



ECONOMIC DEVELOPMENT
PARTNERSHIP OF NORTH CAROLINA

2017

NORTH CAROLINA FOOD PROCESSING INDUSTRY

OUR HOME IS YOUR HOME FOR BUSINESS

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INVEST IN NORTH CAROLINA

North Carolina has a robust food supply chain spanning crop production, food processing, packaging, and product distribution. The state's 49,500 farms produce a diverse selection of crops ranging from strawberries and sweet potatoes to hogs and trout. North Carolina's abundant resources and business friendly environment help food manufacturing companies flourish. North Carolina boasts the fastest growing large economy in the U.S. and consistently ranks among the top five in internationally-recognized business environment rankings.

With more than 10 million residents, North Carolina is the 9th largest state in the U.S. North Carolina's low cost of living and highly-skilled workforce further contribute to its favorable business environment. Advantages of doing business in North Carolina include:

- Convenient market access
- Business-friendly environment
- Skilled labor force
- Top-ranked industry support
- Exceptional quality of life

Consider **North Carolina** for your next trade or investment decision, and find out why **Nothing Compares.**

“North Carolina is a great place to live and work, and we are delighted to contribute to the growth of this region.”

-Tim Schellpeper
President, Smithfield Farmland



NORTH CAROLINA'S FOOD PROCESSING ADVANTAGE

North Carolina's winning combination of location, workforce, business-friendly environment, and existing industry strength make it a leading destination for food manufacturing companies. The state is home to 990+ food and beverage manufacturing establishments that employ nearly 60,000 people.

Prominent industry support organizations such as the North Carolina Food Manufacturing Task Force, The North Carolina Department of Agriculture & Consumer Services, and the North Carolina Research Campus help connect food and agricultural companies with the resources they need to succeed.



2nd Largest Food & Beverage Industry

North Carolina's statewide food and beverage processing industry generated \$16.3 billion of the state's GDP in 2015, making it the second-largest in the U.S.



990+ Establishments

North Carolina is home to 990+ food and beverage manufacturing establishments.



Top Companies

18 of the 50 largest food and beverage companies in North America have operations in North Carolina.



7% Industry Growth

North Carolina's food and beverage manufacturing industry has grown 7% since 2012.

Food Processing & Manufacturing Task Force

Established in 2015, the North Carolina Food Processing & Manufacturing Initiative promotes food and beverage manufacturing in the state through targeted recruitment and existing industry support. The initiative's goal is to expand North Carolina's food and beverage manufacturing industry by 38,000 jobs and \$10.3 billion in annual economic output by 2020. A 35-member task force made up of experts in food manufacturing, agriculture, research, and agribusiness works to catalyze food and beverage manufacturing growth in the state.



3rd Largest Animal Processing Cluster in the U.S.

Animal processing and manufacturing industry leaders such as Smithfield and Tyson Foods have found success operating in North Carolina's business friendly environment.

Growing Beverage Manufacturing Sector

North Carolina's beverage manufacturing sector has grown 33% in the last five years. The state has become a hub for craft breweries.

Snack & Other Food Manufacturing

North Carolina has the 3rd fastest growing confectionery product cluster in the U.S., contributing to an already robust snack food sector.

Packaging & Distribution

North Carolina is home to a wide range of packaging and distribution companies that support the state's food processing industry.





UNMATCHED BUSINESS ENVIRONMENT

#1

Top Competitive State

- Site Selection (2016 Prosperity Cup)

#1

Lowest State & Local Business Tax Burden in the U.S.

- Ernst & Young (2016)

#2

Best State for Business

- Forbes (2016)

#3

Most Competitive Labor Environment

- Area Development (2015)

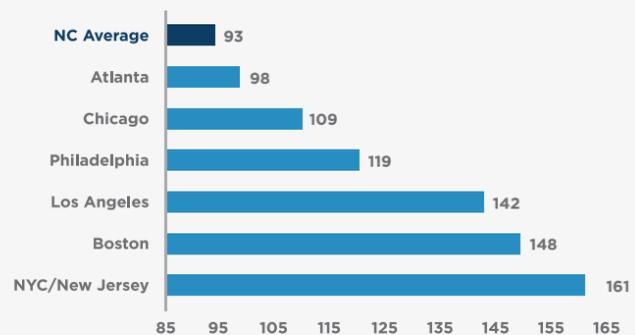
Highly Skilled Workforce

North Carolina offers one of the nation's most renowned education systems, supplying companies a pipeline of skilled workers

