Willard F. Hughes
2025 Chairman of the Board

March 31, 2025

SUBMITTED VIA REGULATIONS.GOV

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

RE: Comments on Section 232 National Security Investigation of Imports of Timber and Lumber
Docket No. 250310-0030
ID: BIS-2025-0011
X-RIN 0694-XC117

Dear Secretary Lutnick:

On behalf of the National Association of Home Builders of the United States ("NAHB"), I am pleased to submit these comments on the investigation into imported timber and lumber under Section 232 of the Trade Expansion Act (the "Investigation"), for which a request for comment was published in the Federal Register on March 10, 2025 (90 Fed. Reg. 40, 11941).

NAHB is a Washington, D.C.-based trade association of over 140,000 members across affiliated state and local associations based in all fifty states, the District of Columbia, and Puerto Rico. NAHB's members are involved in home building, remodeling, multifamily construction, property management, and other residential construction industries. NAHB's members construct a significant portion of the homes built in the United States each year and are key drivers of economic growth. NAHB strongly discourages the imposition of tariffs or other import controls on lumber, timber, or other derivative products, which are critical building materials. Import restriction measures on these materials would make residential construction more costly during an existing housing crisis, which in turn worsens economic stability, societal resilience, and overall national security.

I. Residential Construction Background

a. Residential construction relies on a steady supply of domestic and imported lumber

Housing depends on lumber. In 2023, 93% of new-single family homes were wood framed and the average single-family home consumed 15,000 board feet of lumber for framing. Residential construction is the largest consumer of lumber in the United States; 70% of lumber goes to residential construction. Of that, 40% goes into remodeling and 30% goes into new home construction. However, not all lumber is suitable for every application. The International Building Code (the "IBC") and the International Residential Code (the "IRC") both require that wood products used in residential construction meet specific grades depending on end use. That lumber must carry a grade stamp identifying the grade and species of lumber, as well as the name of the agency who inspected or graded the lumber. The IRC contains maximum allowable spans for the four major timber groups (Douglas-Fir Larch, Hem-Fir, Southern Yellow Pine ("SYP"), and spruce-pine-fir ("SPF")) based on application. Allowable spans change with the various species and grades of lumber, which means that different types of wood of different grades are better suited to different applications in different builds. While it is plausible that lumber types can be substituted in certain

applications, substitution is not one-to-one; sometimes, a builder would have to add board feet to improve strength or stability in certain applications, making substitution costly. Additionally, builders often maintain strong preferences about what types of wood to use in certain applications, which make them unlikely to substitute.

While softwood and hardwood lumber are both used in residential construction, softwood lumber is the primary type of lumber found in residential structures. In the residential context, the two main types of softwood lumber used are SYP and SPF.

SYP is a group of pine species, including loblolly, longleaf, shortleaf, and slash pines, which grows in the Southern United States. The United States produces an abundance of SYP, and American home builders can satisfy most of their SYP demand domestically. SYP has a longer growing season and, as a result, has a more open grain that makes it stronger. In fact, SYP is the strongest softwood structural lumber species, making it ideal for load-bearing capacity and fastener-holding ability, which makes SYP ideal for trusses and roofing systems. However, the open-grained structure that makes SYP strong also makes it prone to warping, meaning that it is not ideal for applications that require stability, such as framing. SYP production has increased from 17.3 billion board feet in 2016 to 22.0 billion board feet in 2024, making the Southern United States the largest softwood lumber producing region in North America, surpassing all production by Canada earlier in 2025.[1]

SPF is a group of softwood species including white spruce, red spruce, black spruce, Jack pine, lodgepole pine, balsam fir, and alpine fir, which grows primarily in Canada. While some SPF grows in the United States, primarily in the Pacific Northwest, it is not nearly as abundant as SYP. In contrast, most of Canada's softwood lumber is SPF. Unlike SYP, SPF's growing season is much shorter, resulting in smaller growth rings. While it is not as strong as SYP, SPF's smaller growth rings make it more stable. Stability, rather than strength, is the primary characteristic sought for framing applications. While not as abundant, domestic SPF production has remained relatively constant. The Western United States produced 13.7 billion board feet in 2016 and 13.1 billion board feet in 2024.[2] Canadian SPF production has also declined from 27.6 billion board feet in 2016 to 20.3 billion board feet in 2024.[3]

