

# U.S.-Canada Softwood Lumber Trade: Current Issues for Congress

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# U.S.-Canada Softwood Lumber Trade: Current Trade Policy Issues for Congress

The United States and Canada have one of the largest bilateral commercial relationships in the world and have maintained largely duty-free trade under three successive agreements approved by Congress—the 1989 U.S.-Canada Free Trade Agreement, the 1994 North American Free Trade Agreement (NAFTA), and the 2020 United States-Mexico-Canada Agreement (USMCA, P.L. 116-113).

Trade in softwood lumber—primarily used in residential construction, remodeling, and repair—has been one of the most controversial and enduring disagreements in the U.S.-Canada trade relationship. U.S.-Canada disputes over softwood lumber, sometimes referred to as the “lumber wars,” revolves around different pricing policies and forest management structures in the two countries. U.S. officials have alleged that Canadian softwood lumber benefits from federal and provincial governments subsidies. Canadian officials deny that Canada’s forest management policies constitute a subsidy and maintain that its comparative advantage comes from more efficient industry practices. Consecutive U.S. Administrations have used a range of trade policy tools to mitigate the effects of perceived unfair Canadian practices in softwood lumber trade.

Although Canadian lumber products can qualify for duty-free treatment under USMCA rules, since the 1980s, the United States government has repeatedly taken actions, such as imposing antidumping (AD) and countervailing duties (CVD) to address the perceived unfairness of Canada’s approach to its lumber industry. The United States and Canada have negotiated several sectoral agreements to resolve these trade disputes. Under the latest agreement, the 2006 Softwood Lumber Agreement, the United States agreed not to pursue certain trade actions, including AD/CVDs, against Canadian softwood lumber imports, while Canada agreed to impose quotas and/or export charges on its lumber if U.S. lumber prices fell below a specified level. After the expiration of that Agreement in 2015, the United States and Canada engaged in negotiations towards a new lumber agreement but have not reached a resolution. In 2017, the United States began reimposing AD/CVDs on imports of Canadian softwood lumber. Canada has challenged the U.S. AD/CVDs.

In 2025, President Trump imposed broad tariffs on Canadian goods under the International Emergency Economic Powers Act (IEEPA; 50 U.S.C. §§1701 et seq.) and global sectoral tariffs, including on Canada, under Section 232 of the Trade Expansion Act of 1962 (19 U.S.C. §1862, as amended). These tariffs were applied on top of existing AD/CVDs. These actions heightened U.S.-Canada trade tensions. In 2026, the United States, Mexico, and Canada are slated to undergo a joint review of USMCA, which could include discussions about tariffs and other trade issues.

In 2024, the United States imported about \$23 billion worth of wood products—nearly half from Canada (\$11 billion). Some Members of Congress have supported the Trump Administration’s approach on trade with Canada, including with respect to imposing tariffs on Canadian products like softwood lumber. Other Members have questioned the use of tariffs on Canadian products, given Canada’s high level of integration with the U.S. economy, and expressed concerns about the potential impacts on U.S. businesses and consumers.

Congress has constitutional authority over foreign commerce and tariffs, and a key issue for the 119<sup>th</sup> Congress is whether, and to what extent, to exercise that authority and oversight over U.S. trade policy, including tariffs on Canadian softwood lumber imports. Previous Congresses have debated restrictions on imports of Canadian softwood lumber, called for the negotiation of a U.S.-Canada softwood lumber agreement, and directed the U.S. International Trade Commission (USITC) to investigate the Canadian softwood lumber industry under Section 332 of the Trade Act of 1930 (19 U.S.C. §1332).

Congress also has an oversight role related to the scheduled 2026 USMCA joint review, and Members could consider whether to use that venue to express their views on Canadian softwood lumber tariffs and Canadian policies related to lumber.

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## Introduction

The United States and Canada have one of the largest bilateral commercial relationships in the world and have maintained largely duty-free trade since the U.S.-Canada Free Trade Agreement went into effect in 1989. Trade in softwood lumber—primarily used in residential construction, remodeling, and repair—has been one of the most controversial and enduring issues in the U.S.-Canada trade relationship. U.S. stakeholders, including Members of Congress, have debated the extent to which restrictions should be imposed on Canadian softwood lumber for many decades.<sup>1</sup> Since the 1980s, the U.S. government has repeatedly imposed antidumping (AD) and countervailing duties (CVD) on Canadian softwood lumber imports to address allegations that Canada is subsidizing its lumber industry.

The United States and Canada have negotiated several sectoral agreements to resolve softwood lumber trade disputes. The latest such agreement, the 2006 Softwood Lumber Agreement, governed U.S.-Canada softwood lumber trade until October 2015. Since the agreement expired, the United States has imposed AD/CVDs on imports of Canadian softwood lumber. The two countries have engaged in periodic bilateral talks on the AD/CVDs.