- **53 colleges and universities**, including three Tier 1 research universities
- Nationally recognized, **58-campus community college system**
- **108,000+ post-secondary degrees** awarded in 2014
- **460,000+ manufacturing employees**

Low Cost of Living

The cost of living in North Carolina's major metropolitan areas is up to **42% less than in other food processing hubs.**



Index (100 = National Average)

Source: Council for Community and Economic Research

Low Construction Costs

Average construction costs in North Carolina's metropolitan areas are **up to 16% below the national average.**

Source: RSMeans

Low Electricity Costs

North Carolina's electricity costs run nearly **6% below the national average.**

Source: U.S. Energy Information Administration

Taxes

Corporate Income Tax

3.0%

North Carolina has the lowest corporate income tax rate in the U.S. (of states that levy the tax). North Carolina will fully phase in single sales factor apportionment in 2018.

Personal Income Tax

5.499%

(flat rate)

The standard deduction is \$17,500 for married couples, \$14,000 for heads of household, and \$8,750 for single taxpayers.

Sales & Use Tax

6.75% - 7.50%

The statewide sales tax is 4.75%. Counties levy an additional 2-2.75%. North Carolina also has exemptions for manufacturing companies.

Property Tax

The state does not levy property tax.

Real and personal property is taxed by local governments.

North Carolina has exemptions for inventories and recycling.

Incentives

Targeted, performance-based incentive programs complement North Carolina's competitive business cost structure. The Economic Development Partnership of North Carolina helps companies navigate the incentive process.

Job Development Investment Grant (JDIG)

JDIG is a performance-based, discretionary incentive program that provides cash grants to new and expanding businesses to help offset the cost of locating or expanding a business facility in North Carolina. Companies can qualify for a JDIG based on the project location, number of jobs, and average wage. The grant amount is based on a percentage of the personal income tax withholdings associated with the new jobs. A company can use JDIG funds for any purpose.

One North Carolina Fund (One NC)

One NC is a discretionary cash-grant program that allows the Governor to respond quickly to competitive job-creation projects. The local government must provide an incentive to match the One NC funding. Awards are based on the number of jobs created, level of investment, location of the project, economic impact of the project, and the importance of the project to the state and region. Awards may be used for installation or purchase of equipment, structural repairs and renovations, and construction or improvements to utility lines and associated equipment in new or existing buildings.

Public Infrastructure & Transportation Programs

North Carolina offers a number of different programs to fund public infrastructure development, including:

- Community Development Block Grant Economic Development Program
- Utility Account
- Rural Division's Economic Infrastructure Program
- NC Department of Transportation's Rail Industrial Access Program
- NC Department of Commerce & NC Department of Transportation's Joint Economic Development Program

Building Reuse Programs

North Carolina offers two different programs that provide grants to renovate and upfit vacant industrial and commercial buildings including:

- Community Development Block Grant Building Reuse Program
- Rural Division's Building Reuse Program

Other Incentive Programs

- NCWorks Customized Training Program
- Foreign Trade Zones
- Golden LEAF Foundation Grants
- Recycling Business Development Award Grants
- Building Demolition Programs

SKILLED WORKFORCE & INDUSTRY SUPPORT

North Carolina has the largest manufacturing workforce in the Southeast with 460,000+ workers. Of these employees, 60,000+ North Carolinians work in the state's food and beverage manufacturing industry.

Educational institutions such as NC State University, NC A&T State University, and the North Carolina Community College System support North Carolina's thriving food and agribusiness industry with a pipeline of highly skilled workers. Programs and organizations such as the North Carolina Food Manufacturing Task Force, the North Carolina Department of Agriculture and Food Services, and the North Carolina Research Campus connect food manufacturing businesses with the resources they need to succeed.



Industry Support

North Carolina Department of Agriculture and Consumer Services (NCDA&CS) The NCDA&CS operates research and support facilities across the state. The organization provides agribusiness development services for food-related businesses. The in-house Food & Drug Protection Division meets with prospective and existing companies to explain, review, and plan for regulations.

NC Cooperative Extension NC State University and NC A&T State University support agricultural extension services across the state. Agricultural specialists assist with in-field research and provide educational programs and research-based information to both the agricultural community and the general public.

