Feb. 2019), pp. 9-10; U.S. Department of Commerce, *The Effect of Imports on Uranium on the National Security* (Apr. 2019), pp. 82-99; U.S. Department of Commerce, *The Effect of Imports of Titanium Sponge on the National Security* (Nov. 2019), pp. 70-78; U.S. Department of Commerce, *The Effect of Imports of Vanadium on the National Security* (Feb. 2021), pp. 77-88; U.S. Department of Commerce, *The Effect of Imports of Neodymium-Iron-Borod (NdFeB) Permanent Magnets on the National Security* (Sept. 2021), pp. 11, 32-42. In two of the investigations, the Department used language such as “important” or “critical” to national security. See, respectively, U.S. Department of Commerce, *The Effect of Imports of Iron Ore and Semi-Finished Steel on the National Security* (Oct. 2001), pp. 1, 12-15; U.S. Department of Commerce, *The Effect of Imports of Transformers and Transformer Components on the National Security* (Oct. 2020), pp. 50-67.

the domestic industry's productive capacity necessary to supply "national defense" needs through the Department of Defense.<sup>8</sup> The Department's interpretation of the term "national security" appears to have evolved, however, since the introduction of the Trade Expansion Act in 1962 at the height of the Cold War.<sup>9</sup>

In recent years, the Department has expanded its understanding of "national security" for purposes of Section 232 to include the "general security and welfare of certain industries, beyond that necessary to satisfy national defense requirements, which are critical to minimum operations of the economy and government."<sup>10</sup> Although the Department has not provided an exhaustive definition of such "critical industries", it has previously relied on 16 critical infrastructure sectors identified in a 2013 Presidential Policy Directive.<sup>11</sup>

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<sup>8</sup> See, e.g., U.S. Department of Commerce, *The Effect of Imports of Uranium on the National Security* (Sept. 1989), p. I-5 ("Uranium is essential to the operation of the Navy's nuclear-powered fleet, for nuclear weapon capability and for civilian nuclear energy generation. As the essential fuel for the Navy's nuclear powered vessels, including 150 nuclear submarines and surface ships, a guaranteed supply of uranium is vital for the activities of the Navy. In addition, enriched uranium is a key component of the nation's nuclear weapons arsenal."); U.S. Department of Commerce, *The Effects on the National Security of Imports of Crude Oil and Refined Petroleum Products* (Nov. 1999), p. ES-6, II-14 (looking only at Department of Defense "military requirements" when assessing national security needs).

<sup>9</sup> See Congressional Research Service, "Section 232 Investigations: Overview and Issues for Congress" (May 18, 2021), pp. 1-2 (**Exh. 3**).

<sup>10</sup> See U.S. Department of Commerce, *The Effect of Imports of Iron Ore and Semi-Finished Steel on the National Security* (Oct. 2001), p. 5; U.S. Department of Commerce, *The Effect of Imports of Steel on the National Security Supply* (Jan. 2018), p. 1; U.S. Department of Commerce, *The Effect of Imports on Aluminum on the National Security* (Jan. 2018), p. 17; U.S. Department of Commerce, *The Effect of Imports of Automobiles and Automobile Parts on the National Security* (Feb. 2019), p. 5; U.S. Department of Commerce, *The Effect of Imports on Uranium on the National Security* (Apr. 2019), p. 33; U.S. Department of Commerce, *The Effect of Imports of Titanium Sponge on the National Security* (Nov. 2019), p. 30; U.S. Department of Commerce, *The Effect of Imports of Transformers and Transformer Components on the National Security* (Oct. 2020), p. 21; U.S. Department of Commerce, *The Effect of Imports of Vanadium on the National Security* (Feb. 2021), pp. 31-32; U.S. Department of Commerce, *The Effect of Imports of Neodymium-Iron-Borod (NdFeB) Permanent Magnets on the National Security* (Sept. 2021), p. 17.

<sup>11</sup> Presidential Policy Directive 21, "Critical Infrastructure Security and Resilience" (Feb. 12, 2013) (**Exh. 4**). See U.S. Department of Commerce, *The Effect of Imports of Neodymium-Iron-Borod (NdFeB) Permanent Magnets on the National Security* (Sept. 2021), p. 17. These sectors include the following: Chemical; Commercial Facilities; Communications; Critical Manufacturing; Dams; Defense Industrial Base; Emergency Services; Energy; Financial Services; Food and Agriculture; Government Facilities; Healthcare and Public Health; Information Technology; Nuclear Reactors,

BCLTC does not believe that softwood lumber is necessary for military or defense needs as traditionally understood,<sup>12</sup> nor does it appear to be implicated in any specific “critical infrastructure sector”, and BCLTC encourages the Department to carefully consider the requirements of the Department of Defense in this respect.<sup>13</sup>

Even if the Department were to somehow determine that softwood lumber *is* necessary for defense or other critical infrastructure sector, however, the key question is whether softwood lumber imports “threaten to impair the national security” of the United States.<sup>14</sup> With respect to imports of softwood lumber from Canada, the answer is clearly no.

**B. There Must Be a Direct Link Between Imports of the Product and a Threatened Impairment of the National Security**

In conducting an assessment of whether imports of a product “threaten to impair the national security”, the Department should consider “the importation of goods in terms of their quantities, availabilities, character, and use as those affect such industries and the capacity of

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Materials, and Waste; Transportation Systems; and Water and Wastewater systems. *See also* U.S. Cybersecurity and Infrastructure Security Agency, “Critical Infrastructure Sectors” (**Exh. 5**).

<sup>12</sup> *See* Government of Canada, Comments on Section 232 National Security Investigation of Imports of Timber and Lumber (Apr. 1, 2025), Section IV.A (explaining that U.S. national defense requirements represent a negligible amount of overall U.S. demand for lumber and other wood products).

<sup>13</sup> *See, e.g.*, U.S. Department of Commerce, *The Effect of Imports of Steel on the National Security Supply* (Jan. 2018), p. 23 (“Steel articles are critical to the nation’s overall defense objectives. The U.S. Department of Defense (DoD) has a large and ongoing need for a range of steel products that are used in fabricating weapons and related systems for the nation’s defense.”); U.S. Department of Commerce, *The Effect of Imports on Aluminum on the National Security* (Jan. 2018), p. 2 (“Aluminum is needed to satisfy requirements for: The U.S. Department of Defense (DoD) for maintaining effective military capabilities including armor plate for armored vehicles, aircraft structural parts and components, naval vessels, space and missile structural components, and propellants”); U.S. Department of Commerce, *The Effect of Imports on Uranium on the National Security* (Apr. 2019), p. 6 (“Domestic uranium is required, based on U.S. policy and restrictions in international agreements on the use of most imported uranium, to satisfy the U.S. Department of Defense (DoD) requirements for maintaining effective military capabilities, including nuclear fuel for the U.S. Navy’s fleet of 11 nuclear powered aircraft carriers and 70 nuclear powered submarines, source material for nuclear weapons, depleted uranium for ammunition, and other functions.”).

<sup>14</sup> 19 U.S.C. § 1862(d); 15 CFR § 705.4.



the United States to meet national security requirements.”<sup>15</sup> Importantly, the question in a Section 232 investigation is not whether a given U.S. industry is itself threatened by imports, but rather whether imports threaten the capability of that industry to produce the quantities needed to satisfy national security requirements.<sup>16</sup>

The Department recognized the distinction in its report to the President regarding its Section 232 investigation of imports of *Iron Ore and Semi-Finished Steel*:

The issue whether imports have harmed or threaten to harm U.S. producers writ large is beyond the scope of the Department’s inquiry, and need not be resolved here. Under Section 232, the Department is authorized only to determine whether imports fundamentally threaten the ability of domestic producers to satisfy the United States’ national security requirements.<sup>17</sup>

The Department has continued to affirm this point in its more recent investigations, and has been careful to directly link its finding on the impact of imports with its ultimate conclusion that there is a threat to the supply of the product necessary to meet national security requirements. In this respect, where the Department has found that excessive imports have displaced domestic production or placed domestic companies under severe financial strain, it has subsequently traced these effects through to the impact on the U.S. national security (*e.g.*, a resulting “persistent threat” of near total loss of the domestic industry’s capacity, such that the United States would be unable to support defense and critical infrastructure needs in a national emergency).<sup>18</sup>

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<sup>15</sup> 19 U.S.C. § 1862(d). *See also* Government of Canada, Comments on Section 232 National Security Investigation of Imports of Timber and Lumber (Apr. 1, 2025), Section III.

<sup>16</sup> 19 U.S.C. § 1862(b)(3)(A).

<sup>17</sup> U.S. Department of Commerce, *The Effect of Imports of Iron Ore and Semi-Finished Steel on the National Security* (Oct. 2001), p. 37.

<sup>18</sup> *See, e.g.*, U.S. Department of Commerce, *The Effect of Imports of Steel on the National Security Supply* (Jan. 2018), p. 16 (finding that displacement of domestic steel by excessive imports, along with global excess capacity created a “persistent threat of further plant closures that could leave the United States unable in a national emergency to produce sufficient steel to meet national defense and critical industry needs”.); U.S. Department of Commerce, *The Effect of Imports on Aluminum on the National Security* (Jan. 2018), p. 104 (finding that the continued rise in levels of imports threatened to impair national security because the “United States is in danger of losing the capability

Importantly, the Department has recognized that the required nexus between imports and a threatened impairment of the national security will not be met in every instance. For example, in the Department’s investigation into *The Effect of Imports of Vanadium on the National Security* in 2021, it found that although U.S. production was “well below domestic demand,”<sup>19</sup> the quantities and circumstances of imports did not threaten to impair national security as defined in Section 232. The Department concluded that:

Although vanadium is critical to national security and the United States is dependent on imported sources of vanadium, several significant factors, including the health of the U.S. industry, availability of idle domestic resources, existing USG actions, and the importance of vanadium to competitive steel and titanium industries, indicate that imports of Vanadium do not currently threaten to impair national security.<sup>20</sup>

Here, softwood lumber is *not* critical to national security, *and* the U.S. domestic softwood lumber industry is healthy, satisfies the majority of domestic demand, and is capable of supplying any softwood lumber needed for national security purposes (whatever those might be).

The domestic softwood lumber market and the effect of imports on that market can also be readily distinguished from prior circumstances in which the Department has found that a product was essential to national security and that imports of that product threatened to

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to smelt primary aluminum altogether.” Accordingly, action was required to ensure that U.S. producers did not lose capacity “needed to support critical infrastructure and national defense.”); U.S. Department of Commerce, *The Effect of Imports of Titanium Sponge on the National Security* (Nov. 2019), pp. 132-133 (finding that there was only one U.S. titanium sponge producer remaining and that low-priced sponge imports were likely to place that producer under severe financial stress. If that one operation ceased to function, the United States would have “no active domestic capacity to produce titanium sponge for national defense and critical infrastructure needs”, would be “completely dependent on imports” and would “lack the surge capacity required to support defense and critical infrastructure needs in an extended national emergency.”); U.S. Department of Commerce, *The Effect of Imports on Uranium on the National Security* (Apr. 2019), p. 170 (finding that the U.S. uranium industry was “unable to satisfy existing or future national security needs or respond to a national security emergency requiring a significant increase in domestic uranium production.”).

<sup>19</sup> U.S. Department of Commerce, *The Effect of Imports of Vanadium on the National Security* (Feb. 2021), p. 13. In *Vanadium*, the U.S. industry was producing less than half of the vanadium it imported. *Id.*, pp. 14-15.

<sup>20</sup> *Id.*, p. 142.

impair the national security. For example:

- In its investigation into *The Effects of Imports of Steel on the National Security* in 2018, the Department found that imports of steel were rapidly increasing, noting that in the first ten months of 2017 alone, imports had increased at a “double-digit rate” over the previous year.<sup>21</sup> The Department concluded that “{a}s steel imports have increased, U.S. steel production capacity has been stagnant and production has decreased” such that the declining rate was “not economically sustainable”.<sup>22</sup> Moreover, the steel market had been adversely affected by the “substantial chronic global excess steel production led by China”.<sup>23</sup> The level of global excess capacity, combined with the potential impact of plant closures in the United States, resulted in the Department’s finding that imports threatened to impair national security, and that action was necessary.<sup>24</sup>
- In its investigation into *The Effects of Imports of Aluminum on the National Security* in 2018, the Department found that the United States imported “five times” as much it produced, with imports accounting for 64 percent of U.S. consumption.<sup>25</sup> U.S. aluminum production was found to be declining at a rapid rate,<sup>26</sup> and was particularly impacted by Chinese overproduction, which had suppressed global aluminum prices and had flooded world markets.<sup>27</sup> The Department concluded that if no action was taken, the United States was in “danger of losing the capability to smelt primary aluminum altogether,”<sup>28</sup> and that this “risk and long-run industry trends” threatened to impair the national security.<sup>29</sup>
- In its investigation into *The Effects of Imports of Titanium Sponge on the National Security* in 2019, the Department found that the United States imported 68 percent of the titanium sponge needed to fulfil domestic demand, with only *one* active large-scale industrial plant in the United States producing the product.<sup>30</sup> China’s

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<sup>21</sup> U.S. Department of Commerce, *The Effect of Imports of Steel on the National Security Supply* (Jan. 2018), p. 3.

<sup>22</sup> *Id.*, p. 4.

<sup>23</sup> *Id.*, p. 4.

<sup>24</sup> *Id.*, pp. 16-17.

<sup>25</sup> U.S. Department of Commerce, *The Effect of Imports on Aluminum on the National Security* (Jan. 2018), p. 3.

<sup>26</sup> *Id.*

<sup>27</sup> *Id.*, p. 4.

