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In Win for NAHB, Canadian Lumber Exempt from Trump's Global Reciprocal Tariffs

Material Costs

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President Trump on April 2 announced he will impose a 10% baseline tariff on all of America's trading partners, with the exception of Canada and Mexico, and elevated tariff rates on dozens of nations that will run as high as 50%. For example, the White House says South Korea charges an average tariff rate of 50% on U.S. goods and the U.S. will now charge a discounted reciprocal tariff rate of 25% on South Korean products entering the country.

The tariff exceptions for Canada and Mexico amount to a major win for NAHB, as Canada accounts for roughly 85% of all U.S. softwood lumber imports and accounts for nearly a quarter of the available supply in the U.S. Further exempting Mexican products is also a big win given major construction cost drivers such as gypsum, concrete and near-shored appliances.

In an official statement to the media, NAHB Chairman Buddy Hughes said:

“While the complexity of these reciprocal tariffs makes it hard to estimate the overall impact on housing, they will undoubtedly raise some construction costs. However, NAHB is pleased President Trump recognized the importance of critical construction inputs for housing and chose to continue current exemptions for Canadian and Mexican products, with a specific exemption for lumber from any new tariffs at this time.”

The fight isn't over on lumber given a current anti-dumping and anti-subsidy investigation by the Department of Commerce on Canadian lumber imports and the ongoing national security investigation into imported lumber and timber. But the fact that the president is not adding a reciprocal or baseline 10% tariff on Canadian lumber on top of existing tariffs is an important win. As of now, the Canadian lumber tariff rate remains at 14.5% but NAHB expects this rate will move higher later this year.

Moreover, while the lumber win is big, because of the complexity of the tariffs, manufacturers and suppliers will be impacted differently and builders should expect more volatility in pricing while companies work to understand and adjust to these new tariffs. NAHB will continue to advocate for lower tariffs on lumber and all other all building materials.

The Impact of Tariffs on Home Building

Tariffs on building materials act as a tax on American builders, home buyers and consumers. Builders estimate an average cost increase of \$9,200 per home due to recent tariff actions, according to the March 2025 NAHB/Wells Fargo Housing Market Index.

NAHB estimates that approximately 7.3% of all goods used in new residential construction originated from a foreign nation in 2024. The president's global action on tariffs, which will go into effect later this month, means that costs will rise for steel, aluminum, copper, home appliances and scores of other building materials sourced outside of the U.S.

A new single-family home on average requires \$174,155 worth of building materials for construction, with imports accounting for \$12,713 of the total building material cost. In the short run, building materials prices will become volatile as they are typically driven by price expectations, which have moved higher by recently announced tariffs. In the long run, tariffs will reduce the availability of building materials, resulting in higher prices.

The tariffs are not only expected to raise the cost of building materials – which are up 34% since December 2020, far higher than the rate of inflation – but also wreak havoc on the building material supply chain. In turn, this will put even more upward price pressure on building materials.

Also of note, the impact of the reciprocal tariffs is expected to hit suppliers and supply chains based in Asia especially hard. For example, while Trump has assessed a reciprocal tariff rate of 34% on Chinese goods entering the U.S., these new Chinese tariffs are on top of the already significant tariffs put in place during Trump's first term and continued through the Biden administration. The result is some product categories from China are now subject to duties in excess of 50%.

What is NAHB Doing?

For years, NAHB has been leading the fight against tariffs because of their detrimental effect on housing affordability. NAHB has taken several actions to roll back tariffs and to boost domestic production of softwood lumber:

- NAHB filed a comment letter on March 31 with the Department of Commerce arguing that housing is a critical component of national security and that no further lumber tariffs should be imposed in the name of national security.
- On March 5, NAHB Chairman Buddy Hughes met with senior staff of U.S. Trade Representative Jamieson Greer to discuss how tariffs on building materials will drive up the cost to construct homes and harm housing affordability.