In 2025, President Trump imposed tariffs on global timber and lumber imports, including from Canada, citing two authorities—sectoral tariffs related to national security under the Section 232 of the Trade Expansion Act of 1962 (19 U.S.C. §1862, as amended) and the International Emergency Economic Powers Act (IEEPA; 50 U.S.C. §§1701 et seq.). These tariffs are imposed in addition to the AD/CVDs on Canadian softwood lumber. The IEEPA tariffs as of December 2025 are facing legal challenges; the outcome of this case would likely not directly affect AD/CVDs or Section 232 tariffs.<sup>2</sup> Officials from both countries had been discussing U.S. tariffs on Canadian imports until October 2025, when President Trump stated that U.S.-Canada trade talks were “terminated” due to political tensions; the current status of talks is unclear.<sup>3</sup>

Key issues for the 119<sup>th</sup> Congress include whether and to what extent to exercise oversight over U.S. trade policy related to Canadian softwood lumber imports, monitor the potential effects of U.S. tariffs on U.S. producers and consumers of softwood lumber, and/or take action to amplify or mitigate those effects. Congress also has a role in overseeing implementation of the U.S.-Mexico-Canada Agreement (USMCA), which generally allows Canadian softwood lumber exported in compliance with USMCA rules to enter the United States duty-free. The United States, Mexico, and Canada are scheduled to hold their first joint review of the agreement in 2026, and the executive branch is required to consult Congress on the review.

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<sup>1</sup> See, for example, U.S. Congress, Senate Committee on Commerce, *Problems of the softwood lumber industry*, hearings, 87<sup>th</sup> Cong., 2<sup>nd</sup> sess., April 16 to July 18, 1962 (Washington, DC: GPO, 1962).

<sup>2</sup> See CRS Legal Sidebar LSB11332, *Court Decisions Regarding Tariffs Imposed Under the International Emergency Economic Powers Act (IEEPA)*, by Christopher T. Zirpoli; and CRS Report R48435, *Congressional and Presidential Authority to Impose Import Tariffs*, by Christopher T. Zirpoli.

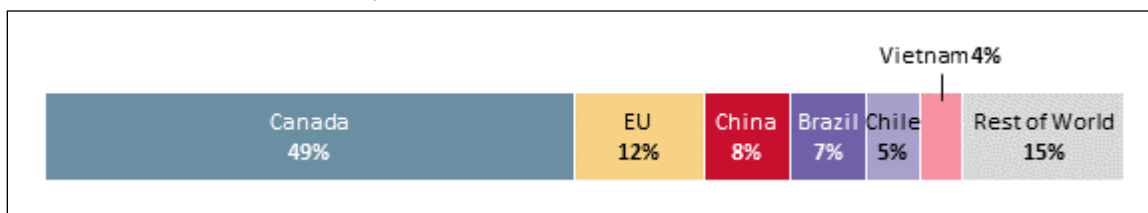
<sup>3</sup> Fox Business, “Trump Ends Canada Trade Talks over ‘FAKE’ Ronald Reagan Tariff Ad: ‘Egregious’,” updated October 24, 2025.

## Overview of U.S.-Canada Softwood Lumber Trade

In 2024, Canada was the second-largest U.S. partner for trade in goods and services by total trade (exports plus imports).<sup>4</sup> In 2024, the United States imported \$23 billion in wood products—nearly half of these imports came from Canada (\$11 billion).<sup>5</sup>

**Figure I. Global U.S. Wood Imports (2024)**

Chapter 44 of the Harmonized Tariff Schedule



**Source:** CRS with data from the U.S. Census Bureau, as presented by Trade Data Monitor, accessed November 25, 2025.

**Notes:** Chapter 44 covers “wood and articles of wood; wood charcoal,” and is not limited to softwood lumber.

The United States and Canada have maintained largely duty-free trade under three successive agreements—the 1989 U.S.-Canada Free Trade Agreement, the 1994 North American Free Trade Agreement (NAFTA), and the 2020 USMCA (P.L. 116-113). USMCA is scheduled to terminate in July 2036 (16 years after its entry into force), unless all three USMCA parties opt to extend it through a “joint review” process, the first of which is scheduled for 2026.<sup>6</sup> Under USMCA, Canadian softwood lumber that is imported under USMCA rules normally can enter the United States duty free. Outside of free trade agreements like USMCA, the United States over the past several decades has imposed relatively low tariffs on goods—including softwood lumber—from most trading partners per the rules of the World Trade Organization (WTO), referred to as most-favored-nation or MFN tariffs.<sup>7</sup>

The U.S.-Canada dispute over softwood lumber, sometimes referred to as the “lumber wars,” revolves around different pricing policies and forest management structures in the two countries (see **textbox**). The latest stage in the U.S.-Canada lumber dispute, “Lumber V,” began after the expiration of the 2006 Softwood Lumber Agreement in October 2015. The United States and Canada held negotiations on softwood lumber tariffs during the Obama Administration, and alongside broader USMCA negotiations during the first Trump Administration.

<sup>4</sup> U.S. Bureau of Economic Analysis (BEA), “Table 1.5. U.S. International Trade in Goods and Services by Area and Country,” June 24, 2025. For more information, see CRS In Focus IF12595, *U.S.-Canada Trade Relations*, by Kyla H. Kitamura.

<sup>5</sup> CRS analysis of data (HTS chapter 44) from the U.S. Census Bureau, as presented by *Trade Data Monitor*, accessed November 25, 2025. Chapter 44 covers “wood and articles of wood; wood charcoal.”

<sup>6</sup> Agreement between the United States of America, the United Mexican States, and Canada (USMCA), Article 34.7. For more details, see CRS In Focus IF10997, *U.S.-Mexico-Canada (USMCA) Trade Agreement*, by M. Angeles Villarreal, Kyla H. Kitamura, and Danielle M. Trachtenberg.

<sup>7</sup> See Column 1 of the Harmonized Tariff Schedule (HTS) of the United States, <https://hts.usitc.gov/>. The United States simple average MFN applied rate in 2024 was 3.3%.