<sup>28</sup> *Id.*, p. 5.

<sup>29</sup> *Id.*

<sup>30</sup> U.S. Department of Commerce, *The Effect of Imports of Titanium Sponge on the National Security* (Nov. 2019), pp. 5-6.

“dramatic growth in sponge production and capacity” contributed to “overall downward pressure on global titanium prices,” which placed additional pressure on any remaining U.S. operations.<sup>31</sup> In these circumstances, the Department found that the “displacement of domestic titanium sponge by low-priced imports places the United States at risk of not being able to meet national security and critical infrastructure requirements during an emergency.”<sup>32</sup>

- In its investigation into *The Effects of Imports of Neodymium-Iron-Boron (NdFeB) Permanent Magnets on the National Security* in 2021, the Department found that the “United States has extremely limited capacity to manufacture NdFeB magnets and is nearly one hundred percent dependent on imports to meet commercial and defense requirements.”<sup>33</sup> 75 percent of these products were imported from China,<sup>34</sup> which the Department found “dominates all steps of the global NdFeB magnet value chain.”<sup>35</sup> The Department found that U.S. industry faced “significant barriers” as a result of Chinese competition and financial and human capital constraints, and would not be able to fulfil total critical infrastructure demand.<sup>36</sup> As such, the Department concluded that the import of NdFeB magnets threatened to impair national security.

These circumstances do not apply with respect to imports of softwood lumber. Since 2016, the capacity and market share of the domestic softwood lumber industry have *increased*, while imports of softwood lumber have *declined*. There is also no threat of overproduction of the imported product (in fact, as described below, Canada is facing significant timber supply constraints), and the predominant supplier of softwood lumber to meet the balance of U.S. demand is a trusted ally.

Despite these essential facts, and Section 232’s explicit focus on the effect of imports on national security requirements, the Department has given interested parties in the current investigation a mere *19 days* to comment on the broad topics below:

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<sup>31</sup> *Id.*, p. 16.

<sup>32</sup> *Id.*, p. 20.

<sup>33</sup> U.S. Department of Commerce, *The Effect of Imports of Neodymium-Iron-Boron (NdFeB) Permanent Magnets on the National Security* (Sept. 2021), p. 7.

<sup>34</sup> *Id.*

<sup>35</sup> *Id.*, p. 8.

<sup>36</sup> *Id.*, p. 12.

- (i) the current and projected demand for timber and lumber in the United States;
- (ii) the extent to which domestic production of timber and lumber can meet domestic demand;
- (iii) the role of foreign supply chains, particularly of major exporters, in meeting United States timber and lumber demand;
- (iv) the impact of foreign government subsidies and predatory trade practices on United States timber, lumber, and derivative product industry competitiveness;
- (v) the feasibility of increasing domestic timber and lumber capacity to reduce imports;
- (vi) the impact of current trade policies on domestic timber, lumber, and derivative product production, and whether additional measures, including tariffs or quotas, are necessary to protect national security; and
- (vii) any other relevant factors.<sup>37</sup>

Consistent with the Department's request, BCLTC will devote the balance of its comments in Sections III and IV below to addressing the Department's specific areas of focus. In so doing, BCLTC will demonstrate that regardless of the factors considered, there is no conceivable basis for the Department to conclude that imports of softwood lumber threaten to impair national security.

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<sup>37</sup> See Department of Commerce, Notice of Request for Public Comments on Section 232 National Security Investigation of Imports of Timber and Lumber (Mar. 13, 2025) 90 *Fed. Reg.* 11491. BCLTC also submitted a letter to the Department on March 25, 2025, seeking a 14-day extension to file these comments, until April 15, 2025. See Letter from Steptoe LLP to Deputy Assistant Secretary Eric Longnecker, "X-RIN-0694-XC177, Extension of Time to Submit Comments on the Section 232 National Security Investigation of Imports of Timber and Lumber (Mar. 25, 2025) (**Exh. 6**). Having not heard further from the Department on this request, BCLTC has submitted the data and information it was able to gather in the short 19-day time period provided for interested parties to submit comments. See also Government of Canada, Comments on Section 232 National Security Investigation of Imports of Timber and Lumber (Apr. 1, 2025), Section II.

### **III. IMPORTS OF SOFTWOOD LUMBER FROM CANADA DO NOT THREATEN TO IMPAIR THE NATIONAL SECURITY OF THE UNITED STATES**

#### **A. Background on the North American Softwood Lumber Market**

Softwood lumber is used principally as a framing material in the construction and renovation of residential homes and other types of low-rise buildings. Smaller amounts are also used in non-construction end uses, such as fence pickets, mattress and bed frame foundations, docks, outdoor furniture, saunas, reels, pallets, and crates.<sup>38</sup>

The major species of softwood lumber consumed in the United States are southern yellow pine (“SYP”), spruce-pine-fir (“SPF”), Douglas fir (“DF”), hemlock-fir (“HF”), and ponderosa pine. The majority of domestic softwood lumber is manufactured from SYP, which grows in the Southeastern United States, while most Canadian softwood lumber is manufactured from SPF.<sup>39</sup> Although U.S. producers in certain regions also produce SPF lumber, the marketplace and grading agencies distinguish between Canadian SPF lumber and U.S. SPF lumber, with the latter being designated as “SPFs” to indicate that it comes from south of the U.S.-Canada border and has different characteristics.<sup>40</sup>

As a building material, the market for softwood lumber is closely tied to the demand for new construction, especially the demand for new residential housing. For this reason, the North American market for softwood lumber has historically followed the cyclical pattern of new housing starts, which are heavily influenced by interest rates and the overall state of the economy.

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<sup>38</sup> U.S. International Trade Commission, *Softwood Lumber Products from Canada*, Investigations Nos. 701-TA-566 and 731-TA-1342 (Review) (Dec. 2023), Staff Report dated Nov. 8, 2023 (Part I), p. I-63.

<sup>39</sup> *Id.*

<sup>40</sup> See Northeastern Lumber Manufacturers Association, “About SPF” (**Exh. 7**).

The manufacture of softwood lumber begins with the harvesting of trees in the forest, which become logs once felled. Logs are the input to lumber mills, which convert the logs into lumber of various pre-determined sizes and into other wood by-products, such as wood chips. Because of the relatively low weight-to-value ratio of logs as compared to lumber, lumber mills are usually located in close proximity to the forests that supply their log input. Lumber mills can source logs from forestlands owned by the company itself, from forestlands owned by other companies or private individuals, or from publicly-owned forestlands.

The North American market for softwood lumber is closely integrated. While the domestic softwood lumber industry has reached unprecedented levels of success in recent years and supplies more than [ ] percent of domestic demand, imports of Canadian softwood lumber continue to serve a role in the marketplace. Canadian softwood lumber fills demand for species that are not produced in sufficient quantities in the United States and provides a reliable and complementary source of supply to prevent shortfalls.<sup>41</sup>

## **B. The Domestic Industry Is Not Vulnerable as a Result of Imports of Softwood Lumber**

### **1. The Domestic Industry Is Strong and Prosperous**

There is voluminous evidence regarding the health of the domestic softwood lumber industry that was collected by the International Trade Commission (“Commission”) in connection with the 2023 sunset review of the existing countervailing duty order on softwood lumber imports from Canada.<sup>42</sup> In that context, one of the factors that the Commission was required to consider was “whether the industry is vulnerable to material injury” by reason of

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<sup>41</sup> These comments focus on SPF as the predominant species of softwood lumber from Canada. However, BCLTC members also produce premium products for specialty applications, such as Western Red Cedar, that likewise do not threaten to impair the national security of the United States. *See* Western Forest Products, Inc. Comments on the Section 232 National Security Investigation of Imports of Lumber and Timber (Apr. 1, 2025).

<sup>42</sup> U.S. International Trade Commission, *Softwood Lumber Products from Canada*, Investigations Nos. 701-TA-566 and 731-TA-1342 (Review) (Dec. 2023).

subject imports.<sup>43</sup> Based on its evaluation of the state of U.S. producers and market conditions for softwood lumber, the Commission rightly concluded in 2023 that the U.S. domestic industry was *not* vulnerable to material injury by reason of imports of softwood lumber.<sup>44</sup>

In the context of the sunset review proceeding, the Coalition and the Canadian parties disagreed about the cause of the domestic industry’s undisputed success – namely, about whether that success was attributable to the antidumping and countervailing duty orders, or due to factors like increased housing starts in the U.S. south combined with substantially increased U.S. investments by Canadian softwood lumber companies.

For purposes of the current Section 232 investigation, however, the *cause* of the domestic industry’s success over the course of the past decade is not relevant. While the Canadian parties maintain that the domestic industry’s success is not attributable to the antidumping and countervailing duty orders, it does not matter, because the orders remain in place. What does matter is that the domestic industry’s success is undisputed, and more recent data and statements from the industry itself confirm that this is not an industry that is vulnerable.

The data from the sunset review demonstrate that from 2017 to 2022, the domestic industry’s installed overall, practical overall, and practical softwood lumber capacity measures all increased in each year-to-year comparison.<sup>45</sup> Taken as a whole, “reported installed capacity increased 16.7 percent, practical overall capacity increased 20.1 percent,

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<sup>43</sup> 19 U.S.C § 1675a(a)(1)(C).

<sup>44</sup> U.S. International Trade Commission, Softwood Lumber Products from Canada, Investigations Nos. 701-TA-566 and 731-TA-1342 (Review) (Dec. 2023), Views of the Commission, p. 56.

<sup>45</sup> U.S. International Trade Commission, Softwood Lumber Products from Canada, Investigations Nos. 701-TA-566 and 731-TA-1342 (Review) (Dec. 2023), Staff Report dated Nov. 8, 2023 (Part III), p. III-30.



and practical softwood lumber capacity increased 20.0 percent.”<sup>46</sup> Domestic softwood lumber production also increased in each year-to-year comparison, with an increase of 15.9 percent over the 2017-2022 period.<sup>47</sup>

U.S. shipments by domestic producers ended up 13.4 percent higher in 2022 than in 2017 (36.4 billion board feet in 2022 as compared to 32.1 billion board feet in 2017).<sup>48</sup> The Commission’s report also demonstrates that employment and hourly wages in the domestic industry increased from 18,361 production workers and \$24.66/hour to 24,744 production workers and \$31.00/hour, respectively.<sup>49</sup>

Consistent with the above trends, the U.S. industry’s capital expenditures rose by an astonishing 180 percent from 2017 to 2022, with nearly \$1.9 billion invested in 2022 alone.<sup>50</sup> As capital expenditures increased, the value of the domestic industry’s net assets likewise rose, with a steady and substantial increase from \$5.1 billion in 2017 to \$10.4 billion in 2022.<sup>51</sup> The domestic industry’s total net sales value increased from \$9.45 billion in 2017 to \$18.67 billion in 2022.<sup>52</sup>

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<sup>46</sup> *Id.*

<sup>47</sup> *Id.*, Table III-9.

<sup>48</sup> *Id.*, (Part I), p. I-54. In contrast, imports from Canada decreased over the same period, “ending 10.5 percent lower in 2022 than in 2017 (12.8 billion board feet in 2022 as compared to 14.3 billion board feet in 2017). *Id.*

<sup>49</sup> *Id.*, (Part I), Table I-2 (with a time period of 2016-2022).

<sup>50</sup> U.S. International Trade Commission, Softwood Lumber Products from Canada, Investigations Nos. 701-TA-566 and 731-TA-1342 (Review) (Dec. 2023), Views of the Commission, p. 56 and n. 288. *See also* Canfor Corporation, Comments on the Section 232 National Investigation of Imports of Lumber and Timber (Apr. 1, 2025), Section II.A.

<sup>51</sup> U.S. International Trade Commission, Softwood Lumber Products from Canada, Investigations Nos. 701-TA-566 and 731-TA-1342 (Review) (Dec. 2023), Views of the Commission, p. 56 and n. 289.

<sup>52</sup> U.S. International Trade Commission, Softwood Lumber Products from Canada, Investigations Nos. 701-TA-566 and 731-TA-1342 (Review) (Dec. 2023), Staff Report dated Nov. 8, 2023 (Part III), Table III-38.

In other words, by essentially every conceivable metric, the domestic softwood lumber industry was doing extraordinarily well during the period examined by the Commission. The U.S. industry substantially expanded its production and production capacity, hired additional workers and paid them higher wages, increased U.S. shipments, and recorded record-high capital expenditures. In April 2023, the largest U.S. producer, Weyerhaeuser, reported that its “financial position is exceptionally strong.”<sup>53</sup> Later in the same year, Weyerhaeuser announced a *\$1 billion* authorization to repurchase its shares at an average price of \$29.59 to “continue to leverage our flexible cash return framework.”<sup>54</sup>

After a careful examination of the voluminous data provided in the sunset review proceeding, the Commission reached the obvious conclusion that the domestic industry is not vulnerable:

In assessing the vulnerability of the domestic industry, we observe that most measures of the domestic industry’s performance, including production, employment, and financial indicators such as operating and net income margins, improved over the period of review, reaching their highest levels in 2021. In light of the foregoing, including the industry’s generally strong performance in 2022, we do not find that the domestic industry is currently in a vulnerable condition.<sup>55</sup>

Approximately sixteen months following the Commission’s determination in December 2023, all indications are that the domestic industry remains strong, as the domestic industry’s capacity and production continue to steadily increase.<sup>56</sup>

In February 2025, Weyerhaeuser reiterated its “continued strong performance,” announcing that it had “{r}eturned \$735 million in total cash back to shareholders based on

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<sup>53</sup> Weyerhaeuser, “Weyerhaeuser Reports First Quarter Results” (Apr. 27, 2023) (**Exh. 8**).

