

Charles Crain

*Managing Vice President,
Policy*

April 1, 2025

The Honorable Howard Lutnick
Secretary
U.S. Department of Commerce
1401 Constitution Ave NW
Washington, DC 20230

Re: BIS-2025-0011, X-RIN 0694-XC117; Request for Public Comments on Section 232
National Security Investigation of Imports of Timber and Lumber

Dear Secretary Lutnick,

The National Association of Manufacturers is the largest manufacturing association in the United States, representing 14,000 manufacturers of all sizes, in every industrial sector and in all 50 states. Manufacturing employs nearly 13 million people, contributes \$2.93 trillion annually to the U.S. economy and accounts for nearly 53% of all private-sector research.

The NAM appreciates the opportunity to submit comments to the Bureau of Industry and Security's Request for Comments on Section 232 National Security Investigation of Imports of Timber and Lumber. The NAM also welcomes the president's decision to increase domestic timber production to decrease U.S. reliance on imported timber.

I. Importance of the Timber and Lumber Industry to Manufacturing in the U.S.

The U.S. timber and lumber industry significantly contributes to the prosperity of manufacturing in the U.S., as well as local communities, including rural communities, across the nation.¹ According to the U.S. Department of Agriculture (USDA), the industry of U.S. forest products that encompasses timber and lumber byproducts generates \$288 billion annually (4% of total U.S. manufacturing GDP) and employs approximately 950,000 people.^{2,3}

However, the U.S. timber and lumber vertical supply chain is not capable of meeting domestic demand for a variety of reasons, including sawmill capacity and workforce challenges.^{4,5} In addition, the U.S. is experiencing sawmill closures that are slowing production capacity, making it unrealistic

¹ U.S. Lumber Coalition, "About the Industry," accessed March 26, 2025, <https://uslumbercoalition.org/>

² U.S. Department of Agriculture, "Forest Products," accessed March 26, 2025, <https://research.fs.usda.gov/forestproducts>

³ Ibid.

⁴ "Executive Order 14223 of March 1, 2025, Addressing the Threat to National Security From Imports of Timber, Lumber, and Their Derivative Products," *Code of Federal Regulations*, title 3 (2025), <https://www.federalregister.gov/documents/2025/03/06/2025-03693/addressing-the-threat-to-national-security-from-imports-of-timber-lumber-and-their-derivative>

⁵ Andrew Moore, "Will the U.S. Lumber Market Thrive or Break Under Trump?", *NC State University College of Natural Resources News*, Jan. 6, 2025, <https://cnr.ncsu.edu/news/2025/01/us-lumber-market-trump-administration/>

for the U.S. to satisfy current demand.^{6,7} Implementing tariffs on an industry already under capacity pressure would have a negative impact on manufacturers. Given the mismatch between domestic supply and domestic demand, manufacturers would face higher costs on timber and lumber imports needed to make things here in America.

In terms of capacity pressure, for example, an NAM member within the commercial printing industry specifically noted that the potential implementation of supply chain restrictions for paper exporting countries, such as Canada, will further exacerbate production issues caused by the already reduced production capacity of paper mills in the U.S. Similarly, a book printing manufacturer stressed the lack of domestic plant capacity due to seasonality; another NAM member argued that additional tariff costs on those critical materials will increase costs for manufacturers in the U.S., severely impacting the print and paper industry that is already in decline. Additionally, while manufacturers strongly support workforce development for in-demand manufacturing jobs, concerns remain about the U.S.'s lack of labor and infrastructure to sustain sufficient lumber and timber output from the domestic industry.

In short, manufacturers in the U.S. are heavily reliant on imports of timber and lumber, as well as certain derivatives, in order to manufacture products in America. Manufacturers support the administration's goal of expanding domestic timber and lumber production and capacity as well as ensuring a reliable, secure and resilient domestic supply chain. At the same time, manufacturers also recognize that this will take time, access to capital and investment in the industry to meet domestic demand.

To support manufacturers' efforts to expand domestic timber production, the NAM respectfully encourages the administration to pursue a comprehensive manufacturing strategy that will create predictability and certainty to invest, plan and hire in America. This strategy should focus on making pro-growth tax reforms permanent, expediting permitting reform, restoring regulatory certainty, strengthening the manufacturing workforce, and implementing effective trade policy. In conjunction, as the administration pursues its investigation into imports of lumber and timber, and while manufacturers work to increase domestic capacity, manufacturers would encourage the administration to preserve manufacturers' ability to access timber, lumber and derivatives, including vital manufacturing inputs like pulp and wood fluff, on a tariff-free basis. Such a move would prevent supply chains from being disrupted and prevent manufacturers from being penalized for using inputs that do not exist domestically or in sufficient supply. Avoiding tariffs on such industrial inputs would mitigate unnecessary scarcity and shortages as manufacturers in the U.S. take steps to ramp up domestic production.