### The Basis of the Dispute: Differences in the Timber Industries Between the United States and Canada

The main basis for the United States-Canada softwood lumber dispute is the allegation that Canadian timber production is subsidized by the Canadian government. Timber, or cut trees in their unprocessed form, is the commodity from which lumber is made. U.S. government officials, arguing on behalf of U.S. lumber producers, assert that provincial fees for accessing and harvesting government-owned timber in Canada are lower than production costs for timber in the United States, allowing the Canadian industry to produce and sell lumber at prices below those in a competitive market. However, comparing the relative competitiveness of U.S. and Canadian timber production is challenging, due to differences in land ownership, pricing and allocation systems, and measurement systems, among other factors.

The United States and Canada both have vast forest resources, but the ownership patterns, and subsequent pricing schemes, are fundamentally different. About 94% of Canada's forests are "crown lands" owned and administered by the federal and provincial governments. This contrasts with U.S. forests, where 58% are privately owned. As a result, the U.S. lumber industry relies more heavily on private timber sources, whereas the Canadian lumber industry relies almost entirely on public sources of timber.

Each Canadian province has its own forestry laws, regulations, and standards. The provinces also allocate the rights to timber harvest. The provinces typically use multi-year tenure agreements, or leases, which grant exclusive rights to a specific annual harvest level with various management obligations (e.g., road construction and reforestation). The provinces generally charge a flat annual fee for maintaining timberland leases and a per-unit-of-volume fee for the timber harvested. In many of the provinces, fees are determined administratively. In contrast, in the United States, prices for harvested timber are generally established in competitive markets between willing buyers and willing sellers.

Prices that arise from market transactions—such as timber prices in the United States—generally represent market values. This may not be the case in Canada, as discussed below. Some observers argue that Canadian provincial governments have an incentive to set timber fees below market value to assure the competitiveness of Canadian wood products. Some trade analysts, including American lumber industry groups, maintain that the Canadian fee structure thus acts as a subsidy, by creating production costs that are lower for Canadian lumber industry firms compared to U.S. firms. However, evidence on the issue—specifically, that Canadian tenure fees are below market production costs—is inconclusive, for several reasons. First, U.S. timber and Canadian timber are measured using different, nonconvertible units, which makes direct comparison of harvested timber volume impossible. Second, U.S. and Canadian forests differ in species mix, and the trees' size and quality, which affects the overall price for a given timber sale. However, sales price data often is classified only by the single dominant species, and is not differentiated by size or condition, meaning timber sale price data between countries also may not be directly comparable. Lastly, management responsibilities imposed on timber purchasers in the two countries differ, such as responsibilities for reforestation and forest protection, road construction and maintenance, and labor compensation, which in turn leads to structural differences in the costs to firms in the timber market.

#### Sources:

Natural Resources Canada, "Canada's Forest Laws," accessed 12/11/2025, at <https://natural-resources.canada.ca/forest-forestry/sustainable-forest-management/canada-s-forest-laws>.

Natural Resources Canada, *The State of Canada's Forests* annual report, 2024.

CRS Report R46976, *U.S. Forest Ownership and Management: Background and Issues for Congress*, by Anne A. Riddle  
Canadian Institute of Forestry, *The Canada-United States Softwood Lumber Dispute*, May 2003

Roger Sedjo, "Comparative Views of Different Stumpage Pricing Systems: Canada and the United States," *Forest Science*, vol. 52, no. 4 (2006)

In 2025, President Trump imposed tariffs on nearly all imports from Canada under IEEPA (see "International Emergency Economic Powers Act"); as of December 18, 2025, USMCA-

qualifying goods from Canada are exempt.<sup>8</sup> President Trump also has imposed sectoral tariffs on key Canadian sectors, including softwood lumber, under Section 232—a statute that invokes national security (see “Section 232 of the Trade Expansion Act of 1962 (National Security Tariffs)”).<sup>9</sup> These tariffs apply in addition to the AD/CVDs. There are some exemptions for USMCA-compliant imports.<sup>10</sup> The IEEPA and Section 232 tariffs on imports of Canadian softwood lumber are imposed in addition to USMCA or MFN tariff rates.

## Antidumping and Countervailing Duties

The U.S. government uses AD/CVDs to address unfair trade practices and provide relief to U.S. industries and workers that are “materially injured,” or threatened with injury due to imports of like products sold in the U.S. market at less than fair value (AD) or subsidized by a foreign government or public entity (CVD).<sup>11</sup> Since the 1980s, the U.S. government has repeatedly taken actions, such as imposing AD/CVDs, to address the Canadian government’s approach to its lumber industry. The United States and Canada also have negotiated several sectoral agreements to resolve these trade disputes. To offset alleged Canadian practices that might make Canadian lumber cheaper and thereby drive down U.S. prices, the latest agreement, the 2006 Softwood Lumber Agreement, called for Canada to pay export fees or enforce export restraints whenever the price of U.S. softwood lumber fell below a specified level. In exchange, the United States agreed not to pursue certain trade actions, such as AD/CVDs, against Canadian softwood lumber products while the agreement was in force and for 12 months after the agreement’s expiration.<sup>12</sup>

The first Trump Administration began reimposing AD/CVDs on Canadian softwood lumber following the October 2015 expiration of the 2006 Softwood Lumber Agreement. Following a one-year cooling-off period, in November 2016, a coalition of U.S. lumber producers petitioned the U.S. Department of Commerce’s International Trade Administration (ITA) and the U.S. International Trade Commission (USITC) to initiate AD/CVD proceedings against Canadian softwood lumber imports.<sup>13</sup> In 2017, after the U.S. and Canadian governments failed to reach a negotiated settlement, the Commerce Department reached affirmative determinations in its AD/CVD investigations and began collecting estimated duties for 2015 imports.<sup>14</sup>

ITA typically undertakes an annual administrative review of the AD/CVD orders, during which it adjusts retroactively the duty rates for covered products imported within a prior year. To date, ITA

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<sup>8</sup> For more information, see CRS Report R45618, *The International Emergency Economic Powers Act: Origins, Evolution, and Use*, coordinated by Christopher A. Casey; and CRS Insight IN12533, *U.S.-Canada Relations amid Tariffs Under the International Emergency Economic Powers Act*, by Peter J. Meyer and Kyla H. Kitamura.

