



# THE PERFECT MIX

FOR FOOD AND BEVERAGE PROCESSORS

#### THE BIG PICTURE

Skilled workers, low utility costs, great market access and more support the state's technology-driven food processing industry.

**Page 2**

#### BEER: MICRO TO MACRO

North Carolina boasts the largest number of craft breweries in the South, including some industry giants.

**Page 9**

#### THE SWEET SPOT

One of Japan's largest confectioners has opened its first U.S. plant in North Carolina, part of its campaign to create a candy crush on its products in the U.S.

**Page 13**

#### CUTTING EDGE YET TRADITIONAL

Brooklyn-based Acme Smoked Fish has opened the nation's largest cold smoked salmon facility in North Carolina, which uses advanced technology to meet the highest standards.

**Page 15**

#### A TASTY YAM VODKA

A patented process that turns a local sweet potato into a prize-winning vodka is one example of profitable partnerships between North Carolina's research and business communities.

**Page 17**

# NORTH CAROLINA FOCUSES ON FOOD

BY **DAVID PHILLIPS**

**WHEN FOOD AND BEVERAGE** manufacturers scan the horizon to site a new facility or to set up a headquarters, the state of North Carolina tends to come into focus.

North Carolina is already home to more than 955 food and beverage manufacturing establishments, including operations of 18 of the 50 largest food and beverage companies in North America. Nonetheless, the state is keen on supporting and recruiting more of them.

In 2015, North Carolina Gov. Pat McCrory created a 35-member task force representing expertise in food manufacturing, agriculture, academia and agribusiness to help bring about

substantial growth in the state's food and beverage manufacturing industry.

The task force, which issued its final report earlier this year, evolved from a 2014 economic feasibility study commissioned by the state's General Assembly. The study outlined steps the state could take to "catalyze" growth in food and beverage processing, particularly of locally grown crops, in ways that could create 38,000 jobs and boost the state's economic output by \$10.3 billion annually by 2020.

For a place that already has a robust food industry, such five-year growth might seem ambitious. But state officials say it can be done,

## #1

### Top Competitive State

- Site Selection (2016 Prosperity Cup)

## #2

### Best State for Business

- Forbes (2015)

## #3

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

- Ernst & Young (2015)

## #3

### Best State for Business

- Chief Executive (2016)

### Low Construction Costs

Average construction costs in North Carolina's metropolitan areas are **18% below the national average.**

Source: RSMears

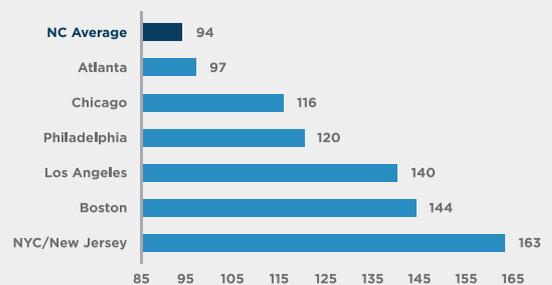
### Low Electricity Costs

North Carolina's electricity costs run nearly **9% below the national average.**

Source: U.S. Energy Information Administration

### 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

### Learn Why Nothing Compares to North Carolina

To start your company's expansion or relocation search in North Carolina, contact:

#### Economic Development Partnership of North Carolina

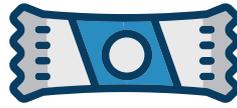
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through public-private collaboration that includes targeted business recruitment, industry support and promotion of technology transfer and value-added agriculture.

The state is now implementing the task force's recommendations through the North Carolina Food Processing and Manufacturing Initiative, which is leveraging the state's extensive agricultural assets, industrial capacity and research and innovation resources to grow its food and beverage processing industry.

"I am not having to sell this," said Richard Linton, who chaired the task force and is dean of the North Carolina State University (NCSU) College of Agriculture and Life Sciences. "When it comes to food manufacturing, people are already on board and they are selling it to me.



## 2<sup>nd</sup> 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.

The people in North Carolina are buying into the expansion of food manufacturing, and they are ready to go."

### WHY NOW?

North Carolina boasts the largest manufacturing workforce of any state in the Southeast, encompassing more than 460,000 people. More than 62,500 of them work in the state's food and beverage manufacturing industry.