II. Impact of Potential Lumber Tariffs on Manufacturers in the U.S.

To meet demand for lumber and timber, manufacturers in the U.S. have needed to import necessary inputs. In 2023, the U.S. imported \$24.8 billion worth of wood products, maintaining its position as the top net importer within the market since 2016.^{8, 9,10} In 2023, the U.S. also became the second

⁶ ResourceWise, "Market Insights Report: North American Sawmills Face Closures Amidst Soft Lumber Market," accessed March 26, 2025, <https://www.resourcewise.com/resources/reports/north-american-mill-closures-march-2024>

⁷ National Association of Home Builders, "U.S. Sawmill Production Capacity Constant in 2024," March 19, 2025, <https://eyeonhousing.org/2025/03/u-s-sawmill-production-capacity-constant-in-2024/>

⁸ "Wood Products in the United States," The Observatory of Economic Complexity, accessed March 28, 2025, <https://oec.world/en/profile/bilateral-product/wood-products/reporter/usa>

⁹ U.S. Census Bureau, "State Imports by HS Commodities," *USA Trade Online*, <https://usatrade.census.gov/>

¹⁰ "Executive Order 14223," *Code of Federal Regulations*, title 3 (2025), <https://www.govinfo.gov/content/pkg/FR-2025-03-06/pdf/2025-03693.pdf>

largest importer of wood pulp and paper scrap, whose imports reached \$3.88 billion.¹¹ Furthermore, Canada accounted for 75.2% of total U.S. imports of softwood lumber in 2024, followed by Germany (7.11%) and Sweden (4.01%).¹² Manufacturers use imports of wood products, particularly softwood lumber for residential and commercial construction, as well as other derivatives such as pulp, to make paper products in America.

Furthermore, manufacturers in the U.S. rely on imports of certain types of lumber, timber and wood derivatives that are not available in the U.S.¹³ In fact, there are certain species of trees that cannot be grown in the U.S. primarily due to climate conditions and soil differences. Specifically, in Europe, wood fibers are curly and medium-, while Brazil grows small wood fibers. Meanwhile, Canadian wood, grown in colder climates, produces long, flat, thin fibers, and the U.S. produces wood with long, thick, slightly hollow fibers.

Put another way: wood is not interchangeable. Manufacturers in the U.S. leverage this variety of wood species that is essential to produce finished products sold by companies in America, creating thousands of jobs nationally and billions of dollars in sales. Given the industry's complex and interconnected global supply chain, manufacturers that depend on timber and lumber imports and their derivatives would be directly impacted by potential tariff actions following this investigation. For example, a manufacturer within the consumer goods industry imports northern softwood kraft pulp from Canada and Scandinavia and eucalyptus pulp from Brazil to produce essential paper products, such as paper towels, toilet paper and facial tissue. The pulp is not available in the U.S. as the trees cannot be grown here.

Another NAM member in the home construction business sources aspen timber from Canada for its trim and siding products. Like other NAM members in the same industry, they have expressed concern over tariffs driving up prices in homebuilding, exacerbating the housing shortage and relevant affordability challenges. Demonstrably, according to the USDA, the most significant issue faced by the U.S. housing market since 2017 has been the rise of framing-lumber prices, increasing 59% over the span of eight years.¹⁴ Furthermore, as of March 4, the U.S. announced potential tariffs of 25% on non-USMCA-compliant imports on Canadian lumber and wood products, adding onto preexisting countervailing duties of 14.54% on softwood lumber imports from Canada.¹⁵ Placing additional Section 232 tariffs on these imports will increase lumber costs, potentially delaying or reducing production and raising overall construction costs, which will further strain housing affordability for American families.

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The NAM thanks the administration for the opportunity to provide input into its Section 232 investigation into lumber and timber. Manufacturers look forward to working with the Department on this important issue and encourage the administration to focus on revitalizing the American lumber and timber industry through a comprehensive manufacturing strategy, including permitting reform,

¹¹ "Wood Products in the United States," OEC, accessed March 28, 2025, <https://oec.world/en/profile/bilateral-product/wood-products/reporter/usa>

¹² U.S. Census Bureau, "State Imports by HS Commodities," *USA Trade Online*, <https://usatrade.census.gov/>

¹³ The Wall Street Journal, "Trump's Lumber Tariffs and Disaster Recovery," Jan. 26, 2025, <https://www.wsj.com/opinion/lumber-tariffs-and-disaster-recovery-canada-california-fires-4ec8f2e0?msocid=254971011cef66c114ef65ee1d5f675f>

¹⁴ Furthermore, as of March 4, the U.S. has announced potential tariffs of 25% on non-USMCA-compliant imports on Canadian lumber and wood products that add onto preexisting countervailing duties of 14.54% on softwood lumber imports from Canada.

James L. Howard, "U.S. Timber Production, Trade, Consumption, and Price Statistics, 1965-2017," U.S. Department of Agriculture, July 2019, https://www.fpl.fs.usda.gov/documnts/fplrp/fpl_rp701.pdf

¹⁵ National Association of Home Builders, "Trump Imposes Additional 25% Tariff on Canadian Softwood Lumber," Feb. 3, 2025, <https://www.nahb.org/blog/2025/02/trump-imposes-tariff-on-lumber>

tax reform, regulatory certainty, and commonsense trade policy, while preserving tariff-free access to critical inputs as manufacturers in the U.S. ramp up domestic production.

Sincerely,

A handwritten signature in black ink that reads "Charles P. Crain". The signature is written in a cursive style with a prominent dot over the 'i' in "Crain".

Charles Crain
Managing Vice President, Policy