<sup>9</sup> For more information on Section 232, see CRS In Focus IF13006, *Section 232 of the Trade Expansion Act of 1962*, by Kyla H. Kitamura.

<sup>10</sup> CRS In Focus IF12595, *U.S.-Canada Trade Relations*, by Kyla H. Kitamura.

<sup>11</sup> For more information on antidumping and countervailing duties, see CRS In Focus IF10018, *Trade Remedies: Antidumping and Countervailing Duties*, by Christopher A. Casey.

<sup>12</sup> “Softwood Lumber Agreement between the Government of Canada and the Government of the United States of America,” September 12, 2006, <https://perma.cc/63P3-52TX>.

<sup>13</sup> U.S. Department of Commerce, International Trade Administration (ITA), “Certain Softwood Lumber Products from Canada: Initiation of Countervailing Duty Investigation,” 81 *Federal Register* 93897, December 22, 2016; and ITA, “Certain Softwood Lumber Products from Canada: Initiation of Less-Than-Fair-Value Investigation,” 81 *Federal Register* 93892, December 22, 2016.

<sup>14</sup> U.S. Department of Commerce, “U.S. Department of Commerce Finds Dumping and Subsidization of Imports of Softwood Lumber from Canada,” press release, November 2, 2017.

has completed six administrative reviews covering imports from April 2017-December 2023.<sup>15</sup> See **Table 1** for AD/CVD duty rate ranges for calendar year 2019 to 2023. Individual firms may face different AD/CVD rates, and companies must pay both ADs and CVDs. For calendar year 2023, the Commerce Department assessed a combined AD/CVD rate ranging between 26.47% to 47.59% on Canadian softwood lumber imports.<sup>16</sup> In February 2025, ITA initiated its seventh administrative review, which will cover calendar year 2024.<sup>17</sup> The Commerce Department is required to review AD/CVD orders no later than once every five years.<sup>18</sup> In its 2023 five-year review of Canadian softwood AD/CVD orders, the Commerce Department determined that revoking the AD/CVD orders would likely lead to the continuation or recurrence of dumping and countervailable subsidies.<sup>19</sup>

**Table 1. U.S. Antidumping and Countervailing Duty Rates on Imports of Canadian Softwood Lumber, 2019-2023**

Duty Rate	2019	2020	2021	2022	2023
<b>AD</b>					
Lowest rate	6.06%	4.63%	5.25%	5.04%	9.65%
Highest rate	17.12%	4.92%	6.96%	10.44%	35.47%
<b>CVD</b>					
Lowest rate	2.42%	0.95%	1.36%	3.88%	12.12%
Highest rate	18.07%	10.1%	2.19%	9.61%	16.82%

**Source:** CRS based on various *Federal Register* notices by the Department of Commerce, International Trade Administration as of November 26, 2025. Calendar year 2023 is the most recent year for which the United States has finalized AD/CVD rates.

<sup>15</sup> The first AD administrative review covered June 2017 to December 2018, and the CVD review covered April 2017-December 2018. The subsequent administrative reviews cover imports over one calendar year.

<sup>16</sup> CRS analysis of information from ITA, “Certain Softwood Lumber Products From Canada: Final Results and Rescission, in Part, of the Countervailing Duty Administrative Review; 2023,” 90 *Federal Register* 38755, August 12, 2025; ITA, “Certain Softwood Lumber Products From Canada: Final Results of Antidumping Duty Administrative Review, Partial Rescission of Administrative Review, and Final Determination of No Shipments; 2023,” 90 *Federal Register* 35666, July 29, 2025; and ITA, “Certain Softwood Lumber Products From Canada: Amended Final Results of Antidumping Duty Administrative Review; 2023,” 90 *Federal Register* 44035, September 11, 2025.

<sup>17</sup> ITA, “Initiation of Antidumping and Countervailing Duty Administrative Reviews,” 90 *Federal Register* 10048, February 21, 2025.

<sup>18</sup> See CRS In Focus IF10018, *Trade Remedies: Antidumping and Countervailing Duties*, by Christopher A. Casey.

<sup>19</sup> ITA, “Certain Softwood Lumber Products From Canada: Final Results of the Expedited Sunset Review of the Countervailing Duty Order,” 88 *Federal Register* 19613, April 3, 2023; and ITA, “Certain Softwood Lumber Products From Canada: Final Results of the Expedited First Sunset Review of the Antidumping Duty Order,” 88 *Federal Register* 20479, April 6, 2023.

