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BUSINESS • AUTOS

General Motors Is Still Making Cars for the U.S. Halfway Around the World

America's biggest carmaker invests \$600 million in South Korea and moves to full capacity despite Trump's tariffs

By Jiyong Sohn Following

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Chevrolet and Buick vehicles bound for export in Incheon, South Korea. SEONGJOON CHO/BLOOMBERG NEWS

Quick Summary

- GM greenlighted roughly \$600 million in new investments to boost South Korean production of subcompact SUVs for U.S. export.

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SEOUL—After President Trump's auto tariffs took effect a year ago, General Motors [GM 0.35%](#) ▲ pledged about \$5 billion in new U.S. investments to boost domestic production to more than two million vehicles a year. Chief

Executive Mary Barra has praised Trump's levies as a tool to level the playing field.

But the tariff math still works for GM to build plenty of vehicles halfway around the world in South Korea.

The biggest U.S. automaker by sales volume has greenlighted roughly \$600 million in new investments to bring Korean production back to full capacity of nearly half a million vehicles. Roughly 90% of the Chevrolet and Buick subcompact sport-utility vehicles made in South Korea get exported to the U.S., analysts say.

The current 15% U.S. tariff on South Korean autos alone adds roughly \$2,000 to the cost of each vehicle, according to HSBC estimates. That is a considerable hit because the base models of these vehicles start at around \$22,000 to \$32,000 in the U.S. and margins tend to be slim.

Yet GM's doubling down on South Korea shows that it still can be cost-effective to manufacture overseas in the era of Trump's tariffs. GM Korea directly employs roughly 12,000 workers and operates three factories in the country.

Companies such as GM are factoring in the sunk costs of existing infrastructure, established supply chains and a trained labor force that costs less, said Mike Tyndall, a senior global autos analyst at HSBC.

"It's pure economics," Tyndall said.

Cost savings

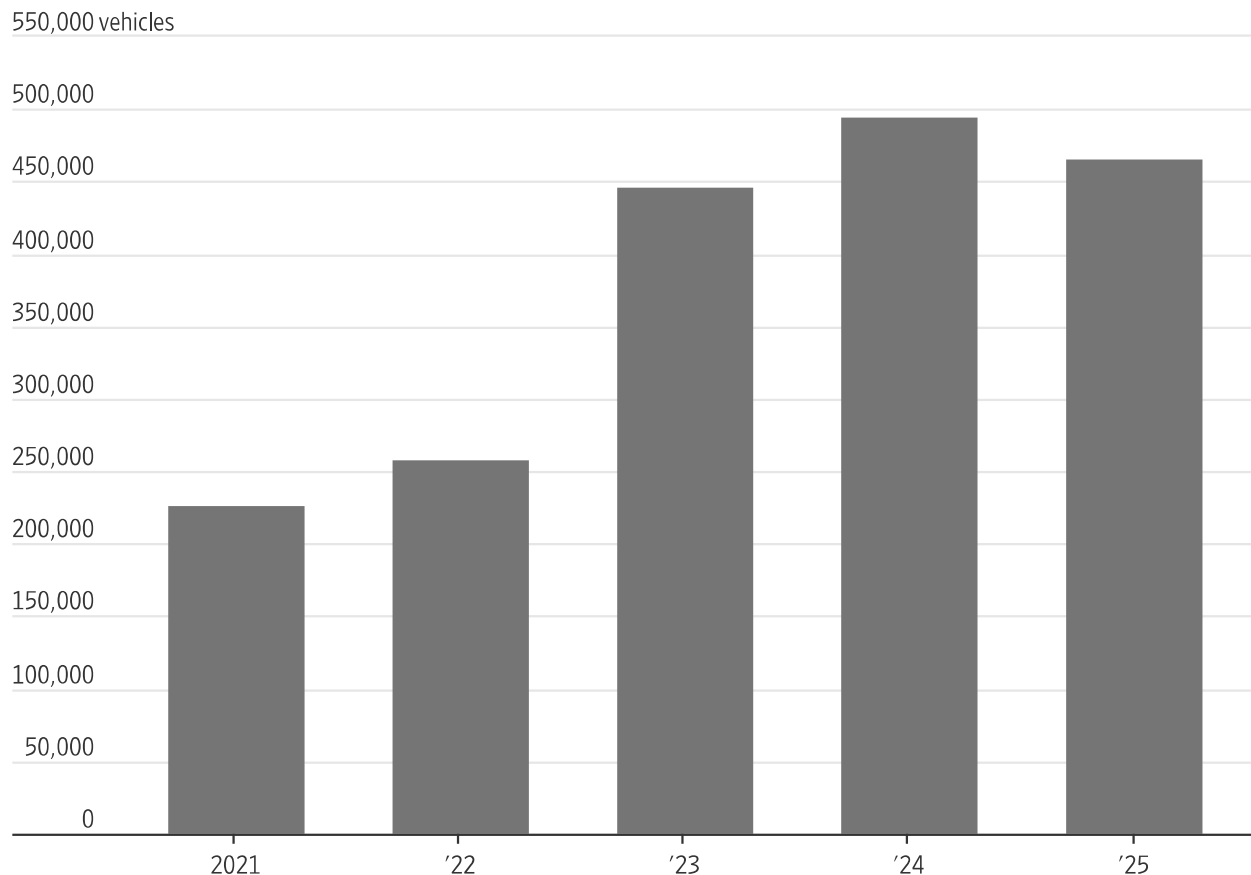
To be sure, auto giants including Honda Motor, Stellantis and Toyota Motor have pledged to shift foreign production to the U.S. or expand manufacturing at existing American facilities. The largest auto-exporting