<sup>54</sup> “Weyerhaeuser Q2 2023 Earnings Call Transcript” (Jul. 30, 2023) (**Exh. 9**). This massive stock buyback followed \$50 million of share repurchases in Q2 2023 alone. *Id.*

<sup>55</sup> U.S. International Trade Commission, Softwood Lumber Products from Canada, Investigations Nos. 701-TA-566 and 731-TA-1342 (Review) (Dec. 2023), Views of the Commission, p. 56.

<sup>56</sup> See Government of Canada, Comments on Section 232 National Security Investigation of Imports of Timber and Lumber (Apr. 1, 2025), Section V.A.

2024 results and actions, including \$153 million of share repurchase completed in 2024.”<sup>57</sup> In the period between 2021 and 2024, Weyerhaeuser returned total cash of over USD 5.3 billion to its shareholders,<sup>58</sup> and invested approximately USD 775 million in its lumber portfolio, including acquisitions in Washington, the Carolinas, Mississippi, and Alabama.<sup>59</sup> It is little wonder that analysts have included Weyerhaeuser as one of the “best land stocks” in which to invest in 2025.<sup>60</sup>

Likewise, in March 2025, the CEO of PotlatchDeltic Corporation stated at a company conference presentation with Citigroup that “we’ve got a great balance sheet” and a “very favorable outlook on where lumber markets and where lumber prices are headed.”<sup>61</sup> In January 2025, the company announced that it returned USD 177 million in capital to shareholders, and highlighted its expansion and modernization projects.<sup>62</sup> The CEO reiterated that the company’s outlook for 2025 was strong, stating that the company was “optimistic about the prospects of improving lumber markets and remains confident in the demand fundamentals that drive growth” for the business.<sup>63</sup>

The prosperity of the U.S. lumber industry stands in stark contrast with the circumstances considered by the Department in prior investigations, where domestic

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<sup>57</sup> Weyerhaeuser, “Weyerhaeuser Reports Fourth Quarter, Full Year Results” (Jan. 30, 2025) (**Exh. 10**).

<sup>58</sup> Weyerhaeuser, February 2025 Investor Presentation, slide 6 (**Exh. 11**).

<sup>59</sup> *Id.*

<sup>60</sup> Ali Ahmed, “Weyerhaeuser Company (WY): Among the Best Land and Timber Stocks to Buy According to Analysts” (Jan. 4, 2025) (**Exh. 12**).

<sup>61</sup> S&P Global Market Intelligence, “PotlatchDeltic Corporation, Company Conference Presentation” (Mar. 4, 2025), pp. 4, 6 (**Exh. 13**).

<sup>62</sup> PotlatchDeltic Corporation, “PotlatchDeltic Corporation Reports Fourth Quarter and Full Year 2024 Results” (Jan. 27, 2025) (**Exh. 14**).

<sup>63</sup> *Id.*

industries have faced “marked decline,” and “significant financial challenges.”<sup>64</sup> It is therefore not surprising, as explained below, that the domestic industry supplies the majority of domestic demand and is consistently capturing greater market share in the U.S. market.

## **2. Domestic Industry Production Satisfies the Majority of Domestic Demand**

### **(a) Current and Projected U.S. Demand**

As described at the outset, the market for softwood lumber is closely tied to the demand for residential housing, with housing starts heavily influenced by interest rates and the overall state of the economy. High mortgage rates in 2023 and 2024 with no compensating correction in home prices meant that many potential homebuyers could not afford to buy,<sup>65</sup> and so domestic softwood lumber demand was lower in this period than in

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<sup>64</sup> See, e.g., U.S. Department of Commerce, *The Effect of Imports of Steel on the National Security Supply* (Jan. 2018), p. 4 (where the Department found that there had been significant closures of facilities, a 35 percent decrease in employment, which had “caused the domestic steel industry as a whole to operate on average with a negative net income” for over ten years); U.S. Department of Commerce, *The Effect of Imports of Automobiles and Automobile Parts on the National Security* (Feb. 2019), pp. 3-5 (where the Department found that there had been a marked decline in domestic production, where more than half of the U.S. domestic smelters had closed, and only two smelters were operating at full capacity. Only one of these smelters produced aluminum required for critical infrastructure and defense applications, and thus the “United States {was} in danger of losing the capability to smelt primary aluminum altogether.”); U.S. Department of Commerce, *The Effect of Imports on Uranium on the National Security* (Apr. 2019), p. 12. (where the Department found that the domestic production capacity of uranium had virtually shut down, dropping U.S. uranium mining production to some of the “lowest levels” since the 1940s); U.S. Department of Commerce, *The Effect of Imports of Titanium Sponge on the National Security* (Nov. 2019), pp. 5-6, 10-12 (where the Department found that domestic production had declined significantly, such that there was now only one active large-scale industrial plant in the United States. This facility was also declining due to aging and damaged facilities); U.S. Department of Commerce, *The Effect of Imports of Vanadium on the National Security* (Feb. 2021), pp. 12-13 (where the Department found that there was only one domestic producer, and that the U.S. vanadium industry potentially faced “significant financial challenges”).

<sup>65</sup> Paul Jannke, Forest Economic Advisors LLC, “2025 Forest Products Outlook: Softwood markets remain weak” (Mar. 2025) (**Exh. 15**).

2022.<sup>66</sup> However, with mortgage rates and inflation showing potential signs of improvement,<sup>67</sup> overall housing starts increased 15.8 percent in December 2024.<sup>68</sup>

Analysts have predicted that if interest rates continue to ease in 2025, it will “provid{e} a shot in the arm for home buying and construction finance.”<sup>69</sup> The structural underbuilding from the Great Recession continues to influence the market, and more robust demographic estimates highlight the growing demand for additional housing in the United States.<sup>70</sup> Massachusetts-based Forest Economic Advisors, LLC (“FEA”) forecasts that housing starts will rise by 1.3 percent to 1.38 million units in 2025 and by another 8.6 percent to 1.50 million units in 2026.<sup>71</sup> U.S. softwood lumber consumption in new housing is expected to grow by 4.5 percent to 17.3 BBF in 2025, and by 8.4 percent to 18.8 BBF in 2026.<sup>72</sup> In other words, softwood lumber demand should be trending up.<sup>73</sup>

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<sup>66</sup> See Part (b) immediately below, and in particular Figure 1.

<sup>67</sup> The annual inflation rate in the United States was 2.9 percent for the 12 months ending December 2024, down from 3.4 percent in 2023. See U.S. Inflation Calculator, “Current U.S. Inflation Rates: 2000-2025” (**Exh. 16**).

<sup>68</sup> U.S. Department of Commerce, United States Census, “Monthly New Residential Construction” (Dec. 2024) (**Exh. 17**).

<sup>69</sup> Fastmarkets, “Lumber prices: Five predictions for the housing and wood products markets in 2025” (Feb. 12, 2025) (**Exh. 18**).

<sup>70</sup> *Id.*

<sup>71</sup> Paul Jannke, Forest Economic Advisors LLC, “2025 Forest Products Outlook: Softwood markets remain weak” (Mar. 2025) (**Exh. 15**).

<sup>72</sup> *Id.*

<sup>73</sup> See also Government of Canada, Comments on Section 232 National Security Investigation of Imports of Timber and Lumber (Apr. 1, 2025), Section IV.B.1.

Over the past two months, however, market uncertainty resulting from Executive Orders imposing tariffs on all goods from Canada, and the subsequent delay of these tariffs,<sup>74</sup> has had a negative effect on the residential construction sector and the housing market more broadly.<sup>75</sup> As discussed in more detail in Section IV below, increased restrictions on imports – whether through the imposition of the tariffs on all Canadian goods, the imposition of tariffs and/or quotas as a result of this investigation, or both – will lead to higher softwood lumber prices, thereby exacerbating the existing housing affordability problem in the United States.

(b) Domestic Industry Production Satisfies Over [ ] Percent of Domestic Demand

The domestic industry currently satisfies more than [ ] percent of domestic demand for softwood lumber, and has captured an additional [ ] percent of domestic market share since 2016, as shown in the chart in Figure 1 below. Canada’s U.S. market share during the same period decreased by [ ] percent, though half of that Canadian market share was replaced by imports from other sources, as discussed further in Part C.1.

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<sup>74</sup> See Executive Order 14193, “Imposing Duties to Address the Flow of Illicit Drugs Across Our Northern Border” (Feb. 1, 2025), 90 *Fed. Reg.* 9113; Executive Order 14197, “Progress on the Situation at Our Northern Border” (Feb. 3, 2025), 90 *Fed. Reg.* 9183; Executive Order 14231, “Amendment to Duties to Address the Flow of Illicit Drugs Across Our Northern Border” (Mar. 6, 2025), 90 *Fed. Reg.* 11785.

<sup>75</sup> See National Association of Home Builders, “Cost and Tariff Uncertainty Weighs on the Markets” (Mar. 21, 2025) (**Exh. 19**); Associated Press, “Trump’s tariffs on lumber come at a terrible time for the U.S. housing market. Here’s why” (Mar. 17, 2025) (**Exh. 20**).

**Figure 1 (quantity in MBF; shares in percent)**

ITEM	2016 <sup>76</sup>	2022 <sup>77</sup>	2024 <sup>78</sup>
Apparent consumption in U.S.	46,974,488	52,994,174	[       ]
U.S. producers market share in U.S.	66.1%	68.7%	[       ]%
Canada market share in U.S.	32%	24.1%	[       ]%
Non-subject market share in U.S.	1.9%	7.2%	[       ]%
Import market share in U.S.	33.9%	31.3%	[       ]%
Canada exports to U.S.	15,029,927	12,780,504	[       ]
Non-subject exports to U.S.	901,561	3,807,979	[       ]
All sources exports to US	15,931,488	16,610,174	[       ]
WWPA: Producer U.S. shipments	31,043,000	36,384,000	[       ]

For the reasons described in Part C below, the domestic industry will not be able to satisfy *all* domestic demand for softwood lumber anytime soon. However, the question before the Department in this Section 232 investigation is not whether the domestic industry can satisfy 100 percent of domestic demand. Rather, the question is supposed to be whether the domestic industry is capable of meeting current and future national security requirements, and whether imports from Canada would preclude the domestic industry from meeting those requirements, thereby impairing national security.

Given that the majority of domestic demand is satisfied by domestic producers, and given that production necessary for defense requirements would be modest at best,<sup>79</sup> BCLTC

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<sup>76</sup> U.S. International Trade Commission, Softwood Lumber Products from Canada, Investigations Nos. 701-TA-566 and 731-TA-1342 (Review) (Dec. 2023), Staff Report dated Nov. 8, 2023 (Part I), Table I-2. There is a typo in Table I-2 for 2016 WWPA: Producer U.S. shipments that BCLTC has corrected here.

<sup>77</sup> *Id.*, (Part I), Table I-2.

<sup>78</sup> [       ].  
For consistency, the figures for 2024 are based on the sources used by the ITC in its analyses. It should be noted that multiple industry publications provide data of this nature, and the reported figures may vary to some degree based on the source, as well as based on periodic updates.

<sup>79</sup> See Government of Canada, Comments on Section 232 National Security Investigation of Imports of Timber and Lumber (Apr. 1, 2025), Section IV.A (explaining that U.S. national defense requirements represent a negligible amount of overall U.S. demand for lumber and other wood products).

cannot conceive of how imports of softwood lumber could possibly preclude the domestic industry from producing whatever is required for national security.

Even if the “impact of foreign competition on the economic welfare” of the domestic softwood lumber industry is examined in a manner that is wholly untethered from national defense requirements and the relevance of that industry to meeting those requirements, the “economic welfare” of the domestic industry is strong, as demonstrated above. Nor is the domestic industry threatened by “excessive imports” of softwood lumber from Canada. To the contrary, as explained below, timber supply in Canada continues to decline. As a result, Canadian companies are increasingly investing in softwood lumber mills in the United States, making them an intrinsic part of the domestic industry’s success story in recent years.

### **3. Timber Supply Constraints in Canada Have Substantially Reduced Canadian Exports and Market Share**

While the U.S. domestic industry has prospered, Canada’s softwood lumber industry has faced unprecedented natural disasters and government policy shifts that have significantly limited the timber supply upon which the Canadian softwood lumber industry relies. As the Commission documented in its 2023 determination:

Canada’s wildfire season in the spring of 2023 has burned the largest amount of land ever recorded in a single year. The fires have disrupted production by shuttering sawmills, causing a log shortage, and triggering increased prices. The mountain pine beetle has also constrained Canadian lumber supply, particularly in British Columbia. Most responding Canadian producers reported that changes in factors affecting supply have affected the availability of Canadian softwood lumber, with nearly all of these firms describing factors that reduced availability. Factors included reduced availability of logs (including in Western Canada) and high fiber costs, labor shortages (including labor strikes), wildfires (which affect the quantity and quality of timber), climate change, reduced transport (e.g., railcar) availability and higher transport pricing (particularly related to higher energy costs in 2022), weather conditions, insect infestations (mountain pine beetle and a spruce budworm outbreak active since 2006), and Canadian governmental (national and provincial) and First Nations policies and regulations.<sup>80</sup>

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<sup>80</sup> U.S. International Trade Commission, Softwood Lumber Products from Canada, Investigations Nos. 701-TA-566 and 731-TA-1342 (Review) (Dec. 2023), Staff Report dated Nov. 8,



For British Columbia, Canada’s largest softwood lumber-producing province, the cumulative effect of the various natural disasters and government policies described in the Commission’s report cannot be overstated.<sup>81</sup> As reported in the press, a “storm of threats”<sup>82</sup> – including the “mountain pine beetle continu{ing} to kill millions of hectares of forest,”<sup>83</sup> “three of the province’s worst fire seasons in record history,”<sup>84</sup> anti-old-growth logging blockades, and increasing First Nations forestry management – have created a “worse state of affairs for logging than at any time in the provincial industry’s history.”<sup>85</sup> When mature forests are lost in Canada, they do not regenerate and return to maturity for decades—anywhere from 40 to 80 years.<sup>86</sup>

As explained in detail in the comments submitted by the Government of British Columbia, the annual allowable cut or AAC (*i.e.*, the volume of timber available for commercial harvest) has decreased significantly in recent years, and is expected to decline by at least another 8 percent by 2031.<sup>87</sup> This decrease may be even more substantial, based on the Government of British Columbia’s recent analysis of the downward pressure on AAC

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2023 (Part II), pp. II-6 to II-7. *See also* Rod Nickel, “Analysis: Canadian wildfires shutter sawmills, drive up lumber prices” (Jun. 12, 2023), REUTERS (**Exh. 22**); Ally Levine, Nia Williams and Prinz Magtulis, “Canadian Wildfires Burning Land at Record Pace” (Jul. 24, 2023), REUTERS (**Exh. 23**); Canadian Interagency Forest Fire Centre, Inc., “Fire Statistics” (retrieved July 24, 2023) (**Exh. 24**); Wood Resources International, “Increased demand for softwood lumber in the US and Asia” (Jul. 22, 2021), CISION PR NEWswire (**Exh. 25**).

