



Novo Nordisk Announces Expansion in Johnston County 1:27



JOHNSTON COUNTY

Novo Nordisk to build new Clayton plant, create 691 jobs

BY JOHN HAMLIN
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CLAYTON — Danish drugmaker Novo Nordisk announced Wednesday that it plans to make one of largest economic investments in the state in recent memory, spending up to \$1.85 billion to build a second manufacturing plant near Clayton.

The project will result in the creation of 691 new, high-paying jobs over the next five years and will nearly double the size of the company’s workforce in Johnston County.

It also reinforces Johnston County’s reputation as a center for biomanufacturing and comes just seven months after Hospira announced that it would close its 250-worker drug plant in the county.

Clayton primarily competed for the expansion against Novo Nordisk locations in Massachusetts and New Jersey, where the company has its U.S. headquarters, said Jesper Høiland, president of U.S. operations. The decision came down to the strong partnership Novo Nordisk has formed with state and local leaders, he said, and the quality and stability of the local workforce.

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“For us, the future hub has been decided to be here in Clayton,” Høiland said at a news conference at Novo Nordisk’s existing facility. The company was also lured to Clayton by sizable state and local incentives packages.

The state is chipping in \$18.6 million. The bulk of that money, \$15.9 million, is a Job Development Investment Grant that will be paid for over a 12-year period and is contingent on the company meeting hiring and investment goals.

Novo Nordisk's project is the single-largest capital investment in the history of the JDIG program, Gov. Pat McCrory said, and it signifies an advance in the way North Carolina thinks about economic development.

"We used to spend most of our time recruiting outside companies to come to North Carolina," McCrory said. "But if you build relationships with the existing companies that are already here, you get them to grow, and you get a bigger bang for the buck."

Over the next 15 years, Johnston County has agreed to give the company back \$94 million of the tax revenue it will create. Adjusted for the returned revenue, the county will still reap tax revenues equivalent to a \$400 million project undertaken without incentives, said Chris Johnson, director of Johnston County Economic Development.

The town of Clayton knocked about \$2 million off Novo Nordisk's building inspection fee and has agreed to pursue grant funds so it can build a new regional wastewater treatment plant.

Despite the reduced fees and returned revenue, the project is expected to have a massive economic impact in Johnston County.

It will take five years to build the 200,000-square-foot facility, and the company expects to generate 2,000 construction jobs in the process. Once production begins in 2020, the new plant will create nearly 700 production and engineering jobs paying an average wage of \$68,420. That's almost double Johnston's \$34,448 average wage.

For Johnston County officials, it also capped six months of negotiations with Novo Nordisk executives.

"This is exhilarating, and it's wonderful, and it's really an answer to prayer," said Clayton Mayor Jody McCloud. "We've prayed a lot about this."

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Until now, the world's largest insulin maker has used its global facilities, including the existing plant in Clayton, only to process drugs into finished products, such as insulin pens. Novo Nordisk considered locating the new plant in Denmark, Høiland said, but settled on the United States because it is by far the company's largest market for diabetes drugs.

The company also announced Wednesday that it is entering the next phase of developing what could be a revolutionary new drug – a once-daily oral tablet to treat type 2 diabetes. The drug is known as an oral semaglutide, and it is designed to mimic the GLP-1 hormone to stimulate insulin production. Currently, the treatment is only available through an injection.

Novo Nordisk is building the Clayton plant with production of that new drug in mind, along with a range of its other existing and future products. The company said Wednesday that the new Clayton plant, along with a new facility in Denmark, will enable it to meet demand for its diabetes products well into the next decade.

Staff writer John Murawski contributed.

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NOVO NORDISK

Headquarters: Copenhagen, Denmark

Business: The world's largest maker of insulin. Other products focus on hemophilia care, growth hormone therapy and hormone replacement therapy.

Employees: More than 40,000 in 77 countries, including 719 in Clayton

Established: 1923



Gary Lohr, U.S. API Project Director, Site Support, with Novo Nordisk, left, greets, from center left, Clayton mayor Jody McLeod, Mayor Pro Tem Michael Grannis and councilman Bob Satterfield before a special joint meeting of the Johnston County Board of Commissioners and the Clayton Town Council at the Johnston County Workforce Development Center Wednesday, Aug. 26, 2015. N.C. officials awarded an incentives package to Novo Nordisk, which plans to construct a new plant in Johnston County that is expected to eventually employ 691 people. The Danish drugmaker plans to invest \$1.85 billion in the facility near Clayton. **Ethan Hyman** - ehyman@newsobserver.com

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