The different grain structures of SYP and SPF make them suitable for different applications in the construction of single and multi-family homes. Moreover, there is little substitutability between SYP and SPF. SPF is preferred for framing, and if SYP is used instead, walls are more likely to warp and twist on drywalled surfaces. Similarly, SYP is preferred for structural elements, such as floor joists and truss and roof systems, and SPF is not strong enough to safely and reliably use in those applications. Builder surveys continually show that builders prefer SPF for framing applications.[4]

Most of the lumber used in residential construction is domestically sourced SYP. However, SPF is a critical component in residential construction, and the United States simply does not produce enough SPF to satisfy demand. Imports of softwood lumber totaled 13.9 billion board feet in 2024, down 2% from 2023.[5] Softwood lumber imports were likely lower because housing starts were down in 2024. Of the SPF the

[1] *Five-Year Data Histories*, YARDSTICK, Feb. 2025, at 19-20.
[2] *Id.*
[3] Statistics Canada, *Lumber Production by species, monthly (x1,000)*, https://www150.statcan.gc.ca/t1/tbl1/en/tv.action?pid=1610001702 (last visited Mar. 21, 2025).
[4] HOME INNOVATION RESEARCH LABS *Annual Builder Practices Survey: Structural Systems – Walls* 2024 https://www.homeinnovation.com/services/market_research/market_demand_data_on_building_products/new_construction_report
[5] U.S. CENSUS BUREAU, "Harmonized System," 2025, https://api.census.gov/data/timeseries/intltrade/imports/hs, (last visited Mar. 21, 2025).

United States imports, almost all of it comes from Canada; the United States imported 11.9 billion board feet from Canada, or 85% of all softwood lumber imports.[6] This share is low compared to several years ago, when Canadian imports made up 95% of all softwood lumber imports.[7]

Like much of the developed world, the United States is currently experiencing an acute housing crisis. While estimates differ, NAHB estimates that the United States is short approximately 1.5 million residential units. The Department of Housing and Urban Development ("HUD") estimated that there were approximately 771,480 homeless people in the United States in 2024.[8] This is the highest number of people experiencing homelessness ever recorded in the United States.[9] The issue of where to put people lacking a fixed, regular, and adequate nighttime residence and who is responsible for them has become a critical concern for communities around the country, and how communities are permitted to respond was recently considered by the United States Supreme Court.[10]

The housing crisis is also affecting housed individuals. Nearly one in four homeowner households are considered "cost-burdened," meaning they spend more than 30% of their household income on housing and utilities.[11] Half of all renter households are cost-burdened.[12] Becoming or remaining a homeowner has rarely been less affordable. 74.9% of households in the United States cannot afford a median-priced new home in 2025, meaning that 100.6 million households are being priced out.[13] A further $1,000 increase in the median price of a new home would price an additional 115,593 households out of the market.[14] While there are many factors that can lead to skyrocketing costs, economists agree that America needs to build more housing to address this issue.

b. Housing is a critical component of national security

"National security" is an undefined term under Section 232[15] and part 705 of the National Security Industrial Base Regulations.[16] More generally, the term "national security" is often defined depending on its context, and there does not appear to be a prevailing or universal definition. However, several factors are often considered part of national security.