<sup>81</sup> *See also* Government of British Columbia, Comments on the Section 232 National Security Investigations of Imports of Timber and Lumber (Apr. 1, 2025), Section II.B; Government of Canada, Comments on Section 232 National Security Investigation of Imports of Timber and Lumber (Apr. 1, 2025), Sections IV.D and V.A.

<sup>82</sup> Caitlin Stall-Paquet, “Clearing Out: BC’s Logging Industry Sets Its Sights on the US” (July/Aug. 2022), THE WALRUS (**Exh. 26**).

<sup>83</sup> *Id.*

<sup>84</sup> *Id.*

<sup>85</sup> *Id.*

<sup>86</sup> *See* Government of British Columbia, “Old growth definitions and value” (May 21, 2024) (**Exh. 27**).

<sup>87</sup> *See* Government of British Columbia, Comments on the Section 232 National Security Investigations of Imports of Timber and Lumber (Apr. 1, 2025), Section II.A.

from government policy measures and the impact of natural disasters.<sup>88</sup> The AAC in British Columbia is not expected to rise again for at least 50 years, when second growth forests from beetle decimated stands start to become ready for harvest.<sup>89</sup>

The Government of British Columbia's comments describe the near-perfect correlation between AAC and lumber mill capacity.<sup>90</sup> B.C. lumber mill capacity has decreased by more than *40 percent* over the past two decades, and is expected to continue to decrease as AAC declines.<sup>91</sup>

Timber supply shortages are pronounced in British Columbia, but evident across the country, as reflected in the fact that all measures of softwood lumber production capacity in Canada went down from 2017 to 2022 (with practical capacity shrinking by 7.8 percent).<sup>92</sup> Canadian softwood lumber production also dropped by 14.5 percent from 2017 to 2022,<sup>93</sup> and Canada's export volumes to the United States declined by 10.5 percent over the same period.<sup>94</sup>

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<sup>88</sup> *Id.*, Section II.B.

<sup>89</sup> *See id.*, Section II.A. Moreover, the availability of AAC does not necessarily mean that this supply of timber is being harvested. In fact, between 2023 and 2024, harvest of public lands in British Columbia was only 56 percent of AAC, due to the impact of various natural disasters, government policies, and factors such as worker or supply chain shortages. *Id.*, Section II.C.

<sup>90</sup> *Id.*, Section IV.A.

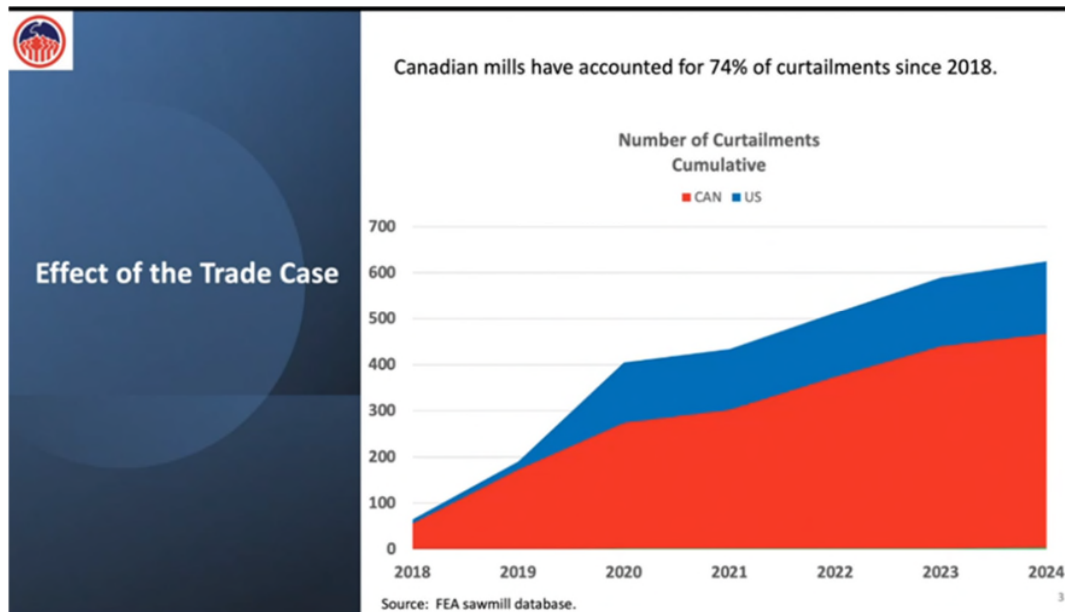
<sup>91</sup> *See id.*, Section IV.

<sup>92</sup> *See* U.S. International Trade Commission, Softwood Lumber Products from Canada, Investigations Nos. 701-TA-566 and 731-TA-1342 (Review) (Dec. 2023), Staff Report dated Nov. 8, 2023 (Part IV), p. IV-62.

<sup>93</sup> *See id.*

<sup>94</sup> *See id.*, (Part I), p. I-53.

Against the backdrop of raw material shortages, Canadian producers are regularly curtailing operations in Canada or closing their Canadian mills altogether.<sup>95</sup> The following chart, presented by Zoltan van Heyningen, Executive Director of the U.S. Lumber Coalition, which advocates for trade protection on behalf of the U.S. softwood lumber industry, reflects the curtailment of Canadian mills vs. U.S. mills since 2018.<sup>96</sup>

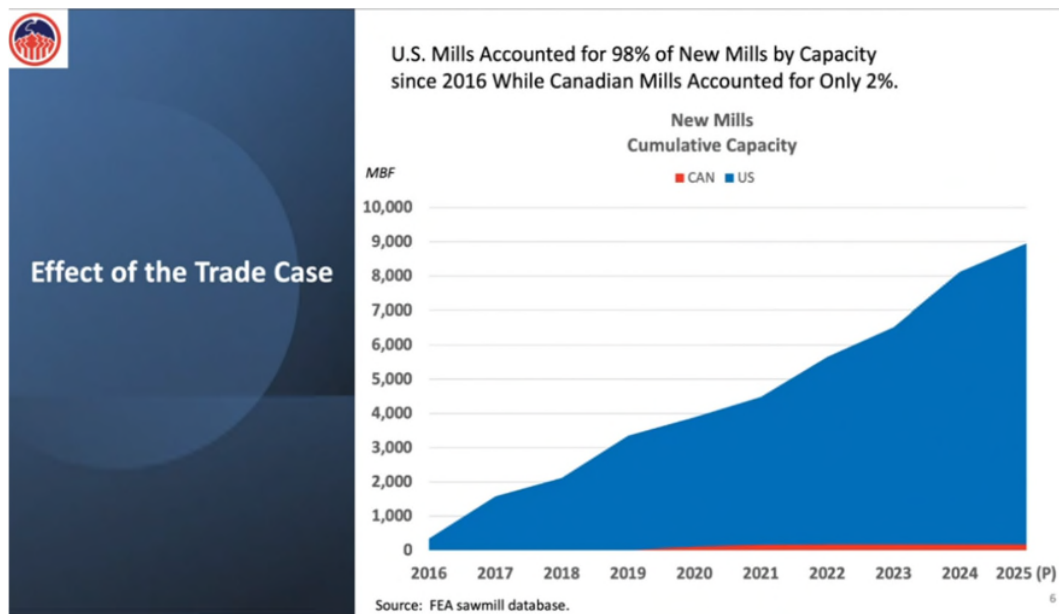


Canadian producers have limited ability or motivation to try to increase their Canadian capacity, as reflected in Mr. van Heyningen’s chart below:<sup>97</sup>

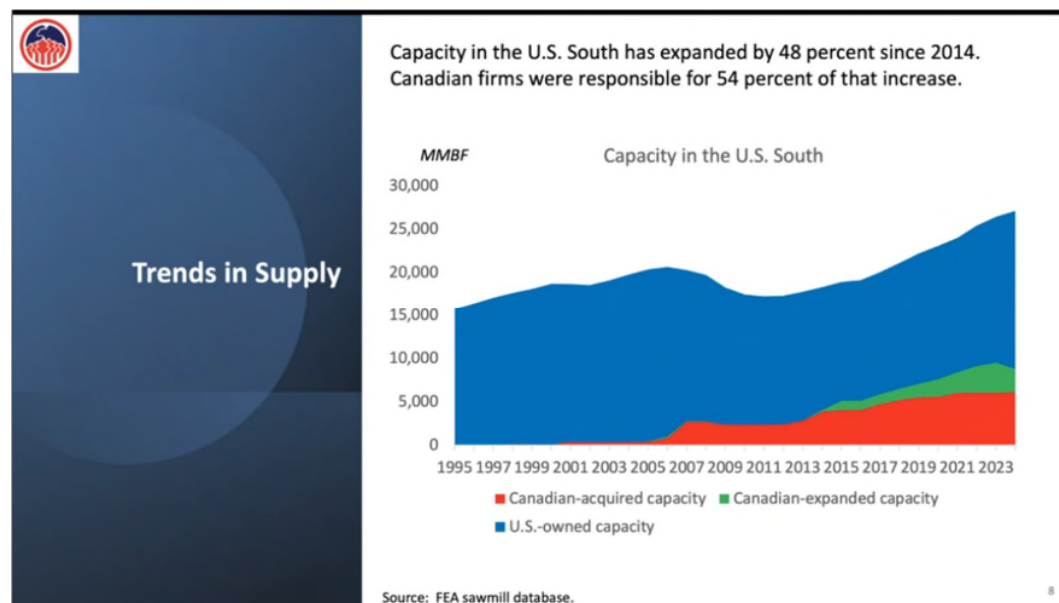
<sup>95</sup> See, e.g., Government of British Columbia, Comments on the Section 232 National Security Investigations of Imports of Timber and Lumber (Apr. 1, 2025), Section IV (explaining that the total number of medium and large lumber mills in British Columbia (over 40 million board foot capacity) was 130 in 1990, as compared to 55 mills in 2025); West Fraser Mills Ltd., Comments on the Section 232 National Investigation of Imports of Lumber and Timber (Apr. 1, 2025), Section II (explaining the shift in West Fraser’s operations from Canada to the United States, as a result of increasing severe constraints on timber supply in Canada).

<sup>96</sup> These excerpts are taken from a presentation provided by Mr. van Heyningen during an interview with CIBC Capital Markets in March 2025. See CIBC Capital Markets, “CIBC Forest Products Speaker Series: A Discussion with the U.S. Lumber Coalition” (Feb. 26, 2025) (**Exh. 28**); CIBC Capital Markets, Certified Transcript: “CIBC Forest Products Speaker Series: A Discussion with the U.S. Lumber Coalition” (Feb. 26, 2025) (**Exh. 29**).

<sup>97</sup> *Id.*



In light of the supply constraints, Canadian firms are increasingly investing in facilities in the U.S. south instead, which Mr. van Heyningen touted in his presentation as something the U.S. government “likes to see.”<sup>98</sup>



<sup>98</sup> CIBC Capital Markets, Certified Transcript: CIBC Forest Products Speaker Series: A Discussion with the U.S. Lumber Coalition (Feb. 26, 2025), p. 5 (**Exh. 29**). *See, e.g.*, The White House, “Presidential Actions: American First Investment Policy” (Feb. 21, 2025) (**Exh. 30**) (“America’s investment policy is critical to our national and economic security. Welcoming foreign

Part of the domestic softwood lumber industry’s phenomenal success described in Part 1 above has therefore been driven by *Canadian companies* heavily investing in U.S. production, such that those firms now form an important part of the domestic industry.<sup>99</sup> These circumstances, where significant supply constraints abroad have led to rapidly increasing Canadian investment in the United States, are detailed in the comments of Canfor Corporation (“Canfor”),<sup>100</sup> Interfor Corporation (“Interfor”),<sup>101</sup> and West Fraser Mills Ltd. (“West Fraser”),<sup>102</sup> which are three of the largest *U.S. producers* of softwood lumber.<sup>103</sup> As

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investment and strengthening the United States’ world-leading private and public capital markets will be a key part of America’s Golden Age.”. . . Investment by United States allies and partners can create hundreds of thousands of jobs and significant wealth for the United States. . . . Investment in our economy from our allies and partners, some of whom have tremendous sovereign wealth funds, supports the national interest. My Administration will make the United States the world’s greatest destination for investment dollars, to the benefit of all of us.”); The White House, “Remarks by President Trump on Investment Announcement (Mar. 3, 2025) (**Exh. 31**) (where President Trump stated: “But very importantly, tomorrow, tariffs — 25 percent on Canada and 25 percent on Mexico, and that’ll start. So, they’re going to have to have a tariff. So, what they’ll have to do is build their car plants, frankly, and other things in the United States — in which case, they have no tariffs. . . . Otherwise, they’ll build — if they did them in Taiwan to send them here, they’ll have 25 percent or 30 percent or 50 percent or whatever the number may be someday. It’ll go only up. But by doing it here, he has no tariffs, so he’s way ahead of the game. And I would just say this to people in Canada or Mexico, if they’re going to build car plants, the people that are doing them are much better off building here, because we have the market. We’re the market where they sell the most.”); Jack Ewing, “Hyundai to Invest \$21 Billion in U.S. in Bid to Avoid Trump’s Tariffs” (Mar. 24, 2025), *NEW YORK TIMES* (**Exh. 32**) (“Mr. Trump has threatened to impose 25 percent tariffs on products from Canada and Mexico next month. ‘There are no tariffs if you make your product in America,’ said Mr. Trump, who reiterated plans to impose tariffs on imported automobiles in days to come.”).

