

Vital Briefing—Tariff Insights

Ford, GM announce they expect massive tariff refunds, both raise 2026 guidance

By [Thomas Thompson](#)

Ford Motor Company and General Motors each announced on Wednesday, April 29, that they anticipate tariff refunds of \$1.3 billion and \$500 million, respectively, from the U.S. government.

The payments result from the Supreme Court's decision in February 2026 to overturn the International Economic Emergency Powers Act (IEEPA) tariffs. Although the actual payments are not likely to begin for another two months, the companies reported the refunds as first-quarter income.

Earnings guidance. GM revised its 2026 full-year guidance upward, [reporting](#) it expects a refund of half a billion dollars. The company still expects gross tariff costs of \$2.5 billion to \$3.5 billion for the year.

Ford [reported](#) it expects to book a \$1.3 billion IEEPA tariff refund in 2026. The carmaker says it faces a likely \$1 billion expense for tariffs this year.

The IEEPA tariffs had been the cornerstone of Trump's second-term international trade program. The Supreme Court found IEEPA does not provide the president with tariff authority, rendering IEEPA tariff collections illegal.

IEEPA tariffs were quickly replaced, in part, by temporary 10 percent "Section 122" tariffs, which have been challenged in

court by a state government and private business consortium very similar to the one that prevailed against the IEEPA tariffs.

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Section 122 tariffs refer to the section in the Trade Act of 1974 that authorizes tariffs to address balance of payments problems. The current Section 122 tariffs are set to expire in July 2026.

Reflecting current political realities, Ford said in its first-quarter full-year guidance to investors, "Moreover, our guidance has not factored in any new policy changes by the administration in the United States, including future or revised tariffs or related offsets, that have not been announced or tariffs or other policy changes that may

be announced by other governments after April 29, 2026."

Both automobile companies told investors in their full-year guidance that tariffs paid by their suppliers increase their costs for inputs.

Fed Watch. The Federal Reserve Open Market Committee (FOMC) announced on April 29 that it voted not to adjust the current federal funds target range, which is 3.5 percent to 3.75 percent. In the press release after their meeting, the Committee [noted](#) inflation remains "elevated, in part reflecting the recent increase in global energy prices" but did not mention tariffs.

The FOMC has frequently pointed to tariff policy as one of its concerns since Trump began raising tariff rates last February.

In his press conference after the FOMC vote on Wednesday, Fed Chairman Jerome Powell did point to tariffs, telling reporters, "Excluding the volatile food and energy categories, core PCE prices rose 3.2 percent over the 12 months ending in March. This relatively high rate largely reflects the effects of tariffs on prices in the goods sector." PCE refers to personal consumption expenditures, a price index published by the U.S. Bureau of Economic Analysis.

China meeting. Currently, most Chinese imports are tariffed at 10 percent, the

standard Section 122 rate, by the U.S. government.

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close to 40 percent on Chinese imports. There have been few signs from the White House that lower tariffs will be on the agenda when Trump meets with Chinese President Xi Jinping in May.

In mid-April, Trump threatened 50 percent tariffs on imports from countries, including specifically China, which supply military goods to Iran.

On April 21, when Bloomberg and other news outlets reported that they had learned from intelligence sources that the U.S. had intercepted a shipment of anti-aircraft missiles on its way to Iran, the president shrugged it off in an interview on CNBC saying all the reports were fake. Observers speculate that the U.S. is avoiding confrontation with China in the run-up to the Trump-Xi summit.

Ryan Hass, director of the China Center at the Brookings Institution, told Bloomberg in an email, “Beijing is more focused on sustaining an uneasy calm in US-China relations,” and “Trump wants to demonstrate he has relations with China under control, particularly when the situation with Iran and elsewhere feels out of control.”

China transformed. In the meantime, The Economist reported the results of a study it

conducted showing China winning the tariff war that Trump started in an April 21 article titled, “Why China’s exports will keep on rising.”

“To understand China’s standout performance, The Economist has scraped and analysed millions of lines of trade data, each describing exports of a particular product to a specific country in an individual month,” according to the article, assuring that it properly accounted for tariff avoidance in the results. In this case, tariff avoidance is characterized by producers exporting from a high-tariffed country to a lower-tariffed country — from which the goods are then exported to the U.S.

The Economist reports that while exports from China to the U.S. fell \$100 billion in 2025 from the previous year, a 20 percent decline, Chinese exports to the rest of the world rose \$300 billion, more than offsetting its losses in the U.S. market.

The magazine attributes much of China’s export growth to increased trade in intermediate goods, supplying tools and machinery to manufacturers in Vietnam, India and Thailand. Quoting the McKinsey Global Institute, The Economist says China is becoming a “factory to the factories.”