Beyond military preparedness, economic stability is a necessary component of national security. Housing plays a major role in the success or failure of the United States economy, and, as everyone learned in 2008, the global economy. Housing's share of the economy at the end of the fourth quarter of 2024 was 16.2% of GDP.[17] This share varies over the business cycle and has continually lagged due to underbuilding since the

[6] *Id.*
[7] *Id.*
[8] TANYA DE SOUSA AND MEGHAN HENRY, DEPT. OF HOUSING AND URBAN DEVELOPMENT, OFFICE OF COMMUNITY PLANNING & DEVELOPMENT, THE 2024 ANNUAL HOMELESS ASSESSMENT REPORT (AHAR) TO CONGRESS 2-3 (2024).
[9] *Id.*
[10] *City of Grants Pass, Oregon v. Johnson*, 603 U.S. 520 (2024).
[11] JOINT CENTER FOR HOUSING STUDIES OF HARVARD UNIVERSITY, THE STATE OF THE NATION'S HOUSING 2024 2-3 (2024).
[12] *Id.*
[13] Na Zhao, *How Rising Costs Affect Home Affordability*, EYE ON HOUSING (Mar. 10, 2025), https://eyeonhousing.org/2025/03/how-rising-costs-affect-home-affordability-2/.
[14] *Id.*
[15] 19 U.S.C. 1862
[16] 15 CFR 705
[17] Jesse Wade, *Housing's Share of the Economy Remains Level with Positive Signs from Residential Investment*, EYE ON HOUSING (Jan. 30, 2025), https://eyeonhousing.org/2025/01/housings-share-of-the-economy-remains-level-with-positive-signs-from-residential-investment/.

2008 housing crisis and subsequent Great Recession.[18] Housing is critical to personal finance as well as the broader economy. Homeownership is a critical path to the middle class and an important wealth building tool through the accumulation of home equity.[19] Research shows that homeowner households are more financially secure, with median homeowner net worth 38 times greater than the renter net worth in the United States.[20] Housing is also key to industrial and commercial infrastructure. Without a local workforce, there would be no labor to work in a new manufacturing plant, and residential construction often develops alongside other infrastructure projects, like utility installation. Without housing, the economy cannot function.

Societal resilience, which includes public health and the ability to withstand and recover from a natural disaster, is also a component of national security. Studies show that high-quality, affordable housing results in better health outcomes for individuals and families.[21] Additionally, having a stable home improves student test scores and results in higher workforce productivity.[22] Moreover, being able to build additional housing is a critical component of recovering from disasters. Sufficient existing housing supply makes it more likely that some houses will survive a disaster, especially considering that new homes are more resilient than older homes. Additionally, a strong residential construction industry has workforce and supply chains established before disaster strikes, making rebuilding faster. Housing is at the heart of a country's ability to weather hardship.

Our housing crisis is a bigger threat to national security than imported lumber or timber. We import most lumber and timber from nations like Canada, Germany, Sweden, Brazil, and Austria, with whom we have mutual defense obligations and long histories of friendship. Moreover, lumber and timber are renewable resources that do not play a major role in modern warfare. Lumber from Canada simply does not present the same national security threat as oil from the Middle East or steel, aluminum, rare earth minerals, or advanced computing chips from China. The threat to national security comes from our nation's housing crisis, not imported lumber.

II. Requested information

a. The current and projected demand for timber and lumber in the United States

Given the existing housing affordability crisis and housing supply shortage, single-family housing starts are projected to rise due to strong, pent-up demand. Interest rates are expected to decline, and NAHB's economists project that single-family housing starts will grow 0.7% in 2025 and 2.9% in 2026 because of declining rates. Additionally, the existing housing stock continues to age; the median age of an owner-occupied home is now 40 years old. Consequently, remodeling and repair expenditures will continue to experience strong growth over the next decade, increasing 5% in 2025 and 3% in 2026.

[18] *Id.*
[19] Jing Fu, *Examining Differences between Homeowner and Renter Wealth*, EYE ON HOUSING (Mar. 13, 2024), https://eyeonhousing.org/2024/03/examining-differences-between-homeowner-and-renter-wealth/.
[20] *Id.*
[21] REBECCA FLOURNOY, ET AL., HOUSING AFFORDABILITY AND QUALITY: A COMMUNITY DRIVER OF HEALTH 4-5 (2021) https://www.apha.org/-/media/files/pdf/pubs/housing_health_community_driver.pdf; UNITED STATES INTERAGENCY COUNCIL ON HOMELESSNESS, THE IMPORTANCE OF HOUSING AFFORDABILITY AND STABILITY FOR PREVENTING AND ENDING HOMELESSNESS 1-2 (May 2019) https://www.usich.gov/sites/default/files/document/Housing-Affordability-and-Stablility-Brief.pdf.
[22] UNITED STATES INTERAGENCY COUNCIL ON HOMELESSNESS, *supra* note 22, at 1.