<sup>99</sup> See, e.g., U.S. International Trade Commission, *Softwood Lumber Products from Canada*, Investigations Nos. 701-TA-566 and 731-TA-1342 (Review) (Dec. 2023), Staff Report dated Nov. 8, 2023 (Part III), pp. III-2 to III-5, III-31.

<sup>100</sup> See Canfor Corporation, Comments on the Section 232 National Investigation of Imports of Lumber and Timber (Apr. 1, 2025), Section II.A (explaining that, over the past decade, Canfor has invested nearly [ ] into acquisitions, facility upgrades, and workforce development in the United States, spurring growth in U.S. communities and fortifying the U.S. lumber industry).

<sup>101</sup> See Interfor Corporation, Comments on the Section 232 National Investigation of Imports of Lumber and Timber (Apr. 1, 2025), Section II (explaining that, at the end of 2024, Interfor owns and operates 16 sawmills, and employs over 2,000 people in the United States).

<sup>102</sup> See West Fraser Mills Ltd., Comments on the Section 232 National Investigation of Imports of Lumber and Timber (Apr. 1, 2025), Section II.B (explaining that West Fraser alone has invested over [ ] in the U.S. lumber industry since 2007, involving an increase in its United States capacity by over [ ] board feet).

<sup>103</sup> West Fraser, Interfor, and Canfor were the second, fifth and sixth largest producers of softwood lumber in the United States by capacity in 2024. See Forisk, “Top 10 North American and

explained therein, these investments have served to reinforce the resilience of the domestic lumber industry.<sup>104</sup>

**C. Despite the Health of the Domestic Softwood Lumber Industry and the Reduction in Canadian Market Share, Imports Are Necessary to Meet Domestic Demand**

Despite the health of the domestic industry, domestic producers have never been able to fulfill all U.S. demand for softwood lumber, as described in Part 1 below. Even if domestic producers *could* potentially supply all domestic demand, however, BCLTC demonstrates in Part 2 that there are numerous factors that will preclude the substantial production increase that would be required for any significant expansion by domestic producers in the near term. In Part 3, BCLTC emphasizes that in any event, there should be no concern about some reliance on predominantly-Canadian imports to satisfy domestic demand, because Canada is a secure source of supply for the United States.

**1. Imports of Canadian Softwood Lumber Complement U.S. Softwood Lumber Production**

Canadian softwood lumber, which is mostly SPF, is not the same product as U.S.-produced softwood lumber, the majority of which is SYP.<sup>105</sup> The Commission recognized as

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U.S. Lumber Producers in 2024” (Feb. 25, 2025) (**Exh. 33**). *See also* Comments Submitted on Behalf of the Ontario Forest Industries Association, the Conseil de L’Industrie de Forestiere du Québec to the Department’s Section 232 Investigation of Imports of Timber and Lumber (Apr. 1, 2025), Section III.E.2.

<sup>104</sup> Unlike in the section 232 investigation in *Automobiles and Automobile Parts* (“*Autos*”), there is no plausible basis here for concluding that in a time of national emergency, Canadian-owned suppliers operating in the United States would not be reliable sources of softwood lumber (should such production ever be needed to satisfy national security requirements). The Department’s concern in *Autos* was that “American-owned firms do not have access to technology and trade secrets developed by foreign-owned firms and that, in time of war, when foreign-owned firms may decline to share their R&D with the DOD, the United States Government will not have access to all the latest developments in the industry.” U.S. Department of Commerce, *The Effect of Imports of Automobiles and Automobile Parts on the National Security* (Feb. 2019), p.8. With respect to the production of softwood lumber, there is no concern about the U.S. Government’s access to “highly-advanced technologies that have significant, cutting-edge military applications.” *Id.*

<sup>105</sup> *See also* West Fraser Mills Ltd., Comments on the Section 232 National Security Investigation of Imports of Timber and Lumber (Apr. 1, 2025), Section II.B.1; Interfor Corporation, Comments on the Section 232 National Investigation of Imports of Lumber and Timber (Apr. 1,

much when it concluded in the sunset review, consistent with the Commission’s finding in the original antidumping and countervailing duty investigation, that there is “at least a moderate degree of substitutability” between domestically produced softwood lumber and softwood lumber imported from Canada.<sup>106</sup>

The Commission explained that in responses to questionnaires, “a plurality of purchasers reported that they and their customers usually base purchasing decisions on *species*.”<sup>107</sup> Some companies reported that SPF is preferred for “wall framing; for its workability (ease of nailing and sawing), strength, stability (minimal warp and twist), and low density (light weight), appearance (smaller knots and fine grain); and for the do-it-yourself market because it is easier to work.”<sup>108</sup> Other firms reported that U.S.-produced SYP was “superior to Canadian products because of its high strength and cellular structure that permits deep, uniform penetration of preservatives.”<sup>109</sup>

SPF and SYP are further differentiated by the fact that a significant share of U.S. SYP production is processed through pressure treatment and sold as a distinct product. Virtually no products imported from Canada, on the other hand, are pressure treated. This is critical

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2025), Section III.B.1; Canfor Corporation, Comments on the Section 232 National Investigation of Imports of Lumber and Timber (Apr. 1, 2025), Section II.B.2.

<sup>106</sup> U.S. International Trade Commission, Softwood Lumber Products from Canada, Investigations Nos. 701-TA-566 and 731-TA-1342 (Review) (Dec. 2023), Views of the Commission, p. 30.

<sup>107</sup> *Id.* (emphasis added).

<sup>108</sup> See U.S. International Trade Commission, Softwood Lumber Products from Canada, Investigations Nos. 701-TA-566 and 731-TA-1342 (Review) (Dec. 2023), Staff Report dated Nov. 8, 2023 (Part II), p. II-32. In relation to the SPF that is produced in the United States, most purchasers in the sunset re-view reported that it is of lower quality in strength. *Id.*, p. II-24. See also West Fraser Mills Ltd., Comments on the Section 232 National Security Investigation of Imports of Timber and Lumber (Apr. 1, 2025), Section II.B.1.

<sup>109</sup> U.S. International Trade Commission, Softwood Lumber Products from Canada, Investigations Nos. 701-TA-566 and 731-TA-1342 (Review) (Dec. 2023), Staff Report dated Nov. 8, 2023 (Part II), p. II-32.

because certain applications require pressure-treated lumber, meaning that imports from Canada cannot be substituted for domestic SYP in these applications.<sup>110</sup>

Despite these differences between U.S.-produced SYP and Canadian-produced SPF, the Commission found in the sunset review proceeding that most market participants reported that domestic softwood lumber and Canadian softwood lumber were “at least sometimes interchangeable.”<sup>111</sup> Furthermore, the Commission emphasized that most purchasers reported that they or their customers had changed species purchased for a particular end use based on price and availability.<sup>112</sup> Accordingly, the Commission concluded that there was “at least a moderate degree of substitutability” between the domestic and imported products.

The Commission’s conclusion that Canadian SPF and U.S. SYP are not entirely substitutable is underscored by the fact that much of the reduction in imports from Canada since 2016 has been replaced by imports of SPF from Europe, which is far more similar to Canadian SPF than domestically-produced SYP.<sup>113</sup> As discussed above, Canada’s market share has markedly decreased from 32 percent in 2016 to [ ] percent in 2024. At the same time, market share of imports of softwood lumber from other sources increased from 1.9 percent to [ ] percent.<sup>114</sup> In the absence of traditional import volumes of SPF from

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<sup>110</sup> See, e.g., American Wood Protection Association, “AWPA Standard U1-24, User Specification for Treated Wood” (2024) (**Exh. 34**); Southern Forest Products Association, “Pressure-Treated Southern Pine” (2019) (**Exh. 35**); U.S. International Trade Commission, Softwood Lumber Products from Canada, Investigations Nos. 701-TA-566 and 731-TA-1342 (Review) (Dec. 2023), Staff Report dated Nov. 8, 2023 (Part II), p. II-24 (“Purchasers reported that SYP rather than SPF is used for pressure treating since the preservative can better penetrate the wood”).

<sup>111</sup> U.S. International Trade Commission, Softwood Lumber Products from Canada, Investigations Nos. 701-TA-566 and 731-TA-1342 (Review) (Dec. 2023), Views of the Commission, p. 31 and n. 158.

<sup>112</sup> *Id.*

<sup>113</sup> See, e.g., Fastmarkets, “How European exports have become the lumber success story of 2023 so far” (July 27, 2023) (**Exh. 36**).

<sup>114</sup> See U.S. International Trade Commission, Softwood Lumber Products from Canada, Investigations Nos. 701-TA-566 and 731-TA-1342 (Review) (Dec. 2023), Staff Report dated Nov. 8, 2023 (Part I), Table I-2; [

J. See also Wood Resources International LLC, “The US is increasingly dependent



Canada due to the supply constraints discussed above, imports of SPF from Europe in particular rose substantially.<sup>115</sup> These SPF imports complement the predominantly-SYP domestic production, and are necessary to accommodate purchaser preferences for different species of lumber for different end-use applications. This much was confirmed in March 2025 by the CEO of PotlatchDeltic Corporation, who stated that while there is overlap between the two species, “there are certain builders that have a strong preference for one species over another.”<sup>116</sup>

In part because there is consistent demand in the United States for Canadian-produced SPF, U.S. producers cannot fulfill all U.S. demand for softwood lumber. But species differences are not the only barrier to the U.S. domestic industry increasing softwood lumber production, as described below.

## **2. Near-Term Increase of Domestic Timber and Lumber Capacity to Reduce Imports Is Not Feasible**

Even if domestic producers could potentially supply all domestic demand for softwood lumber products, there are numerous factors that will preclude the substantial production increase that would be required for any significant expansion by domestic producers in the near term that have nothing to do with imports.<sup>117</sup>

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on overseas lumber supply as Canadian softwood lumber production continues to decline” (Jan. 18, 2021), PR NEWswire (**Exh. 37**).

<sup>115</sup> U.S. Department of Commerce, “Softwood Lumber Subsidies Report to the Congress” (Dec. 2024), p. 3 and n. 2 (reporting that Germany accounts for 6.2 percent of imports of softwood lumber, Sweden accounts for 2.8 percent, Brazil for 1.4 percent, and Austria for 1.3 percent).

<sup>116</sup> S&P Global Market Intelligence, “PotlatchDeltic Corporation, Company Conference Presentation” (Mar. 4, 2025), p. 7 (**Exh. 13**).

<sup>117</sup> WMP Market Insights, “North American Lumber Market Has the Jitters as Threat of Imminent Import Tariffs on Canada Brings Warnings of Price Hikes and a Turbulent Spring” (Jan. 2025), p. 2 (**Exh. 38**) (“{i}t is unrealistic to expect that the US sawmilling industry can source enough timber sustainably, invest in production capacity, secure the necessary labor, build infrastructure, and produce lumber at competitive prices to replace imports from Canada and Europe”). *See also* Resource Wise, “Tariffs, Costs, and Profitability: The Lumber Industry at a Crossroads” (Mar. 17, 2025) (**Exh. 39**).

At the outset, the U.S. industry simply does not have the infrastructure required to significantly ramp up softwood lumber production in the short term. West Fraser, Canfor, and Interfor all confirm that, in order to increase domestic capacity to fully satisfy U.S. demand, scores of new sawmills would need to be built.<sup>118</sup> In light of the time that it takes to construct a mill, including obtaining permitting and specialized contractors,<sup>119</sup> it could take at least a decade and many billions of dollars for U.S. producers to put into place the infrastructure needed to meet domestic demand.<sup>120</sup>

The U.S.-owned members of the domestic industry agree that significant time and capital are required to build new sawmills.<sup>121</sup> As the CEO of Weyerhaeuser explained in March 2025, “you can probably get one {a mill} built in 18 to 24 months if you’re really hustling and you can get all the permits and you don’t have to deal with any wetland

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<sup>118</sup> See West Fraser Mills Ltd., Comments on the Section 232 National Investigation of Imports of Lumber and Timber (Apr. 1, 2025), Section IV.5; Canfor Corporation, Comments on the Section 232 National Investigation of Imports of Lumber and Timber (Apr. 1, 2025), Section II.B; Interfor Corporation, Comments on the Section 232 National Investigation of Imports of Lumber and Timber (Apr. 1, 2025), Section III.C.1.