countries, including Mexico, Japan and Germany, have seen year-over-year drops to vehicle shipments to the U.S. following tariff hits.

Despite a recent slowdown in sales and the threat of rising fuel prices, the U.S. market—the second-largest after China—remains the auto industry’s cash cow. It is powered by strong demand for luxury sedans, pickup trucks and large SUVs that net the biggest profits. The average price of a new car broke the \$50,000 barrier last fall, according to Kelley Blue Book.

The economics of production in South Korea still hold up for GM because some costs are lower and because U.S. factories can’t easily be repurposed for the smaller, entry-level Korean-made models. The four models made in the country are the Chevrolet Trax and Trailblazer, plus the Buick Envista and Encore GX. The Trax is GM’s least expensive U.S. vehicle.

GM production in South Korea



Source: S&P Global Mobility

GM's factories in the U.S. and Mexico are generally designed for larger vehicles. To move production to the U.S., an automaker like GM would often need to retool an existing American factory or build a new plant altogether.

Setting up the new production and getting the supply chain in order would likely require upfront investments of \$1 billion to \$3 billion, said Henner Lehne, who oversees global vehicle sales and production forecasts at S&P Global Mobility. Building a new plant typically takes two to four years plus another six to 12 months to increase to full capacity, he said.

Those starting costs alone translate to roughly \$1,500 to \$3,000 per vehicle in additional costs—similar to the amount of Trump's tariffs on the smaller Korean-made vehicles.

In addition, U.S. labor and overhead costs tend to be higher. S&P's Lehne estimates auto workers in the U.S. may earn \$30 to \$40 an hour, or up to \$60 an hour for some members of the United Auto Workers union. In South Korea, an auto worker's hourly wages, including base pay and bonuses, could range from \$20 to \$30.

