



Wheels of Merlot-soaked Parmesan age in a cheese cave at the Sartori Company in Wisconsin. Narayan Mahon for The New York Times

Trump's Trade War Could Shut Cheesemakers Out of Foreign Markets

With other countries raising tariffs to American products and signing trade deals without the United States, the American cheesemaker is increasingly standing alone.

By [Ana Swanson](#)

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PLYMOUTH, Wis. — It's a common observation here that you can't turn off the cows — not for Christmas, and not for a trade war.

So as President Trump's aggressive trade measures prompt other countries to retaliate with barriers to American goods, dairy farmers and cheesemakers in the rolling, bright green hills of Wisconsin are growing anxious about what will happen to all of the milk and cheese they churn out and typically sell overseas.

"If export markets get shut off, I could see us getting to the point where we're dumping our milk in the fields," said Jeff Schwager, the president of Sartori Company, which has produced cheese in a nearby town for generations with milk it purchases from more than 100 dairy farms throughout Wisconsin. "It'll

be a big ripple effect through the state.”

Mr. Trump has set off trade clashes with countries around the world, demanding new trade agreements and slapping tariffs on allies to reset what he says are deeply unfair terms that hurt American companies and workers. He has singled out certain American industries that he says are at a global disadvantage, including automobiles and dairy — which led to a public spat between Mr. Trump and the Canadian prime minister Justin Trudeau over Canada’s dairy tariffs.

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The president’s trade approach stems from his campaign promise to revive American industry, particularly manufacturing, by putting “America First.” That promise helped propel Mr. Trump into office. But the ramifications of the president’s protectionist approach are beginning to be felt in the towns and counties that elected him, as the downsides become more evident than any upside.



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For domestic cheesemakers like Sartori, Mr. Trump’s approach has further tilted the global playing field against American manufacturers, giving them an even steeper climb in an increasingly competitive global economy.

[Another Wisconsin company, Harley-Davidson, is feeling the impact of tariffs. It says it will make more motorcycles outside the United States.]

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The dairy industry now faces substantial tariffs on products it exports as Mexico, Canada and other countries retaliate against Mr. Trump's steel and aluminum tariffs. American exporters also fear that they could lose access to Canada and Mexico if the president goes ahead with his threat to withdraw from the North American Free Trade Agreement. And they are finding themselves at an increasing disadvantage as other countries move ahead with trade agreements that grant each other freer access to their markets while Mr. Trump further isolates the United States.

It was counties like Sheboygan, where Plymouth is located, that helped sweep Mr. Trump into the White House, and many people in Plymouth are still staunch supporters of the president. But many differ with his negative views of global trade, which has generally been good for the dairy industry.

Nafta, which the president often calls the worst trade deal ever, has given the industry a valuable foothold in Mexico. That country is now America's largest export market for cheese, absorbing more than a quarter of all the cheese that leaves the United States. Dairy farmers and cheesemakers generally supported the Trans-Pacific Partnership, a 12-nation pact Mr. Trump [withdrew from in his first days in office](#), which would have opened up valuable new markets, including Japan.

A cheesemaker adding salt to cheese curds. Exports represent about 10 percent of Sartori's revenue, but are its fastest growing segment. Narayan Mahon for The New York Times

They have watched woefully as other countries move ahead without the United States, signing trade agreements that cut barriers to each other's markets and put American producers at a competitive disadvantage. The [European Union in April signed a deal with Mexico](#) that is expected to slash tariffs on European dairy and offer further protections for European cheese names like feta, muenster, fontina and Parmesan, blocking American companies from using those labels.

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At a Sartori factory in Plymouth, giant mixers revolve over long silver vats,

blending cheese curds with salt. At another plant just across the railroad tracks, workers in white coats and yellow rubber boots infuse cheese wheels the size of dinner plates with Merlot wine and black pepper, and set them up to age on large racks.

The Sartori company, which employs roughly 500 workers in the state, earns just one-tenth of its revenue from exports to 49 countries of cheese like Parmesan, Cheddar, asiago, Gorgonzola, Romano and fontina. But its exports to foreign markets are the company's fastest growing segment and the one where it sees the most opportunity.

That equation changes dramatically when tariffs are factored in. Sartori, which sells its cheeses to retail stores and fast casual restaurant chains in Mexico, now faces a 15 percent tariff on its exports, which will rise to 25 percent on July 5, in retaliation for Mr. Trump's levies on global metal. The price increase is enough that the company's customers, including restaurant chains, are looking at signing contracts with Sartori's European competitors.