<sup>119</sup> Importantly, even if the necessary capital were readily available immediately, there are [ ] to complete a greenfield project in [ ]. See Canfor Corporation, Comments on the Section 232 National Investigation of Imports of Lumber and Timber (Apr. 1, 2025), Section II.B; West Fraser Mills Ltd., Comments on the Section 232 National Investigation of Imports of Lumber and Timber (Apr. 1, 2025), Section IV.5. [ ] only have the ability to take on [ ] projects per year. *Id.* Furthermore, Interfor explains that if imports were to be reduced by prohibitive tariffs and multiple lumber producers were to undertake capacity expansions at the same time, they would end up sourcing equipment and engineering services from the same small pool of suppliers, further delaying project timelines. See Interfor Corporation, Comments on the Section 232 National Investigation of Imports of Lumber and Timber (Apr. 1, 2025), Section III.C.2(a).

<sup>120</sup> See West Fraser Mills Ltd., Comments on the Section 232 National Investigation of Imports of Lumber and Timber (Apr. 1, 2025), Section IV.6; Canfor Corporation, Comments on the Section 232 National Investigation of Imports of Lumber and Timber (Apr. 1, 2025), Section II.B; Interfor Corporation, Comments on the Section 232 National Investigation of Imports of Lumber and Timber (Apr. 1, 2025), Section III.C.2. See also Comments Submitted on Behalf of the Ontario Forest Industries Association, the Conseil de L’Industrie de Forestiere du Québec to the Department’s Section 232 Investigation of Imports of Timber and Lumber (Apr. 1, 2025), Section III.E.1.

<sup>121</sup> National Association of Home Builders, “How Tariffs Impact the Home Building Industry” (Mar. 20, 2025) (**Exh. 40**) (“long lead time and significant production capacity needed to create additional domestic supply”); Andrew Romano, “Did Trump really order 280 million acres of national forest to be cut down?” (Mar. 7, 2025), YAHOO! NEWS (**Exh. 41**).

issues.”<sup>122</sup> Estimates from a Fastmarkets analysis suggest that the timeframe from planning to hitting full technical capacity is “usually at a minimum of three years.”<sup>123</sup> This assumes “no permitting or technical delays, which is also a generous assumption given the limited sawmill equipment suppliers and normal delays that arise with these large scale projects.”<sup>124</sup> In terms of the cost to construct a new mill, Weyerhaeuser’s CEO also notes that “\$180 million, \$200 million is probably in the right ballpark for a medium-sized sawmill.”<sup>125</sup>

In addition to the costs of construction of the mill itself, there are significant outlays (and delays) associated with the development of infrastructure around that mill, including the construction of roads, energy generation and transmission, and sewage systems.<sup>126</sup> For example, as the CEO from U.S. company PotlatchDeltic Corporation noted in March 2025, even if the forests in the U.S. Pacific Northwest are opened up to provide access to softwood lumber, there are significant costs associated with building roads to access the timberlands:

When you have harvesting activity in this mountainous terrain, the road network really matters a lot. We spent tens of millions of dollars over decades establishing our road network for our 600,000 acres in Idaho. Well, the federal government has no road network in its timberland because it's kind of let it go, so to speak.<sup>127</sup>

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<sup>122</sup> “Weyerhaeuser at Citi’s Global Property CEO Conference: Strategic Growth Insights” (Mar. 6, 2025) (**Exh. 42**).

<sup>123</sup> Fastmarkets, “Does the US really need Canadian wood products supply?” (Mar. 10, 2025) (**Exh. 43**).

<sup>124</sup> *Id.* In this respect, analysts have suggested that it will take the domestic industry “10 years to completely and sustainably wean itself off external lumber supply”. *See id.*

<sup>125</sup> “Weyerhaeuser at Citi’s Global Property CEO Conference: Strategic Growth Insights” (Mar. 6, 2025) (**Exh. 42**).

<sup>126</sup> *See, e.g.*, CIBC Capital Markets, “CIBC Forest Products Speaker Series: A Discussion with FEA’s Lumber Expert” (Mar. 4, 2025) (**Exh. 44**); CIBC Capital Markets, Certified Transcript: “CIBC Forest Products Speaker Series: A Discussion with FEA’s Lumber Expert” (Mar. 4, 2025), pp. 29-32 (**Exh. 45**); Interfor Corporation, Comments on the Section 232 National Investigation of Imports of Lumber and Timber (Apr. 1, 2025), Section III.C.2; West Fraser Mills Ltd., Comments on the Section 232 National Investigation of Imports of Lumber and Timber (Apr. 1, 2025), Section IV.3.

<sup>127</sup> S&P Global Market Intelligence, “PotlatchDeltic Corporation, Company Conference Presentation” (Mar. 4, 2025), p. 8 (**Exh. 13**).

To the extent that road networks do exist, transporting lumber sourced from federal forests located in remote areas is costly,<sup>128</sup> particularly if specialized vehicles are needed to transport heavy loads.<sup>129</sup> In addition, there are substantial costs associated with accessing logs (*e.g.*, harvesting and log contractors acquiring harvesting and hauling equipment), training and bringing on skilled labor (an issue discussed further below), the availability of specialized sawmill equipment, and securing necessary permits (*e.g.* air permits for new kilns).<sup>130</sup>

As a result, even if U.S. domestic producers could afford these significant outlays *immediately*, it would take years to build out the new sawmill capacity needed to replace Canadian lumber supply.<sup>131</sup> And there are reasons why domestic producers will be hesitant to put the necessary infrastructure in place. For example, in order for a sawmill to be economically viable, there must be physical infrastructure to store sawmill “residuals” (the approximately 50 percent of the log that is produced as byproducts or waste in lumber production, such as wood chips and sawdust), and also a market in which the mill can sell

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<sup>128</sup> James Wilson, “Top 6 Challenges of Timber Production in Industry” (Sept. 17, 2024) (**Exh. 46**); Andrew Romano, “Did Trump really order 280 million acres of national forest to be cut down?” (Mar. 7, 2025), YAHOO! NEWS (**Exh. 41**).

<sup>129</sup> James Wilson, “Top 6 Challenges of Timber Production in Industry” (Sept. 17, 2024) (**Exh. 46**).

<sup>130</sup> See Canfor Corporation, Comments on the Section 232 National Investigation of Imports of Lumber and Timber (Apr. 1, 2025), Section II.B; Interfor Corporation, Comments on the Section 232 National Investigation of Imports of Lumber and Timber (Apr. 1, 2025), Section III.C.2; West Fraser Mills Ltd., Comments on the Section 232 National Investigation of Imports of Lumber and Timber (Apr. 1, 2025), Section IV.3.

<sup>131</sup> West Fraser Mills Ltd., Comments on the Section 232 National Investigation of Imports of Lumber and Timber (Apr. 1, 2025), Section IV.3 (noting that, in light of the significant costs and time associated with the development of a mill infrastructure, it is often most efficient to acquire and revamp existing sawmills because of supply chain and existing energy structures). However, as noted below, there is very limited mill capacity in the U.S. Pacific Northwest, where the U.S. administration intends to open federal lands for harvesting and expedite permitting.

those residuals.<sup>132</sup> Even if a company had access to the necessary timber supply, if there is no market for the residuals, building a new mill will raise significant economic challenges.

In addition, even if the current infrastructure were sufficient, there are significant labor constraints in the U.S. lumber industry, from loggers and truck drivers to road builders and mill workers.<sup>133</sup> It is not even feasible for U.S. sawmills to add second and/or third shifts to *existing* operations,<sup>134</sup> given current labor shortages (which are expected to continue and increase).<sup>135</sup> Moreover, the lumber industry poses particular challenges for obtaining and retaining labor:

- Most mills in the United States are located in rural areas,<sup>136</sup> which are often isolated and lack housing and public infrastructure. For example, a lumber mill in Montana closed in 2024 after 75 years due to a lack of affordable housing for workers.<sup>137</sup>
- Work in the lumber industry – such as timber hauling and lumber hauling – is physically demanding, and logging tops the list of most dangerous jobs in the United States.<sup>138</sup> These conditions have proved to be an impediment to hiring,

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<sup>132</sup> West Fraser Mills Ltd., Comments on the Section 232 National Investigation of Imports of Lumber and Timber (Apr. 1, 2025), Section IV.3; Interfor Corporation, Comments on the Section 232 National Investigation of Imports of Lumber and Timber (Apr. 1, 2025), Section III.A. *See also* CIBC Capital Markets, Certified Transcript: “CIBC Forest Products Speaker Series: A Discussion with FEA’s Lumber Expert” (Mar. 4, 2025), p. 29 (**Exh. 45**).

<sup>133</sup> Lesprom, “U.S. federal timber expansion unlikely to solve lumber shortage, report shows” (Mar. 18, 2025) (**Exh. 47**).

<sup>134</sup> Fastmarkets, “Does the US really need Canadian wood products supply?” (Mar. 10, 2025) (**Exh. 43**).

<sup>135</sup> *See id.*; CIBC Capital Markets, Certified Transcript: “CIBC Forest Products Speaker Series: A Discussion with FEA’s Lumber Expert” (Mar. 4, 2025), pp. 29-30 (**Exh. 45**). The shortage is likely to be exacerbated by the increasing lack of availability of immigrant labor. *See* Forisk, U.S. Housing Starts Outlook, Q1 2025 Update (Jan. 28, 2025) (**Exh. 48**) (reporting that, in 2023, 26 percent of the U.S. construction labor force was comprised of immigrant labor).

<sup>136</sup> CIBC Capital Markets, Certified Transcript: “CIBC Forest Products Speaker Series: A Discussion with FEA’s Lumber Expert” (Mar. 4, 2025), pp. 29-30 (**Exh. 45**).

<sup>137</sup> *See* Robert Chaney, “If the Forest Falls: Timber Industry Analysts Wonder If They Can Keep Up with Trump Logging Orders” (Mar. 17, 2025), MOUNTAIN JOURNAL (**Exh. 49**).

<sup>138</sup> *See* U.S. Bureau of Labor Statistics, “Civilian occupations with high fatal work injury rates” (2023) (**Exh. 50**).

particularly in seeking to replace the aging workforce with new, younger talent.<sup>139</sup>

- The lumber industry relies on advanced technologies and automation (including drones, satellite imaging, and automated machinery<sup>140</sup>) to optimize forest management and production.<sup>141</sup> Specialized workers are required to operate these technologies, and are in short supply.<sup>142</sup>

Even if U.S. lumber producers could overcome these issues quickly, a significant period of time needs to be devoted to training in specialized skills, such as forest management and machinery operation.<sup>143</sup> Investing in training and workforce development would only serve to further drive up the cost and time it takes to make a mill operational.

The costs and delays highlighted above do not account for external factors, unrelated to imports, that are likely to impact on U.S. domestic producers' ability to quickly increase production. For example, although the U.S. administration intends to open federal lands for harvesting and expedite permitting, federal land [

],<sup>144</sup> and there is very limited mill capacity in the U.S. Pacific Northwest to increase that figure.<sup>145</sup> As such, producers' ability to harvest timber from federally owned land will be subject to delays of years while new mills are being constructed, for the reasons described above.

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<sup>139</sup> James Wilson, "Top 6 Challenges of Timber Production in Industry" (Sept. 17, 2024) (**Exh. 46**).

<sup>140</sup> *Id.*

<sup>141</sup> *Id.*

<sup>142</sup> *Id.*

<sup>143</sup> *Id.*

<sup>144</sup> See Interfor Corporation, Comments on the Section 232 National Investigation of Imports of Lumber and Timber (Apr. 1, 2025), Section III.B.1.

<sup>145</sup> See S & P Global Market Intelligence, "PotlatchDeltic Corporation, Company Conference Presentation" (Mar. 4, 2025), p. 9 (**Exh. 13**). Moreover, even if there are existing sawmills, one of the challenges is ensuring that they have the capacity to process large logs, because timber on federal land tends to be larger than on private land. For existing mills, it may prove difficult – or impossible – to process these much larger logs even if they were made available for harvest in the near future. See *id.*; Morningstar Equity Research, "U.S. Housing Insights: Immigration and Tariff Policy Yet Another Headwind for Housing Affordability, but Fallout Won't Be as Bad as the Market Fears" (Mar. 13, 2025), p. 23 (**Exh. 51**).

Furthermore, while Executive Order 14225 streamlines some of the requirements stipulated by the National Environmental Policy Act and the Endangered Species Act, additional permitting processes remain. These processes can be the subject of lengthy periods of review,<sup>146</sup> an issue likely only further exacerbated by the recent reductions in the federal workforce.<sup>147</sup>

Likewise, U.S. lumber companies have recognized the risk of litigation with respect to environmental issues in particular. As the CEO of PotlatchDeltic Corporation stated in March 2025:

I think probably the biggest impediment to additional harvesting on federal land is going to be the environmentalists. Anytime a track comes up for consideration, environmental groups are going to threaten a lawsuit. It will be tied up in the courts for years, which is this has been happening even in the last 20, 30 years. Federal government every once in a while decides to go harvest a track and they put it up in public notice and all of a sudden, an environmental group will file a lawsuit and it's just dead in the tracks.<sup>148</sup>

Analysts suggest that this litigation risk will be enhanced by potential challenges to the provisions of Executive Order 14225 which remove the requirement of environmental assessments or environmental impact statements for certain activities on federal timberlands or allow environmental protections to be bypassed in certain situations.<sup>149</sup> In fact, some non-governmental organizations have already stated that they will be closely monitoring how

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<sup>146</sup> Robert Chaney, “If the Forest Falls: Timber Industry Analysts Wonder If They Can Keep Up with Trump Logging Orders” (Mar. 17, 2024), MOUNTAIN JOURNAL (**Exh. 49**).

<sup>147</sup> *Id.* See also Robert Chaney, “How Trump’s executive order to expand timber production affects Montana” (Mar. 19, 2025), MOUNTAIN JOURNAL (**Exh. 52**).