Domestic consumption of softwood lumber stood at roughly 48.1 billion board feet in 2024. As the United States remains severely underbuilt in terms of affordable housing, the demand for timber and lumber in the United States will likely increase with the projected increase in housing starts described above.

b. The extent to which domestic production of timber and lumber can meet domestic demand

As explained above, the predominant lumber produced in the United States is SYP, which does not replace SPF in every construction application. SPF species do not grow as abundantly in the United States due to climate constraints. As noted above, total domestic consumption of softwood lumber was 48.1 billion board feet in 2024. The United States produced 35.1 billion board feet in 2024, of which roughly 13.1 billion board feet was SPF. 11.9 billion board feet came from Canada, which was critical to supplementing SPF supply. Overall, 29.1% of softwood lumber consumption was satisfied with imported lumber, with Canadian imports making up 24.7% of the total softwood supply. At the same time, the United States exported 1.0 billion board feet in 2024. Domestically produced lumber cannot currently support demand. Even if the United States could eventually produce sufficient timber, it would take many years to build the necessary infrastructure to turn that timber into lumber.

c. The role of foreign supply chains, particularly of major exporters, in meeting United States timber and lumber demand

Foreign lumber supply is critical to meet United States lumber demand. While 70.9% of softwood lumber is domestically produced, imported lumber is critical to home building. Most imported lumber comes from Canada, with whom the United States shares a close and interconnected supply chain, as well as the USMCA trade preference. Other suppliers of lumber to the United States include Germany, Sweden, Brazil, and Austria. Without imported lumber, housing starts would slow and the cost to construct a new home would rise significantly as domestic lumber supply contracts without meaningfully satisfying existing demand.

d. The impact of foreign government subsidies and predatory trade practices on United States timber, lumber, and derivative product industry competitiveness

Canadian softwood lumber has been subject to antidumping ("AD") and countervailing ("CVD") duties since 2016, one year after the Softwood Lumber Agreement between the United States and Canada ended. AD duties are imposed when a foreign good is being sold at less than fair value and if it materially injures or threatens material injury to a domestic industry. Similarly, CVD duties are imposed when a foreign good benefits from an unfair government subsidy and materially injures or threatens material injury to a domestic industry. The AD/CVD rates are calculated specifically to even the playing field between domestic goods and their foreign competitors, and to protect domestic industry from injury. Any subsidies and predatory trade practices from which Canadian softwood lumber benefits is best addressed through the existing AD/CVD process, which is overseen by the United States Department of Commerce. To the extent that other countries are dumping or unfairly subsidizing lumber or timber they export to the United States, the International Trade Administration ("ITA") and the International Trade Commission ("ITC") could investigate under the AD/CVD process. Additional tariffs, using other legal authority, to correct allegedly predatory trade practices are unnecessary given the current treatment of imported lumber.

As discussed above, Canadian softwood lumber has been subject to AD/CVD duties since 2016. Each year since then, ITA and ITC have completed annual reviews of those duties to ensure they continue to protect domestic industry. The annual review process for Canadian softwood lumber is ongoing as of this comment's writing. During each annual review, the ITA sets a preliminary rate before setting a final rate. At present, the effective preliminary AD rate for Canadian softwood lumber is 20.07%. The preliminary

CVD rate is not expected until May 8, 2025. The final rates are not expected for approximately four months after the preliminary rates are announced. As such, there is some uncertainty about what the price of softwood lumber will be in the coming months. As a result, while the ITA and ITC have found that foreign subsidies and production rates impact the United States timber and lumber industries, they are also already empowered to correct the problem using existing softwood lumber duties.