Canada has challenged the original U.S. AD/CVD orders and annual administrative reviews on its softwood lumber exports under NAFTA,<sup>20</sup> USMCA,<sup>21</sup> the World Trade Organization (WTO),<sup>22</sup> and the Court of International Trade.<sup>23</sup> Panels have issued decisions for the WTO and NAFTA challenges, with results being mixed for Canada and the United States.<sup>24</sup> In each of the two WTO cases, panels both upheld and rejected portions of Canada's claims. Canada and the United States each appealed a ruling; neither appeal has been heard because the WTO Appellate Body is, in effect, not functioning due to a lack of quorum.<sup>25</sup> For the two NAFTA cases, a binational NAFTA panel affirmed parts of the U.S. AD/CVD determinations and remanded parts to the Commerce Department for further explanation or action.<sup>26</sup> Canada's challenges to the first and second administrative U.S. AD reviews (covering 2017 and 2018) under USMCA were dismissed effective October 2025 following joint requests by Canadian and U.S. stakeholders.<sup>27</sup> Other USMCA disputes and a case at the Court of International Trade are ongoing.

## Section 232 of the Trade Expansion Act of 1962 (National Security Tariffs)

Section 232 of the Trade Expansion Act of 1962 (19 U.S.C. §1862, as amended) allows the President to impose restrictions on goods imports or enter into negotiations with trading partners if the U.S. Secretary of Commerce determines, following an investigation, that the quantity or other circumstance of those imports "threaten to impair" U.S. national security.<sup>28</sup>

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<sup>20</sup> USA-CDA-2017-1904-02, panel requested November 14, 2017; USA-CDA-2017-1904-03, panel requested December 5, 2017; and USA-CDA-2018-1904-03, panel requested January 19, 2018.

<sup>21</sup> USA-CDA-2020-10.12-01, panel requested December 10, 2020; Softwood Lumber AD AR, USA-CDA-2020-10.12-02, panel requested December 22, 2020; USA-CDA-2021-10.12-03, panel requested December 29, 2021; USA-CDA-2021-10.12-04, panel requested December 29, 2021; USA-CDA-2022-10.12-02, panel requested September 8, 2022; USA-CDA-2022-10.12-03, panel requested September 8, 2022; USA-CDA-2023-10.12-01, panel requested August 31, 2023; USA-CDA-2024-10.12-01, panel requested January 29, 2024; USA-CDA-2024-10.12-03, panel requested September 18, 2024; USA-CDA-2024-10.12-04, panel requested September 18, 2024; USA-CDA-2025-10.12-02, panel requested August 28, 2025; and USA-CDA-2025-10.12-03, panel requested September 11, 2025.

<sup>22</sup> World Trade Organization (WTO), "DS533: United States—Countervailing Measures on Softwood Lumber from Canada," consultations requested November 28, 2017; and "DS534: United States—Anti-Dumping Measures Applying Differential Pricing Methodology to Softwood Lumber from Canada," consultations requested November 28, 2017.

<sup>23</sup> *Government of Canada v. United States*, No. 1:23-cv-00187-JCG (Ct. Int'l Trade filed Sept. 6, 2023) (pending).

<sup>24</sup> WTO, "DS533: United States—Countervailing Measures on Softwood Lumber from Canada," panel report circulated August 24, 2020; and WTO, "DS534: United States—Anti-Dumping Measures Applying Differential Pricing Methodology to Softwood Lumber from Canada," panel report circulated April 9, 2019.

<sup>25</sup> For more details, see CRS In Focus IF10645, *Dispute Settlement in the WTO and U.S. Trade Agreements*, by Christopher A. Casey and Cathleen D. Cimino-Isaacs.

<sup>26</sup> ITA, "North American Free Trade Agreement (NAFTA), Article 1904; Binational Panel Review: Notice of Panel Decision," 88 *Federal Register* 72428, October 20, 2023; and ITA, "North American Free Trade Agreement (NAFTA), Article 1904; Binational Panel Review: Notice of Panel Decision," 89 *Federal Register* 41377, May 13, 2024.

<sup>27</sup> ITA, "United States-Mexico-Canada Agreement (USMCA), Article 10.12: Binational Panel Reviews: Notice of Completion of Panel Review," November 19, 2025; 90 *Federal Register* 52037; and ITA, "United States-Mexico-Canada Agreement (USMCA), Article 10.12: Binational Panel Reviews: Notice of Completion of Panel Review," 90 *Federal Register* 52038, November 19, 2025.

<sup>28</sup> For more details, see CRS In Focus IF13006, *Section 232 of the Trade Expansion Act of 1962*, by Kyla H. Kitamura.

Since October 14, 2025, President Trump has imposed 10% Section 232 tariffs on global imports of softwood timber and lumber, including from Canada.<sup>29</sup> In 2024, the United States imported about \$7 billion in softwood timber and lumber products that would be covered by the 10% Section 232 tariffs imposed in October 2025; about 75% (\$5.2 billion) came from Canada.<sup>30</sup>

President Trump also has imposed 25% tariffs on global imports of certain upholstered wooden products and imports of kitchen cabinets and vanities. On January 1, 2026, those tariffs are to reach 30% for upholstered wooden products and 50% for kitchen cabinets and vanities.<sup>31</sup> In 2024, the United States imported about \$11 billion in upholstered wood products, kitchen cabinets, and vanities potentially covered by the October 2025 tariffs. About 8% of 2024 imports came from Canada (\$0.8 billion). The top source was Vietnam (\$4.5 billion).<sup>32</sup>

Currently, there is no exemption from the Section 232 lumber and timber tariffs for goods complying with USMCA rules. The Section 232 tariffs on wood products apply in addition to AD/CVDs, MFN tariffs, and tariffs under Section 301 of the Trade Act of 1974.<sup>33</sup> There is some, but not complete, overlap between the list of softwood lumber products covered by AD/CVDs and Section 232 tariffs.