<sup>148</sup> S&P Global Market Intelligence, “PotlatchDeltic Corporation, Company Conference Presentation” (Mar. 4, 2025), p. 9 (**Exh. 13**).

<sup>149</sup> Andrew Romano, “Did Trump really order 280 million acres of national forest to be cut down?” (Mar. 7, 2025), YAHOO! NEWS (**Exh. 41**).

the U.S. Forest Service and the Bureau of Land Management respond to Executive Order 14225.<sup>150</sup>

These risks are further compounded when considering the long-term political uncertainty with respect to U.S. federal lands and environmental concerns. As is evident from the foregoing, investing in lumber production in the United States is a lengthy and costly endeavor, and is premised on the availability of long-term supply of lumber. To the extent that U.S. domestic companies will be subject to changing governments and political mandates (especially on environmental issues), there is a real risk that companies will not be willing to invest in the short-term to ramp up production in the way required to meet all U.S. demand for softwood lumber.

Considering these hurdles, imports will be necessary to meet softwood lumber demand in the United States for the foreseeable future. However, while softwood lumber imports from a trusted ally (namely, Canada) are necessary to prevent a supply shortfall in the domestic market, there is nothing here remotely analogous to repeated concern in prior investigations about an “overhang of excess capacity” from a long-term adversary of the United States (namely, China).<sup>151</sup>

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<sup>150</sup> See Laura Paddison, “Trump’s Canadian tariffs include lumber. He is pushing to cut down American trees instead” (Mar. 6, 2025), CNN (**Exh. 53**) (noting that Earthjustice commenced litigation against the first Trump Administration over its approval of a logging program in national forests).

<sup>151</sup> See, e.g., U.S. Department of Commerce, *The Effect of Imports of Steel on the National Security Supply* (Jan. 2018), pp. 4-5 (where the Department found that “[i]n the steel sector, free markets globally are adversely affected by substantial chronic global excess steel production led by China ... China [is] able to produce as much steel as the rest of the world combined.”); U.S. Department of Commerce, *The Effect of Imports on Aluminum on the National Security* (Jan. 2018), p. 4 (where the Department noted that “[C]hinese aluminum production is largely unresponsive to market forces. China produced approximately one million metric tons of excess supply in 2016. This excess alone exceeds the total U.S. 2016 production of primary aluminum of 840,000 metric tons.”); U.S. Department of Commerce, *The Effect of Imports on Uranium on the National Security* (Apr. 2019), pp. 12-13 (where the Department found that state-owned enterprises in Russia, Kazakhstan, Uzbekistan, and China had placed significant excess production into the market, displacing demand and depressing global uranium prices).



**3. There Should Be No Concern About *Some* Reliance on Canadian Imports of Softwood Lumber Because Canada is a Secure Source of Supply for the United States**

Some level of reliance on imports to meet domestic demand does not in and of itself mean that there is a threat to the national security,<sup>152</sup> such that action is required under Section 232. This is especially true when those imports come from safe and reliable foreign sources of supply. Canada is one such source, as a longtime and dependable ally to the United States, including as essential partners in national security.

Canada and the United States have enduring bilateral relationships in foreign affairs, defense, industrial cooperation, public safety, public health, and energy. These relationships are longstanding, and codified by many bilateral agreements and arrangements touching on different elements of national security.

The United States and Canada have treated each other as indispensable partners in national defense matters for nearly a century. The Canadian-American defense industrial alliance, known as the Defense Production Sharing Program, pre-dates the U.S. entry into the Second World War.<sup>153</sup> In 1940, Canada and the United States established the Permanent Joint Board on Defense, which still operates today.<sup>154</sup> In 1994, Canada was included in the U.S. National Technology and Industrial Base (“NTIB”), and was the only country recognized as part of the U.S. industrial base until 2016, when the United Kingdom and Australia were added.<sup>155</sup> U.S. law further stipulates that the Secretary of Defense must take into account Canada when completing an annual assessment of the national technology and

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<sup>152</sup> In fact, the Department has previously recognized that U.S. reliance on 100 percent of imports would not necessarily threaten to impair the national security. *See* U.S. Department of Commerce, *The Effect of Imports of Vanadium on the National Security* (Feb. 2021), pp. 12, 19.

<sup>153</sup> *See* Government of Canada, “Defence development sharing agreement between Canada and the United States of America” (**Exh. 54**).

<sup>154</sup> *See* U.S. Department of State, “U.S. Relations with Canada” (Jan. 20, 2025) (**Exh. 55**).

<sup>155</sup> *See* U.S. Industrial Base Policy, Assistant Secretary of Defense, “National Technology and Industrial Base (NITB)” (**Exh. 56**).

industrial base.<sup>156</sup> Canadian industry is an important part of an integrated North American industrial base, as under the NTIB, Canadian persons and organizations are considered as part of the U.S. Department of Defense’s industrial base analysis, programs, policies and planning.

This longstanding and deep cooperation between the United States and Canada has been recognized in prior Section 232 investigations. In 2001 in *Iron Ore*, the Department recognized that Canada is “a North Atlantic Treaty Organization (“NATO”) ally, the United States’ largest trading partner, and also a party to NAFTA.”<sup>157</sup> In 2018 in *Aluminum*, the Department recognized that Canada is “highly integrated with the U.S. defense industrial base and considered a reliable supplier.”<sup>158</sup> In 2019 in *Uranium*, the Department decided to allow “unrestricted importation” from Canada, based on its “security and economic relationship{ } with the United States.”<sup>159</sup> In 2020 in *GOES*, the Department found that Canada is an “especially” “close” ally and trading partner, noting that Canada is considered part of the U.S. Defense and Technology Base.<sup>160</sup> In 2021 in *Vanadium*, the Department cited Canada’s “strong political and economic ties to the United States, the shared border {and} its stable regulatory environment” as a reason to collaborate.<sup>161</sup> In all of these investigations, Canada was a leading source of imports of the goods under investigation.<sup>162</sup>

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<sup>156</sup> 10 U.S.C. § 2505.

<sup>157</sup> U.S. Department of Commerce, *The Effect of Imports of Iron Ore and Semi-Finished Steel on the National Security* (Oct. 2001), p. 27.

<sup>158</sup> U.S. Department of Commerce, *The Effect of Imports on Aluminum on the National Security* (Jan. 2018), p. 35.

<sup>159</sup> U.S. Department of Commerce, *The Effect of Imports on Uranium on the National Security* (Apr. 2019), p. 175.

<sup>160</sup> U.S. Department of Commerce, *The Effect of Imports of Transformers and Transformer Components on the National Security* (Oct. 2020), p. 237.

<sup>161</sup> U.S. Department of Commerce, *The Effect of Imports of Vanadium on the National Security* (Feb. 2021), pp. 130-131.

<sup>162</sup> U.S. Department of Commerce, *The Effect of Imports of Iron Ore and Semi-Finished Steel on the National Security* (Oct. 2001), p. 27 (Canada was the source of more than 50 percent of U.S.

The Department should again recognize the importance of the U.S.-Canada relationship with respect to national security, and find that imports from Canada are a safe and secure supply in the event of a national emergency that should ever require softwood lumber.

#### **IV. CERTAIN MEASURES, INCLUDING TARIFFS OR QUOTAS, WOULD CREATE SIGNIFICANT VULNERABILITIES IN THE DOMESTIC MARKET FOR SOFTWOOD LUMBER**

If, contrary to all of the above, the Department still concludes that imports of softwood lumber threaten to impair the national security as defined in Section 232, BCLTC urges the Department to carefully consider any recommendations for proposed action, and the implications of these recommendations for the United States. This is especially true for any proposed tariffs or quotas imposed in addition to the existing antidumping and countervailing duties on softwood lumber imports from Canada, which – as described in the remainder of this section – will have a significant detrimental impact on the U.S. economy.

##### **A. Imports of Softwood Lumber from Canada Are Already Subject to Antidumping and Countervailing Duties to Address Any Alleged Dumping or Unlawful Subsidies**

The antidumping and countervailing duties that are currently imposed on all imports of softwood lumber from Canada are highly relevant to the current Section 232 investigation, because the Executive Order references “significant vulnerabilities in the wood supply chain” from imported lumber “being *dumped* into the United States market,” and further states that

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iron ore imports); U.S. Department of Commerce, *The Effect of Imports on Aluminum on the National Security* (Jan. 2018), p. 64 (Canada accounted for about 43 percent of total imports into the United States); U.S. Department of Commerce, *The Effect of Imports on Uranium on the National Security* (Apr. 2019), p. 9 (where between 2014 and 2018, an average of 52 percent of U.S. nuclear electric power generator requirements of uranium concentrate was provided by Australia and Canada); U.S. Department of Commerce, *The Effect of Imports of Transformers and Transformer Components on the National Security* (Oct. 2020), p. 237 (Canada was a leading source of imports of products subject to the investigation); U.S. Department of Commerce, *The Effect of Imports of Vanadium on the National Security* (Feb. 2021), pp. 91, 93 (Canada was the leading source of imports of contained vanadium of ferrovandium and vanadium-bearing waste product).

“unfair *subsidies* and foreign government support” for lumber “necessitate action under section 232 of the Trade Expansion Act.”<sup>163</sup> In conducting its investigation, the Department explains that one of the “relevant factors” it intends to examine is “(iv) the impact of foreign government subsidies and predatory trade practices” on domestic lumber “industry competitiveness.”<sup>164</sup>

An investigation into alleged dumping and subsidization is not the role of a Section 232 investigation, however. As the Department has previously recognized, “{u}nder section 232, the Department is authorized *only* to determine whether imports fundamentally threaten the ability of domestic producers to satisfy the United States’ *national security requirements*.”<sup>165</sup> That circumstance does not exist here – by any metric.

Furthermore, in the case of imports of softwood lumber from Canada, any alleged dumping or unfair subsidies are *already* being addressed precisely in the manner that alleged unfair trade is supposed to be addressed under U.S. law – namely, pursuant to the imposition of antidumping and countervailing duties.<sup>166</sup>

Specifically, as described above, imports of softwood lumber from Canada are already subject to antidumping and countervailing duties at a combined “all-others” rate of

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<sup>163</sup> Executive Order 14223, “Addressing the Threat to National Security From Imports of Timber, Lumber, and Their Derivative Products” (Mar. 1, 2025), 90 *Fed. Reg.* 11359 (emphasis added).

<sup>164</sup> Department of Commerce, Notice of Request for Public Comments on Section 232 National Security Investigation of Imports of Timber and Lumber (Mar. 13, 2025) 90 *Fed. Reg.* 11491.

<sup>165</sup> U.S. Department of Commerce, *The Effect of Imports of Iron Ore and Semi-Finished Steel on the National Security* (Oct. 2001), p. 37 (emphasis added).

<sup>166</sup> See also Government of Canada, Comments on Section 232 National Security Investigation of Imports of Timber and Lumber (Apr. 1, 2025), Section V.B.2; Comments Submitted on Behalf of the Ontario Forest Industries Association, the Conseil de L’Industrie de Forestiere du Québec to the Department’s Section 232 Investigation of Imports of Timber and Lumber (Apr. 1, 2025), Section II.

14.40 percent.<sup>167</sup> In March 2025, however, the Department announced a preliminary “all-others” antidumping duty rate for the sixth administrative review of 20.07 percent.<sup>168</sup> The preliminary countervailing duty rate is currently unknown, but by the fall of 2025, imports of softwood lumber from Canada will be subject to a combined “all-others” duty rate that could exceed 30 percent.

BCLTC understands that any additional measures imposed by the Department would apply on top of these existing duties,<sup>169</sup> as well as any general tariffs imposed by the United States on all goods imported from Canada.<sup>170</sup> The effect of these measures combined will place significant strain on U.S. consumers and businesses, and ultimately operate to undermine the health and stability of the U.S. economy.

**B. Additional Tariffs or Quotas Will Have a Significant Detrimental Effect on the U.S. Economy**

The imposition of new tariffs and quotas on softwood lumber from Canada in addition to the existing duties would lead to an immediate and substantial increase in construction costs in the United States. The foundation and framing of a home comprise over 20 percent

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<sup>167</sup> See U.S. Department of Commerce, Certain Softwood Lumber Products from Canada: Final Results of the Countervailing Duty Administrative Review; 2022 (Aug. 19, 2024), 89 *Fed. Reg.* 67072 (a final CVD rate of 6.74 percent for non-selected companies); U.S. Department of Commerce, Certain Softwood Lumber Products from Canada: Amended Final Results of Antidumping Duty Administrative Review in Part; 2022 (Sept. 24, 2024) 89 *Fed. Reg.* 77826 (a final rate AD rate of 7.66 percent for non-selected companies).

<sup>168</sup> U.S. Department of Commerce, Certain Softwood Lumber Products From Canada: Preliminary Results of the Administrative Review; 2023 (Mar. 5, 2025), 90 *Fed. Reg.* 11259.

<sup>169</sup> See, e.g., U.S. Department of Commerce, *The Effect of Imports on Aluminum on the National Security* (Jan. 2018), p. 8 (“This tariff rate would be in addition to any antidumping or countervailing duty collections applicable to any product.”); U.S. Department of Commerce, *The Effect of Imports on Uranium on the National Security* (Apr. 2019), p. 176 (“The adjustment of imports proposed under this option would be in addition to any applicable antidumping or countervailing duties collections.”).