e. The feasibility of increasing domestic timber and lumber capacity to reduce imports

The primary factor in increasing domestic timber and lumber is time. It takes time for trees to grow, but it also takes time to build sawmills with capacity to process timber into finished lumber products. Production growth of mills in the United States historically reaches 4-5% during periods of higher prices.[23] Domestic supply chain bottle necks and logging levels act as two key limiting factors on growth of domestic production.[24] Given anticipated higher demand for softwood lumber over the coming years, driven by increased residential construction, it would take close to a decade for the United States to rely solely on domestic lumber. Over this period, softwood lumber prices would be driven higher by reduced supply, increasing construction costs for builders across the country and further exacerbating the ongoing housing affordability crisis.

f. 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

Current trade practices do not materially assist domestic timber, lumber, or derivative product production. Since 2017, employment at sawmills, defined as NAICS 3211, has remained unchanged with less than 93,000 jobs.[25] In fact, employment fell to 89,000 during 2024, its lowest level since 2021.[26] The existing AD/CVD duties on Canadian softwood lumber have not meaningfully protected American jobs as intended; sawmill employment is now lower than it was when the AD/CVD duties were first imposed.[27] Additionally, output by domestic sawmills is at lower levels today as compared to 2018, according to the Federal Reserve.[28] At present, the AD/CVD duties are specifically investigated and calculated to counteract dumping and foreign subsidies on lumber, which is the most justifiable tariff on lumber and is the only tariff needed for that purpose, and those duties have shown that additional import taxes do not necessarily produce more American jobs or increase domestic production. In short, tariffs or other import restrictions are demonstrably ill-suited to increasing domestic production. A better way to increase domestic production would be to focus on federal forestry practices and allowing more timber to be harvested.

There is presently a threat of an additional 25% tariff on Canadian lumber under the International Emergency Economic Powers Act ("IEEPA"). These tariffs were announced on February 1, 2025, and have been paused on Canadian imports twice. It is unclear when these tariffs will be imposed or whether any materials will receive exemptions. The price uncertainty over lumber has depressed builder confidence, and

[23] Dustin Jalbert, *Does the US really need Canadian wood products supply?*, FASTMARKETS (Mar. 10, 2025), https://www.fastmarkets.com/insights/does-the-us-really-need-canadian-wood-products-supply/.
[24] *Id.*
[25] Jesse Wade, *U.S. Sawmill Production Capacity Constant in 2024*, EYE ON HOUSING (Mar. 19, 2025), https://eyeonhousing.org/2025/03/u-s-sawmill-production-capacity-constant-in-2024/.
[26] *Id.*
[27] *Id.*
[28] *Id.*

builders estimate that recent tariff actions would increase the price of a new home by $9,200,[29] pushing homeownership out of reach for more Americans.

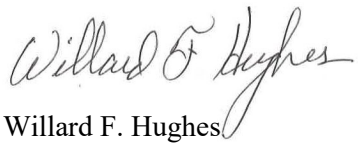
III. Conclusion

As discussed above, additional tariffs, quotas, or other trade restrictions will undermine national security by exacerbating an existing housing shortage. Without adequate housing, public health, education, workforce productivity, and economic stability all suffer.

Thank you for considering NAHB's comments. Home builders rely on a stable supply of affordable, high-quality, application-appropriate lumber to build America's housing. NAHB strongly urges the U.S. Department of Commerce not to impose any additional trade barriers which could aggravate the ongoing housing crisis. NAHB would be pleased to provide further information to Commerce.

Please direct any questions or requests for additional information to Mackenzie Payne, Staff Attorney (mpayne@nahb.org), Jesse Wade, Director, Tax & Trade Policy Analysis (jwade@nahb.org), or Alex Strong, Senior Director, Federal Legislative Affairs (astrong@nahb.org).

Best regards,



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[29] *Builder Confidence Falls on Cost Uncertainty* (Mar. 17, 2025), https://www.nahb.org/news-and-economics/press-releases/2025/03/builder-confidence-falls-on-cost-uncertainty.