North Carolina Research Campus (NCRC) NCRC is a public-private partnership between corporations, universities and healthcare organizations to conduct research and product development at the intersection of human health, nutrition, and agriculture.

NC A&T State University's Center for Excellence in Post-Harvest Technologies (CEPHT) CEPHT fosters interdisciplinary research in post-harvest technologies such as functional food R&D, shelf-life extension, food packaging, and food process engineering.

NC State University's Entrepreneurial Initiative for Food (ei4F) ei4F works with small business owners and prospective entrepreneurs to manufacture and process quality food products safely. The program partners with shared-use commercial kitchens, food incubators, and private sector co-packers.



[North Carolina] was chosen because of the **available outstanding workforce** [and] the **lifestyle and amenities afforded by the community...**

*Jack Carlson,
Vice President, Sysco*



Universities Undergraduate and Graduate Degrees

Elite higher education institutions across the state support North Carolina's workforce.

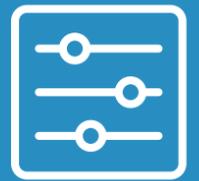
North Carolina has 53 colleges and universities. The state's three Tier 1 research universities: North Carolina State University, Duke University, and the University of North Carolina at Chapel Hill, are at the cutting edge of education and R&D. North Carolina State University's College of Agriculture & Life Science houses 19 different departments that focus on various food and agricultural specialties, including the Department of Food, Bioprocessing & Nutrition Sciences and the Department of Biological & Agricultural Engineering. North Carolina A&T State University offers relevant programs in livestock production, horticulture, sustainable agriculture, and agroforestry. The university also sponsors the Center for Environmental Farming.



Community Colleges Vocational Degrees

Pioneering the nation's most advanced programs in vocational and technical education.

The North Carolina Community College System (NCCCS) offers some of the most comprehensive and advanced vocational and technical programs in the U.S. More than 800,000 students enroll at one of NCCCS's 58 campuses each year. NCCCS offers degrees and certificates relevant to the food processing industry such as food science & technology, foodservice technology, applied animal science technology, and horticulture technology to name a few.



NCWorks Customized Training Programs

Providing customized training and recruiting services for North Carolina businesses.

The North Carolina Department of Commerce and The North Carolina Community College System (NCCCS) developed NCWorks, a free, customized job training and recruiting program for new and expanding businesses. NCWorks offers comprehensive training via NCCCS's extensive catalog of programs as well as customized curricula tailored to address the specific needs of local business and industry. In fact, NCWorks has trained nearly 37,000 employees from 861 companies across the state.

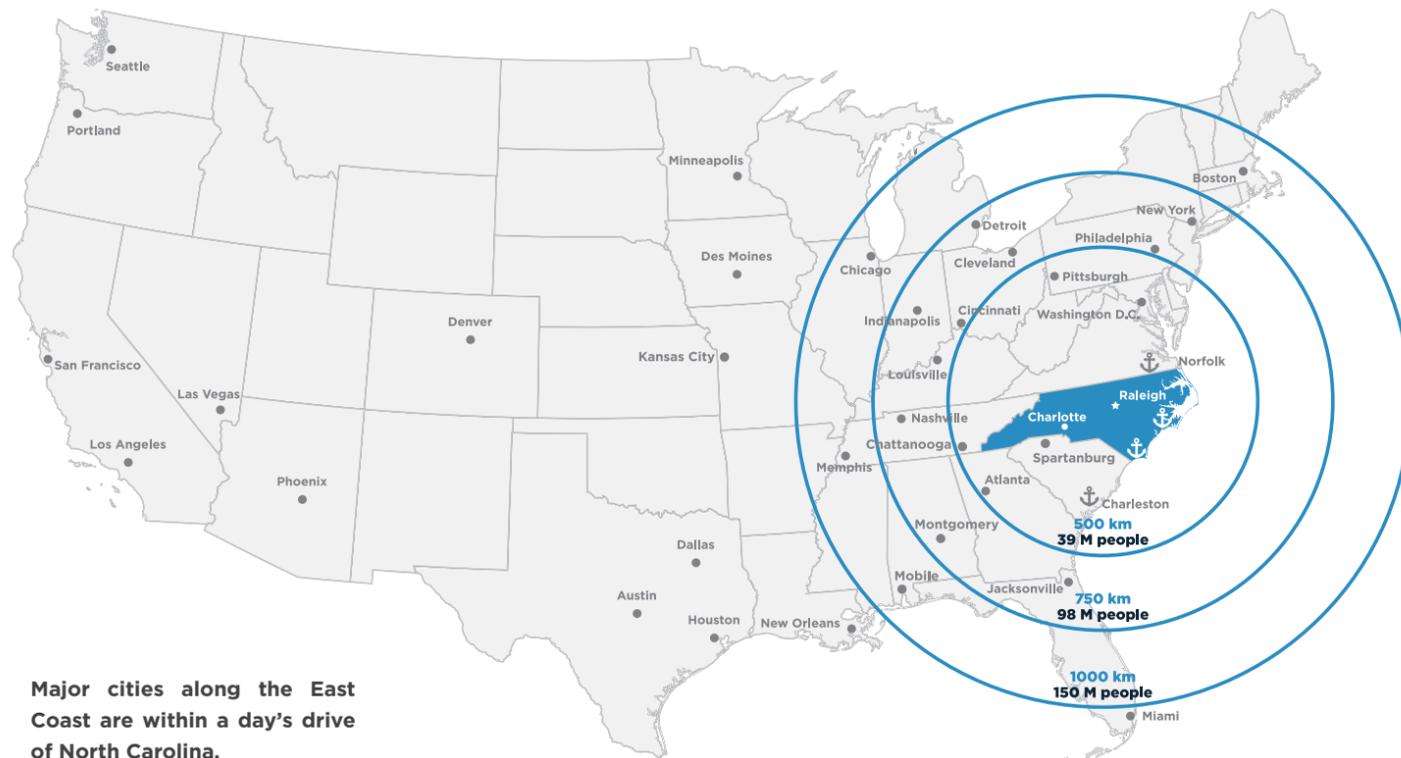
MARKET ACCESS & TRANSPORTATION INFRASTRUCTURE