<sup>170</sup> See Executive Order 14193, “Imposing Duties to Address the Flow of Illicit Drugs Across Our Northern Border” (Feb. 1, 2025), 90 *Fed. Reg.* 9113; Executive Order 14197, “Progress on the Situation at Our Northern Border” (Feb. 3, 2025), 90 *Fed. Reg.* 9183; Executive Order 14231, “Amendment to Duties to Address the Flow of Illicit Drugs Across Our Northern Border” (Mar. 6, 2025), 90 *Fed. Reg.* 11785.

of total construction expenses, with material costs often exceeding labor costs.<sup>171</sup> Softwood lumber is the primary building material used in new residential homes,<sup>172</sup> and – amid the uncertainty surrounding tariffs – lumber futures jumped to \$658.71 per thousand board feet on March 4, 2025 (reaching its highest level in over two years).<sup>173</sup> If the tariffs on all Canadian imported goods are implemented on April 2, 2025, the National Association of Home Builders (“NAHB”) estimates that the cost of building a single-family home could rise by \$7,500 to \$10,000.<sup>174</sup> This situation will only worsen if the Department recommends additional tariffs and quota restrictions as a result of its Section 232 investigation.<sup>175</sup>

The impact of this cost increase is significant. The U.S. housing market is already under considerable strain, as a result of a significant housing shortage combined with high home prices and mortgage rates.<sup>176</sup> For instance, in January 2025, sales of new single-family homes were down 10.5 percent compared to December 2024.<sup>177</sup> As described above, as a result of the market impacts of the tariff measures announced by President Trump on February 1, 2025, prospective buyer activity is also currently low, and housing-related stocks have underperformed, reflecting fears of labor shortages and inflation concerns.<sup>178</sup> More

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<sup>171</sup> Morningstar Equity Research, “U.S. Housing Insights: Immigration and Tariff Policy Yet Another Headwind for Housing Affordability, but Fallout Won’t Be as Bad as the Market Fears” (Mar. 13, 2025), p. 11 (**Exh. 51**).

<sup>172</sup> See National Association of Home Builders, “Share of Wood-Framed Homes Dips in 2023” (Aug. 13, 2024) (**Exh. 57**) (in 2023, 93 percent of new homes were wood-framed).

<sup>173</sup> Alex Veiga and Mae Anderson, “Tariffs on lumber and appliances set stage for higher costs on new homes and remodeling projects” (Mar. 17, 2025), AP NEWS (**Exh. 58**).

<sup>174</sup> Rebecca Picciotto, “Builders Stockpile Lumber, Swap Out Materials to Work Around Tariffs” (Mar. 11, 2025), WALL STREET JOURNAL (**Exh. 59**).

<sup>175</sup> See also Government of Canada, Comments on Section 232 National Security Investigation of Imports of Timber and Lumber (Apr. 1, 2025), Section VI.

<sup>176</sup> Carol Ryan, “Tariffs Inflict Pain on Home Builders When They Can Least Afford It” (Mar. 8, 2025), WALL STREET JOURNAL (**Exh. 60**).

<sup>177</sup> *Id.*

<sup>178</sup> Morningstar Equity Research, “U.S. Housing Insights: Immigration and Tariff Policy Yet Another Headwind for Housing Affordability, but Fallout Won’t Be as Bad as the Market Fears” (Mar. 13, 2025), p. 1 (**Exh. 51**). Rent growth has also been slow because of an oversupply of new

broadly, as the U.S. Chamber of Commerce stated in March 2025, the housing shortage “has created cascading economic and social challenges, from skyrocketing prices to reduced workforce mobility.”<sup>179</sup> This is an issue not just for homebuyers and renters, but is a “significant burden on the broader economy.”<sup>180</sup> Imposing additional tariffs on imported softwood lumber through this Section 232 investigation would further drive up costs of essential materials and lead to increased construction expenses,<sup>181</sup> all of which are passed on to American families and which result in greater financial burden and worsening housing affordability.<sup>182</sup>

American families can scarcely afford these increases,<sup>183</sup> as the U.S. Administration has expressly recognized.<sup>184</sup> Even U.S. lumber companies have expressed concern about the impact of the imposition of additional tariffs on lumber products. For example, Weyerhaeuser submitted to the U.S. Securities and Exchange Commission in 2025 that:

Changes in U.S. foreign trade policy and responses from other countries may substantially increase the cost of our products in our export markets as well as increase the cost of imported products and raw materials that we use in our operations. Our ability to conduct business can be significantly affected by changes in tariffs, duties, taxes or customs resulting from changes in U.S. and foreign trade policy. For example, we export logs and finished wood products to foreign markets, including Canada and China, and our ability to do so

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apartments, and tariffs could further reduce construction, giving landlords more leverage to increase rents. See Carol Ryan, “Tariffs Inflict Pain on Home Builders When They Can Least Afford It” (Mar. 8, 2025), WALL STREET JOURNAL (**Exh. 60**).

<sup>179</sup> U.S. Chamber of Commerce, “The State of Housing in America” (Mar. 17, 2025) (**Exh. 61**).

<sup>180</sup> *Id.*

<sup>181</sup> See Canfor Corporation, Comments on the Section 232 National Investigation of Imports of Lumber and Timber (Apr. 1, 2025), Section II.C (highlighting concerns raised by U.S. market participants such as Home Depot and Lowes on the impact of increased tariffs).

<sup>182</sup> U.S. Chamber of Commerce, “The State of Housing in America” (Mar. 17, 2025) (**Exh. 61**).

<sup>183</sup> See Colby Smith, “U.S. Consumer Sentiment Drops as Inflation Anxiety Soars” (Mar. 14, 2025), NEW YORK TIMES (**Exh. 62**) (reporting the University of Michigan’s findings that U.S. consumer sentiment has plummeted while inflation expectation has soared).

<sup>184</sup> See The White House, “Delivering Emergency Price Relief for American Families and Defeating the Cost-of-Living Crisis” (Jan. 20, 2025) (**Exh. 2**).

profitably would be affected by trade disputes that result in tariffs being charged on these products.<sup>185</sup>

These impacts not only affect American companies and families, but will also have a broader effect on U.S. states seeking to rebuild in disaster affected areas.<sup>186</sup> In North Carolina, government assessments suggest that over 73,000 homes were damaged or destroyed by Hurricane Helene in October 2024.<sup>187</sup> Significant hurricane reconstruction efforts are also underway in Florida, Georgia, South Carolina, Virginia, and Tennessee.<sup>188</sup> In California, it is estimated that at least 15,000 homes and structures need to be rebuilt after the catastrophic fires in January 2025. The U.S. administration has promised to help North Carolina and California rebuild after these natural disasters.<sup>189</sup> However, the impact of additional tariffs on the availability of construction materials, and the cost of those materials, will significantly burden these efforts and slow the pace of recovery for all cities.<sup>190</sup>

As described in Section III.C above, it is simply not feasible for the U.S. lumber industry to ramp up its production to meet these challenges in the near term.<sup>191</sup> Recommending additional tariffs or quotas as a result of this Section 232 investigation process will serve only to intensify the impact of existing measures against softwood lumber

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<sup>185</sup> U.S. Securities and Exchange Commission, Weyerhaeuser Company Form 10-K (2024), p. 39 (**Exh. 63**).

<sup>186</sup> National Association of Home Builders, “Letter to President: Tariffs on Building Materials from Canada and Mexico” (Jan. 31, 2025) (**Exh. 64**); CoreLogic, “Will Trump Tariffs Harm Home Affordability?” (Feb. 10, 2025) (**Exh. 65**).

<sup>187</sup> North Carolina Office of State Budget and Management, “Hurricane Helene Recovery: Revised Damages and Needs Assessment” (Dec. 13, 2024), p. 8 (**Exh. 66**).

<sup>188</sup> Wood Central, “The Battle for Recovery Supplies in a Disaster-Strewn America!” (Jan. 28, 2025) (**Exh. 67**).

<sup>189</sup> The Wall Street Journal Editorial Board, “Trump’s Lumber Tariffs and Disaster Recovery” (Jan. 26, 2025) (**Exh. 68**).

<sup>190</sup> Wood Central, “The Battle for Recovery Supplies in a Disaster-Strewn America!” (Jan. 28, 2025) (**Exh. 67**).

<sup>191</sup> See National Association of Home Builders, “Framing Lumber Prices” (Mar. 17, 2025) (**Exh. 69**); Andrew Moore, “Will the U.S. Lumber Market Thrive or Break Under Trump?” (Jan. 6, 2025), N.C. COLLEGE OF NATURAL RESOURCES NEWS (**Exh. 70**).



from Canada, to the detriment of U.S. consumers, companies, and the economy as a whole. Far from threatening to impair the national security, imports from Canada are necessary to stabilize and support U.S. industry.

Thus, to the extent that the Department considers it necessary to recommend measures as a result of its Section 232 investigation more broadly (which includes consideration of “imports of wood products, timber, lumber, and their derivative products”<sup>192</sup>), it should exempt softwood lumber from Canada from those measures. Such an exemption is warranted in circumstances where the Department has already imposed antidumping and countervailing duties on softwood lumber from Canada, and where the imposition of additional tariffs would have the deleterious effects described above.

## **V. CONCLUSION**

BCLTC appreciates the opportunity to submit comments to the Department’s investigation, and respectfully submits that there is no link between imports of softwood lumber and any threat of impairment of the national security (if so implicated). The U.S. industry is strong and prosperous, and has consistently satisfied the overwhelming majority of domestic demand. Although the domestic industry is not threatened by softwood lumber imports, those imports are necessary to satisfy the demand that exceeds the capacity of the domestic industry, particularly because there are numerous barriers to a substantial increase in domestic softwood lumber capacity and production. Some level of reliance on imports to meet domestic demand (as here) does not automatically threaten to impair national security. This is particularly the case with respect to imports from Canada, which has long been recognized as a secure source of supply for the United States.

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<sup>192</sup> U.S. Department of Commerce, Notice of Request for Public Comments on Section 232 National Security Investigation of Imports of Timber and Lumber (Mar. 13, 2025) 90 *Fed. Reg.* 11491.

As a result, BCLTC does not believe that any action against imports of softwood lumber is necessary under Section 232. Moreover, any imposition of additional tariffs or quotas on top of the existing antidumping and countervailing duties on imports of softwood lumber from Canada would be counterproductive in relation to the goal of maintaining a secure and affordable supply of softwood lumber in the domestic market.

## BUREAU OF INDUSTRY AND SECURITY

	)	<b><u>PUBLIC VERSION</u></b>
<i>Section 232 National Security</i>	)	Docket No. BIS-2025-0011
<i>Investigation of Imports of</i>	)	
<i>Lumber and Timber</i>	)	
	)	

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2.	The White House, “Delivering Emergency Price Relief for American Families and Defeating the Cost-of-Living Crisis” (Jan. 20, 2025)	Public
3.	Congressional Research Service, “Section 232 Investigations: Overview and Issues for Congress” (May 18, 2021) (excerpt)	Public
4.	Presidential Policy Directive 21, “Critical Infrastructure Security and Resilience” (Feb. 12, 2013)	Public
5.	U.S. Cybersecurity and Infrastructure Security Agency, “Critical Infrastructure Sectors”	Public
6.	Letter from Steptoe LLP to Deputy Assistant Secretary Eric Longnecker, “X-RIN-0694-XC177, Extension of Time to Submit Comments on the Section 232 National Security Investigation of Imports of Timber and Lumber (Mar. 25, 2025)	Public
7.	Northeastern Lumber Manufacturers Association, “About SPF”	Public
8.	Weyerhaeuser, “Weyerhaeuser Reports First Quarter Results” (Apr. 27, 2023)	Public
9.	“Weyerhaeuser Q2 2023 Earnings Call Transcript” (Jul. 30, 2023)	Public
10.	Weyerhaeuser, “Weyerhaeuser Reports Fourth Quarter, Full Year Results” (Jan. 30, 2025)	Public
11.	Weyerhaeuser, February 2025 Investor Presentation (excerpt)	Public
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	Timber Stocks to Buy According to Analysts” (Jan. 4, 2025)	
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14.	PotlatchDeltic Corporation, “PotlatchDeltic Corporation Reports Fourth Quarter and Full Year 2024 Results” (Jan. 27, 2025)	Public
15.	Paul Jannke, Forest Economic Advisors LLC, “2025 Forest Products Outlook: Softwood markets remain weak” (Mar. 2025)	Public
16.	U.S. Inflation Calculator, “Current U.S. Inflation Rates: 2000-2025”	Public
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20.	Associated Press, “Trump’s tariffs on lumber come at a terrible time for the U.S. housing market. Here’s why” (Mar. 17, 2025)	Public
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24.	Canadian Interagency Forest Fire Centre, Inc., “Fire Statistics”	Public
25.	Wood Resources International, “Increased demand for softwood lumber in the US and Asia” (Jul. 22, 2021), CISION PR NEWswire	Public
26.	Caitlin Stall-Paquet, “Clearing Out: BC’s Logging Industry Sets Its Sights on the US” (July/Aug. 2022), THE WALRUS	Public
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40.	National Association of Home Builders, “How Tariffs Impact the Home Building Industry” (Mar. 20, 2025)	Public
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42.	“Weyerhaeuser at Citi’s Global Property CEO Conference: Strategic Growth Insights” (Mar. 6, 2025)	Public
43.	Fastmarkets, “Does the US really need Canadian wood products supply?” (Mar. 10, 2025)	Public
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48.	Forisk, U.S. Housing Starts Outlook, Q1 2025 Update (Jan. 28, 2025)	Public
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59.	Rebecca Picciotto, “Builders Stockpile Lumber, Swap Out Materials to Work Around Tariffs” (Mar. 11, 2025), WALL STREET JOURNAL	Public
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70.	Andrew Moore, “Will the U.S. Lumber Market Thrive or Break Under Trump?” (Jan. 6, 2025), N.C. COLLEGE OF NATURAL RESOURCES NEWS	Public