- The day before, **Hughes spoke on the same topic** (<https://www.nahb.org/news-and-economics/press-releases/2025/03/5-key-supply-side-headwinds-hurt-housing-supply-nahb-tells-congress>), while testifying before the House Financial Services Subcommittee on Housing and Insurance regarding the need to increase America's housing supply.
- NAHB Chief Advocacy Officer Ken Wingert and Senior Federal Legislative Director Alex Strong met with Quebec Premier Francois Legault and other top Canadian officials on Feb. 11 at the Canadian Embassy in Washington. Wingert told Legault the U.S. needs Canadian lumber and that NAHB supports Canadian efforts to reach a new trade agreement between the two nations that is fair, equitable and would eliminate tariffs.
- NAHB sent a **letter to the White House** (<https://www.nahb.org/-/media/NAHB/advocacy/docs/letter-to-president-potential-tariffs-013125.pdf?rev=c6ba63727dfc46fa984b40b4825572ac&hash=B42E4062A8F8F236F0A1FD1EDF4DE727>) on Jan. 31 urging the president to exempt critical building materials from his proposed 25% tariffs on Canadian and Mexican goods.
- With NAHB's strong backing, the House in late January passed the **Fix our Forest Act** (<https://www.nahb.org/blog/2025/01/house-passes-forestry-bill>), legislation that would contribute to better forest management practices, help strengthen the nation's housing supply chain and promote affordable housing opportunities for all Americans.
- NAHB has been actively getting our message out to the media on the issue of tariffs. NAHB CEO Jim Tobin has been interviewed by several broadcast outlets including CBS News, CNN, Fox Business Network and Yahoo Finance TV. NAHB spokespeople have also been quoted in The Wall Street Journal, CNN, The New

York Times, CNBC, Barron's, Bloomberg, The Washington Post, Associated Press, Business Insider and other notable news organizations.

Moving forward, NAHB will continue working with all relevant stakeholders to roll back **tariffs on building materials** (<https://www.nahb.org/advocacy/top-priorities/building-materials-trade-policy/how-tariffs-impact-home-building>), boost sawmill production and increase the domestic supply of timber from federally owned lands in an environmentally responsible manner to help fix building material supply chains and ease costs.

[View the president's executive order on reciprocal tariffs](https://www.whitehouse.gov/presidential-actions/2025/04/regulating-imports-with-a-reciprocal-tariff-to-rectify-trade-practices-that-contribute-to-large-and-persistent-annual-united-states-goods-trade-deficits/)

(<https://www.whitehouse.gov/presidential-actions/2025/04/regulating-imports-with-a-reciprocal-tariff-to-rectify-trade-practices-that-contribute-to-large-and-persistent-annual-united-states-goods-trade-deficits/>).

[View the reciprocal tariff fact sheet](https://www.whitehouse.gov/fact-sheets/2025/04/fact-sheet-president-donald-j-trump-declares-national-emergency-to-increase-our-competitive-edge-protect-our-sovereignty-and-strengthen-our-national-and-economic-security/) (<https://www.whitehouse.gov/fact-sheets/2025/04/fact-sheet-president-donald-j-trump-declares-national-emergency-to-increase-our-competitive-edge-protect-our-sovereignty-and-strengthen-our-national-and-economic-security/>).

[View the reciprocal tariff breakdown for each nation](https://www.nahb.org/-/media/NAHB/advocacy/docs/top-priorities/tariff-breakdown.pdf?rev=33a7916bfb4d441db3a117bfbb680f93&hash=D5355EEEB9170189DC866171945D39E2)

(<https://www.nahb.org/-/media/NAHB/advocacy/docs/top-priorities/tariff-breakdown.pdf?rev=33a7916bfb4d441db3a117bfbb680f93&hash=D5355EEEB9170189DC866171945D39E2>).

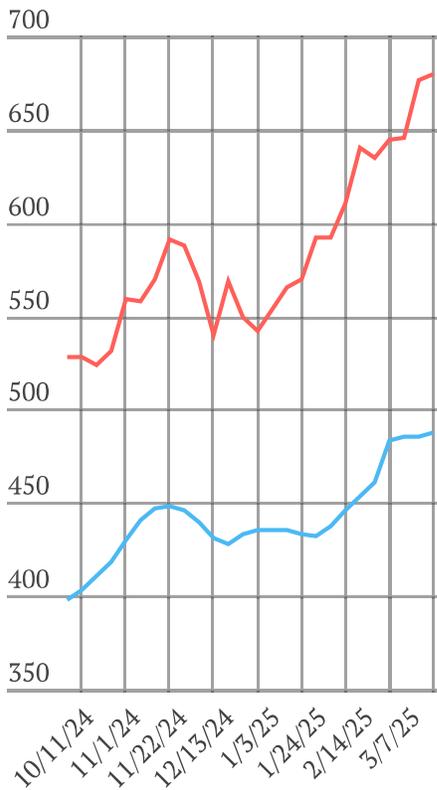
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