North Carolina's robust transportation infrastructure enables companies to domestic and international markets. Ten airports offer commercial services, including four international airports that connect North Carolina to major cities in the U.S. and abroad. North Carolina also has the second largest state-owned highway system and

major controlled-access arteries such as I-95 (running the length of the East Coast), I-85, and I-40 (running from N.C. to California). Two deepwater seaports and an integrated rail system ensure that North Carolina companies can reach connected to suppliers and customers.

North Carolina was chosen for the **location**, for the **utility and transportation advantages**, and the state contains an exceptional workforce. In addition, we can service our customer base quicker and provide more **cost-effective transportation**.

Gerardo Muraira,
Operations Director, Nutec Group



ROADS

Second-largest state-owned highway system

North Carolina's roads stretch for more than 90,000 miles (145,000 km). The state's central East Coast location offers easy access to the country's most important transportation corridors.

Major controlled-access arteries include:

- I-95, running the length of the East Coast
- I-40, linking North Carolina to California
- I-85, stretching through the manufacturing heart of the Southeast

PORTS

Two deepwater seaports in-state

North Carolina's ports offer fast turn times and capacity for ships carrying up to 7,000 TEUs (soon to be 10,000 TEUs). Inland terminals in Charlotte and Greensboro provide easy market access. North Carolina companies also enjoy easy access to the Port of Norfolk and the Port of Charleston.

Port of Wilmington

- General cargo and bulk handling facility
- Inside harbor channel depth of 42 feet M.L.L.W.
- 101,000 square-foot on-terminal cold storage facility

Port of Morehead City

- Container and general cargo operations
- Inside-harbor channel depth of 45 feet M.L.L.W.

AIR

The world's sixth-busiest airport is located in Charlotte

Ten airports offer commercial services, including four international airports that provide easy access to global markets. International airports include:

- Charlotte-Douglas International Airport (CLT)
- Piedmont Triad International Airport (GSO)
- Raleigh-Durham International Airport (RDU)
- Wilmington International Airport (ILM)

RAIL

Largest consolidated rail system in the country

North Carolina has more than 3,200 miles (5,100km) of track. Two class 1 carriers, CSX Transportation (CSX) and Norfolk Southern (NS), offer direct service to North American markets and intermodal container service to major East Coast ports.

- Intermodal terminals in Charlotte (NS, CSX), Greensboro (NS), and Rocky Mount (CSX)
- Major classification yards in Lexington (NS) and Hamlet (CSX)
- Direct intermodal service from Port of Wilmington to CSX terminal in Charlotte
- 19 regional railroads, including four that connect to both NS and CSX railroads



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