## **Investigation and Presidential Tariff Proclamation**

On March 1, 2025, President Trump issued an Executive Order directing the Commerce Secretary to launch a Section 232 national security investigation into imports of timber, lumber, and their derivative products (the “wood products” industry).<sup>34</sup> President Trump asserted in the E.O. that the wood products industry was “essential to the national security, economic strength, and industrial resilience of the United States.” The E.O. also noted that wood products are key inputs for civilian construction and the military.

On March 10, 2025, the Commerce Department initiated its investigation and sought public comments.<sup>35</sup> According to President Trump, the Commerce Secretary submitted a report on July 1, 2025.<sup>36</sup> To date, the report has not been published.<sup>37</sup> In his proclamation announcing the imposition of tariffs, President Trump stated that the Commerce Secretary had found that wood product imports are threatening to impair U.S. national security and are “weakening our economy, resulting in the persistent threats of closures of wood mills and disruptions of wood product

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<sup>29</sup> Proclamation 10976 of September 29, 2025, “Adjusting Imports of Timber, Lumber, and Their Derivative Products into the United States,” 90 *Federal Register* 48127, October 6, 2025.

<sup>30</sup> CRS analysis of data from the U.S. Census Bureau, as presented by Trade Data Monitor, accessed on November 18, 2025. HTS codes taken from Proclamation 10976 of September 29, 2025.

<sup>31</sup> Proclamation 10976.

<sup>32</sup> CRS analysis of data from the U.S. Census Bureau, as presented by Trade Data Monitor, accessed on November 18, 2025. Product codes taken from Proclamation 10976 of September 29, 2025.

<sup>33</sup> For information on Section 301, see CRS In Focus IF11346, *Section 301 of the Trade Act of 1974*, by Danielle M. Trachtenberg.

<sup>34</sup> Executive Order (E.O.) 14223 of March 1, 2025, “Addressing the Threat to National Security From Imports of Timber, Lumber, and Their Derivative Products,” 90 *Federal Register* 11359, March 6, 2025.

<sup>35</sup> Department of Commerce, Bureau of Industry and Security, “Notice of Request for Public Comments on Section 232 National Security Investigation of Imports of Timber and Lumber,” 90 *Federal Register* 11941, March 13, 2025.

<sup>36</sup> Proclamation 10976.

<sup>37</sup> For more details on the Section 232 investigation process and timeline, see CRS In Focus IF13006, *Section 232 of the Trade Expansion Act of 1962*, by Kyla H. Kitamura; and CRS Insight IN12614, *Section 232 National Security Tariffs on Copper Imports*, by Kyla H. Kitamura.

supply chains, among other things, and diminishing the utilization of production capacity of our domestic wood industry.”<sup>38</sup>

President Trump directed the Commerce Secretary to provide an update on “imports of hardwood timber and lumber, their markets, and the domestic industry,” after which he would determine whether to take actions, such as a phased import duty, on those products.<sup>39</sup> President Trump directed the United States Trade Representative (USTR) to pursue or continue negotiations to address the national security threat posed by wood product imports and provide an update on such negotiations by January 1, 2026. President Trump also directed the Commerce Secretary to implement an inclusions process to add wood products within the scope of Section 232 tariffs.<sup>40</sup>

To date, Canada has not reached a deal with the United States on Section 232 tariffs, though the United States has negotiated deals with other countries.<sup>41</sup> Goods subject to Section 232 timber and lumber tariffs are largely exempt from IEEPA tariffs.<sup>42</sup>

## International Emergency Economic Powers Act

The International Emergency Economic Powers Act (50 U.S.C. §§ 1701 et seq.) gives the President broad authorities to address declared emergencies, including the authority to “regulate” or “prohibit” imports.<sup>43</sup> In 2025, President Trump invoked IEEPA to impose tariffs on most goods from most trading partners.<sup>44</sup> These tariffs are facing legal challenges, which are not directly related to AD/CVDs or Section 232 tariffs.

In March 2025, the Trump Administration invoked IEEPA to impose 25% tariffs on most Canadian imports with exemptions for goods eligible for duty-free entry under USMCA.<sup>45</sup> In August 2025, President Trump used IEEPA to increase the tariff rate on Canadian goods to 35%; the USMCA exemption remained in place.<sup>46</sup> Canadian wood products that complied with USMCA rules were eligible for duty-free treatment under USMCA (AD/CVDs and certain other tariffs still applied).

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<sup>38</sup> Proclamation 10976.

<sup>39</sup> Proclamation 10976 and Executive Order 14223 of March 1, 2025, “Addressing the Threat to National Security From Imports of Timber, Lumber, and Their Derivative Products,” 90 *Federal Register* 11359, March 6, 2025.

<sup>40</sup> For an example of previous implementation of Section 232 inclusion processes, see CRS Insight IN12519, *Expanded Section 232 Tariffs on Steel and Aluminum*, by Kyla H. Kitamura and Keigh E. Hammond.

<sup>41</sup> According to Proclamation 10976, Section 232 tariffs are capped at 10% for the United Kingdom, and 15% for the European Union and Japan.

<sup>42</sup> Goods subject to Section 232 tariffs are also subject to IEEPA tariffs imposed on China by Executive Order 14195 of February 1, 2025.

<sup>43</sup> For more on IEEPA, see CRS Legal Sidebar LSB11332, *Court Decisions Regarding Tariffs Imposed Under the International Emergency Economic Powers Act (IEEPA)*, by Christopher T. Zirpoli; and CRS Report R45618, *The International Emergency Economic Powers Act: Origins, Evolution, and Use*, coordinated by Christopher A. Casey.