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Locals believe that the retaliatory tariffs are aimed at Wisconsin because of its political significance. The state voted for Mr. Trump and is also home to Representative Paul D. Ryan, the House speaker. Wisconsin products targeted for retaliatory tariffs by the European Union, Mexico and China include Harley-

Davidsons, cranberries, ginseng and apples.

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Mr. Trump's skepticism about trade is leaving the Wisconsin dairy industry behind in other ways beyond retaliatory tariffs. Rather than rewriting trade deals in America's favor, Mr. Trump has mostly withdrawn from agreements his predecessors were negotiating — leaving other countries to set the terms of trade.

That has given Sartori's international rivals an advantage, especially cheesemakers in the European Union, who are carving out protections for specific cheeses in their trade agreements.

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Just like Champagne can technically only come from France, the European Union has striven to enshrine so-called “geographic indications” for its cheeses. Under these rules, a cheese must be made in Greece to be labeled “feta.” Parmesan must be made near Parma, Italy, and asiago must be crafted near its eponymous Italian village. As the Europeans sign agreements with countries like South Korea, Vietnam and Canada, they are locking American cheese producers out of using these names.

That poses a particular problem for Sartori, a company run by an Italian family that immigrated to America and specializes in Parmesan, Romano and asiago. Jim Sartori, the company’s chief executive, traces the company’s heritage back to his grandfather, who came from a small town near Asiago, Italy.

“We make much more than they ever made in the little town of Asiago,” Mr. Sartori said.

The European Union incorporated some of these restrictions into a new trade pact it signed with Japan last July, as well as a new agreement with Canada that went into effect last September. Its trade pact with Mexico is expected to expand similar protections. And on June 18, the Europeans announced they would proceed with another trade agreement with Australia.

Mr. Schwager says these agreements create confusion for customers and tremendous expense for his company, which must market its cheeses under different names. In Mexico, because of ongoing litigation, it must now sell its asiago as “Santiago,” a change Mr. Schwager says has led to a roughly 30 percent drop in revenue from Mexico in the last 90 days.

“The consumer doesn’t know what this is,” Mr. Schwager says. “We can’t even put ‘used to be called asiago’ on the label.”

American cheesemakers are particularly chafing at the prospect of restrictions in Mexico, where the United States was one of the earliest suppliers.

“The Italians did not build the markets here for their cheese,” said Jaime Castaneda, senior vice president of trade policy at the U.S. Dairy Export Council. “We built the markets for Italian cheeses in Mexico.”

But the president's aggressive style has its supporters. A few miles out of town, past soybean fields and empty asphalt roads, Scott Ditter, a dairy farmer who sent milk from his cows to the Sartori factory that morning, defended the president's actions. Mr. Trump was "really standing up for agriculture as a whole," Mr. Ditter said.

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The week before, the president had clashed with Mr. Trudeau, in part over Canada's tight restrictions on imports of American dairy. Canada uses a supply management system for dairy and other agricultural products, which sets

quotas for farmers' production to keep their prices high. And it charges high levies on American milk to keep it from flooding the Canadian market — a fact that has long rankled Wisconsin farmers, and now the president.

“Canada charges the U.S. a 270% tariff on Dairy Products!” Mr. Trump [said on Twitter](#) on June 8. “They didn’t tell you that, did they? Not fair to our farmers!”

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Mr. Ditter said that Mr. Trump had the back of Wisconsin dairy farmers and that the president’s tariff threats were an effort to ultimately negotiate lower tariffs for American businesses.

“Maybe it’ll get the attention of these other countries,” Mr. Ditter said, as he stood in his field alongside a dozen dairy cows, each christened by his wife and their granddaughter with names like Julep, Chandelier, Thunder and Magic.

Mr. Ditter acknowledged that the retaliatory tariffs that Mexico put in place would probably hurt the Sartori Company as well as his farm, but said that he would adjust.

“Sometimes you have to suffer a little to get what you want,” he said. “To me, it ain’t mean. I think it’s just business.”

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But cheesemakers like Mr. Schwager are not sure that the suffering will be worth it, particularly if other countries gain an advantage in selling to emerging markets. In countries like China, many in the middle and upper class are just beginning to eat cheese, and demand could skyrocket in coming years.

“I’ll give the E.U. a lot of credit,” Mr. Schwager says. “They’re trying to win the trade war long term.” Meanwhile, he adds, “we’re having to play with one arm tied behind our back.”

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