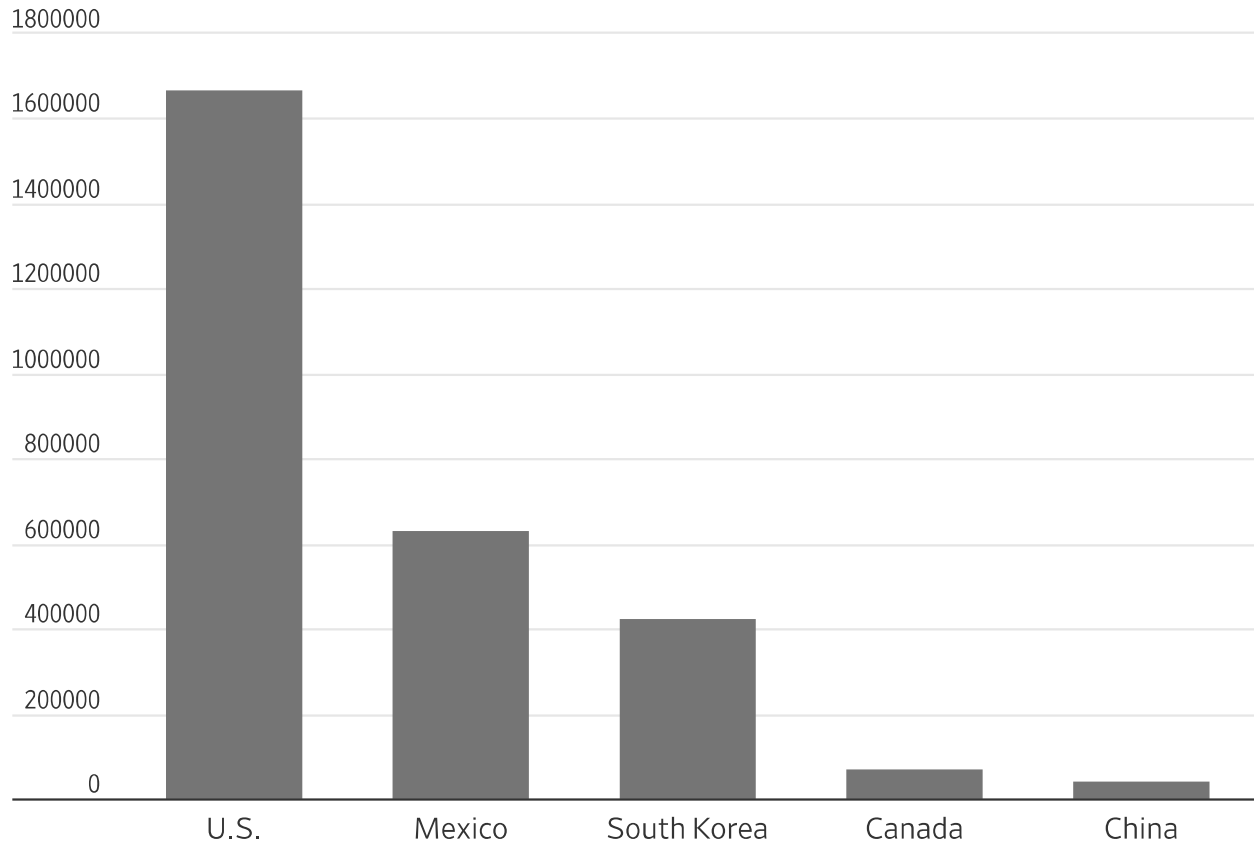
Tariff pain

South Korea, the home of Hyundai Motor and Kia, also offers a robust industry of auto parts-makers supplying components at competitive prices.

A GM spokeswoman said the company was the “growth engine of the U.S. automotive industry” and had invested \$60 billion over the past five years in American manufacturing, talent and research and development. The Korean operations specializing in compact vehicles augment GM's substantial North American manufacturing base and create an entry point to the company's brands, she said.

Such offerings can enable “future purchases of our North America-built vehicles,” she said.

Origin of GM vehicles sold in the U.S. in 2025



Note: Production origin at point of sale
 Source: S&P Global Mobility

GM estimates tariffs this year will cost it globally around \$3 billion to \$4 billion. The Detroit-based automaker makes roughly half of the vehicles it sells in the U.S. at its American factories. South Korean production represents about one-seventh of the cars GM sells in the U.S.

The impact of tariffs was felt deeply at GM Korea last year, according to a new filing with Korean authorities. Operating profit in 2025 fell by more than 60% from the prior year, to the equivalent of roughly \$332.2 million. Revenue fell 12% to roughly \$8.6 billion.

Last year, GM Korea’s production came to about 460,000 units, amid intermittent worker strikes during wage talks. Some in South Korea feared

GM would slash production or even pull out, but the two sides reached a deal in September that included higher compensation and incentives.

GM said its investments would establish South Korea as a global hub for small SUV production.

Appeared in the April 17, 2026, print edition as 'GM Sticks With Korea Plants Despite Tariffs'.

[Jiyoung Sohn](#) is a technology and business reporter for The Wall Street Journal's Seoul bureau. She writes about various industries including semiconductors, AI and smartphones as well as developments impacting the global tech supply chain. Jiyoung is a graduate of Yonsei University and...



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