<sup>44</sup> For details on 2025 tariff actions, see CRS Report R48549, *Presidential 2025 Tariff Actions: Timeline and Status*, by Keigh E. Hammond and William F. Burkhardt.

<sup>45</sup> See CRS Insight IN12533, *U.S.-Canada Relations amid Tariffs Under the International Emergency Economic Powers Act*, by Peter J. Meyer and Kyla H. Kitamura; and CRS In Focus IF12595, *U.S.-Canada Trade Relations*, by Kyla H. Kitamura.

<sup>46</sup> Executive Order 14325 of July 31, 2025, “Amendment to Duties To Address the Flow of Illicit Drugs Across Our Northern Border,” 90 *Federal Register* 37957, August 6, 2025.

As of October 2025, the IEEPA rules, including the USMCA exemption, no longer apply to wood products that are covered by Section 232 tariffs.<sup>47</sup>

Since November 13, 2025, the United States has exempted certain agricultural products, including some wood products, from the country-specific IEEPA tariffs (sometimes referred to as “reciprocal tariffs”).<sup>48</sup> This exemption does not apply to the IEEPA tariffs on Canada. The list of exempted products does not include goods covered by the October 2025 Section 232 tariffs.

## Canadian and U.S. Responses to Softwood Lumber Tariffs

Overall, Canadian national and provincial governments have been critical of U.S. tariffs on Canadian softwood lumber. The government of Canada in 2024 asserted that U.S. AD/CVDs on Canadian softwood lumber “unjustifiably harm consumers and producers on both sides of the border” and “make housing even less affordable for Americans.”<sup>49</sup> Regarding the Section 232 tariffs, officials from the province of British Columbia called them an “economic assault,” asserting that the U.S. determination “that Canadian lumber, which is used to build affordable homes for American families, is somehow a national-security risk is ludicrous.”<sup>50</sup>

In 2025, the government of Canada announced measures to support its softwood lumber industry, including business loans, workforce development initiatives, and requiring the use of Canadian materials in a new national project to build affordable housing.<sup>51</sup> The Canadian government also took steps to increase interprovincial trade in lumber and implement a new “Buy Canadian” policy prioritizing the use of Canadian materials, including lumber, for federal contracts.<sup>52</sup>

Canada is highly dependent on exports to the United States, and following the U.S. imposition of tariffs, the government of Canada and Canadian companies have expressed a desire to bolster Canada’s trade relations with other partners. For example, some Canadian lumber producers have stated that in response to various U.S. tariffs, they are seeking to divert exports from the United States to other countries.<sup>53</sup>

Responses within the United States to tariffs on Canadian wood products have been mixed, often differing between wood product consumers and producers. The National Association of Home Builders (NAHB) has criticized the AD/CVDs and Section 232 tariffs, arguing that they contribute to increased construction and renovation costs.<sup>54</sup> Meanwhile, the U.S. Lumber

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<sup>47</sup> Proclamation 10976.

<sup>48</sup> Executive Order 14360 of November 14, 2025, “Modifying the Scope of the Reciprocal Tariffs With Respect to Certain Agricultural Products,” 90 *Federal Register* 54091, November 25, 2025.

<sup>49</sup> Government of Canada, Global Affairs Canada, “Statement by Minister Ng on U.S. Department of Commerce Preliminary Review of Duties on Canadian Softwood Lumber,” press release, February 1, 2024.

<sup>50</sup> Government of British Columbia, “Premier’s, Minister’s Statements on Section 232 Tariff Decision from United States,” press release, October 1, 2025.

<sup>51</sup> Prime Minister of Canada, “Prime Minister Carney Announces New Measures to Transform Canada’s Softwood Lumber Industry,” August 5, 2025.

<sup>52</sup> Prime Minister of Canada, “Prime Minister Carney Announces New Measures to Protect and Transform Canada’s Steel and Lumber Industries,” November 26, 2025.

<sup>53</sup> Peter Foster and Ilya Gridneff, “Canada to Reroute Lumber Exports as Trump’s Tariffs Bite,” *FT*, November 14, 2025. For more details on Canada’s response to 2025 U.S. tariff actions, see CRS Insight IN12533, *U.S.-Canada Relations amid Tariffs Under the International Emergency Economic Powers Act*, by Peter J. Meyer and Kyla H. Kitamura and CRS In Focus IF12595, *U.S.-Canada Trade Relations*, by Kyla H. Kitamura.

<sup>54</sup> National Association of Home Builders (NAHB), “New Tariffs on Lumber, Wood Product Imports Add Headwinds to Housing Market,” press release, September 30, 2025.

Coalition, which represents U.S. lumber producers, has praised President Trump’s “commitment to enforcing U.S. trade laws,” and asserted that “strong antidumping and countervailing duty trade law enforcement, coupled with an effective Section 232 tariff measure” will “support U.S. industry growth to build U.S. homes with lumber milled by U.S. workers.”<sup>55</sup> The coalition also argued that Prime Minister Carney’s government is engaging in new subsidies to “prop up Canada’s excessive and harmful lumber overcapacity and production.”<sup>56</sup> The U.S. Lumber Coalition has countered NAHB’s claims that softwood lumber duties may increase housing costs, and have asserted that they can replace imports from Canada with increased U.S. production. NAHB and some experts assert that it could take years to increase U.S. capacity to sufficient levels.<sup>57</sup>

## Issues for Congress

Congress has constitutional authority over foreign commerce and tariffs, and a key issue for the 119<sup>th</sup> Congress is whether, and if so, how, to exercise that authority and oversight over U.S. trade policy, including tariffs on Canadian softwood lumber imports. Previous U.S. Congresses have exercised oversight over U.S. softwood lumber trade with Canada by holding hearings,<sup>58</sup> commissioning investigations and reports from the USITC under Section 332 of the Trade Act of 1930 (19 U.S.C. §1332),<sup>59</sup> calling for U.S. trade restrictions on Canadian softwood lumber imports (e.g., H.R. 2181, 107<sup>th</sup> Congress), and urging the executive branch to negotiate a trade agreement with Canada related to softwood lumber (e.g., H.Con.Res. 197 and S.Con.Res. 22, 108<sup>th</sup> Congress). Some Members of Congress have also voiced their opinions through letters and public comments.<sup>60</sup>

The 119<sup>th</sup> Congress could consider whether to bolster, curb, or increase oversight of AD/CVD actions or executive tariff authorities under Section 232 and IEEPA.<sup>61</sup> Congress also may consider oversight of the potential effects of tariffs on U.S. producers and consumers of softwood lumber, including whether to commission a report on the benefits and costs of softwood lumber duties for the U.S. economy. Other potential considerations include whether the United States should pursue a new softwood lumber agreement to lower or eliminate tariffs, or pursue actions to support U.S. lumber producers such as codifying the increased tariff rates currently levied on a retroactive, annual basis (AD/CVD) or via executive authorities (Section 232 and IEEPA).

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<sup>55</sup> U.S. Lumber Coalition, “Section 232 Tariff Needed to Address Disruptive Canadian Excess Lumber Capacity and Production,” press release, September 24, 2025.

<sup>56</sup> U.S. Lumber Coalition, “U.S. Lumber Coalition: Canada Doubling Down On Unfair Trade and Subsidies,” press release, November 26, 2025.

<sup>57</sup> NAHB, “New Tariffs on Lumber, Wood Product Imports Add Headwinds to Housing Market,” September 30, 2025; and Dustin Jalbert, “Does the US Really Need Canadian Wood Products Supply?,” *Fastmarkets*, March 10, 2025.

<sup>58</sup> For example, U.S. Congress, Senate Committee on Finance, *United States-Canada Lumber Dispute*, hearings, 107<sup>th</sup> Cong., 1<sup>st</sup> sess., June 1, 2001 (Washington, DC: GPO, 2001).

<sup>59</sup> For example, United States International Trade Commission (USITC), *Conditions Relating to the Importation of Softwood Lumber into the United States*, USITC Publication 1241, April 1982.

<sup>60</sup> For example, Senate Finance Committee Ranking Member Senator Ron Wyden, “Wyden Calls for Strong Enforcement on Softwood Lumber in International Trade Commission Testimony,” September 12, 2017; and Letter from Rep. Kevin Hern et al. to USTR Katherine Tai, May 17, 2021, <https://perma.cc/ZA2R-WBHU>.

<sup>61</sup> For more information, see CRS In Focus IF10018, *Trade Remedies: Antidumping and Countervailing Duties*, by Christopher A. Casey; CRS In Focus IF13006, *Section 232 of the Trade Expansion Act of 1962*, by Kyla H. Kitamura; and see CRS Report R45618, *The International Emergency Economic Powers Act: Origins, Evolution, and Use*, coordinated by Christopher A. Casey.

Some Members in the 119<sup>th</sup> Congress have taken oversight actions specifically related to U.S.-Canada trade relations. For example, some Members have criticized executive tariff actions on Canadian goods and proposed legislation to eliminate such tariffs (e.g., S.J.Res. 77, H.Con.Res. 25). Other Members have expressed support for the Trump Administration’s goal to strengthen domestic production while also urging the Administration to provide relief for U.S. companies related to the Section 232 timber and lumber duties.<sup>62</sup>

Congress also oversees implementation of USMCA, including the joint review process.<sup>63</sup> As part of the joint review, the executive branch is required to consult Congress regarding the U.S. approach. Congress could consider whether softwood lumber trade and/or tariffs should be addressed through USMCA discussions. In particular, some U.S. lumber producers have suggested making changes to the USMCA dispute settlement process, by which Canada has challenged some U.S. AD/CVDs, as part of the joint review.<sup>64</sup> Members of Congress could consider whether to express their views and shape U.S. priorities in the USMCA review through hearings, letters, and consultations with the executive branch, or through legislation such as Trade Promotion Authority.<sup>65</sup>

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<sup>62</sup> Letter from Senators Angus King and Susan Collins to Treasury Secretary Scott Bessent, Commerce Secretary Howard Lutnick, Agriculture Secretary Brooke Rollins, and USTR Jamieson Greer, November 19, 2025.

<sup>63</sup> For more details, see CRS In Focus IF10997, *U.S.-Mexico-Canada (USMCA) Trade Agreement*, by M. Angeles Villarreal, Kyla H. Kitamura, and Danielle M. Trachtenberg.

<sup>64</sup> U.S. Lumber Coalition, “U.S. Lumber Coalition: USMCA Extension Should Be Conditioned On Elimination Of Binational Panel Review Process,” press release, November 4, 2025.

<sup>65</sup> For more on Trade Promotion Authority, see CRS In Focus IF10038, *Trade Promotion Authority (TPA)*, by Christopher A. Casey and Cathleen D. Cimino-Isaacs.