That manufacturing heritage supports both traditional North Carolina industries such as textiles and furniture as well as other advanced manufacturing, including aviation and aerospace, automotive, biotechnology, software and information technology.

"Over the past several decades, the traditional leading industries of tobacco, textiles and furniture have all shown declines to some extent and/or they have changed," Linton said. Con-

## Food Processing and Manufacturing Companies in North Carolina

More than 955 food and beverage manufacturing businesses operate in North Carolina, including global giants such as Smithfield Foods, whose Tar Heel, N.C., facility is the largest hog-processing plant in the world, and Charlotte-based Snyder's-Lance, a leading maker of cracker sandwiches and other snacks familiar to anyone who has packed a school lunch box.

### High-profile companies with operations in North Carolina include:

Advance Pierre Foods  
Butterball (Seaboard)  
Campbell Soup Company  
Case Farms  
Coca-Cola Bottling  
Dole Fresh Vegetables  
Dr. Pepper Snapple Group  
Flowers Baking Co.  
Frito-Lay  
Goldsboro Milling  
Herbalife  
Hormel Foods  
House of Raeford

Iams  
Kellogg's Snacks  
Krispy Kreme  
Morinaga  
Mountaire Farms  
Mount Olive Pickle Company  
Nestle USA  
New Belgium Brewing  
Oskar Blues Brewing  
Pepsi Bottling Ventures  
Perdue  
PET Dairy  
Pilgrim's Pride

S&D Coffee  
Reser's Foods  
Sanderson Farms  
Sara Lee  
Sierra Nevada Brewing Company  
Smithfield Foods  
Snyder's-Lance  
Texas Pete  
Tyson Foods  
Valley Fine Foods  
Valley Proteins

sequently, North Carolina has an underused manufacturing capacity, particularly in rural areas.

“The fact that we have a manufacturing tradition means that we have a workforce that has a manufacturing skill set,” Linton said. “That translates well to food and beverage.”

## WHY NORTH CAROLINA?

Food processors considering North Carolina can be confident it's a state that deserves its business-friendly reputation. North Carolina consistently ranks among the Top 10, frequently among the Top 5, in the most respected business rankings.

For example, *Site Selection* magazine currently ranks North Carolina No. 1 nationwide for attracting new plants and No. 1 in the eight-state Atlantic region for workforce development (ahead of Georgia, South Carolina, Virginia, Florida, West Virginia, Delaware and Maryland). In addition, the state is ranked the No. 2 best state for business by *Forbes* magazine, the No. 3 best state for business by *Chief Executive* magazine, and the No. 5 best state for business by CNBC.

What else might motivate a soup maker or a frozen foods specialist to choose North Carolina? Here are a few possibilities.

**Strong food industry presence:** North Carolina's food and beverage processing industry generated \$16.3 billion of the state's gross domestic product in 2015 and is the nation's second-largest in terms of GDP. Major national brands headquartered in the state include Krispy Kreme Doughnuts, Mount Olive Pickles and Snyder's-Lance. Employment in the state's food and beverage processing industry has grown 7 percent since 2012.

**Skilled workforce pipeline:** North Carolina, with more than



## Top Companies

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

10 million residents, is one of the fastest-growing states in the nation, attracting 281 new residents a day, according to U.S. Bureau of Economic Analysis figures. And its growing population has access to major universities and a 58-campus community college system, which is the nation's third-largest. Community colleges, NCSU and North Carolina Agricultural and Technical State University, in particular, provide a steady pipeline of skilled workers for the food industry.

**Affordable talent:** North Carolina offers affordable labor costs, attributable in part to having the second-lowest unionization rate in the nation, at 3 percent of those employed.

**Close to the source:** North Carolina is one of nation's most agriculturally diverse states, growing more than 80 commodities on 49,500 farms. Agriculture and agribusiness account for 17 percent of the state's gross domestic product and employees, according to NCSU data. The state ranks first in the nation in farm cash receipts for sweet potatoes, second for poultry and eggs, and third for pork and trout.

**Access to markets:** More than 200 million people live within a two days' drive of North Carolina, centrally located on the Eastern Seaboard. Manufacturers have excellent access to some of the nation's primary transportation arteries,

including I-95, linking New England to Florida; I-40, spanning the country from North Carolina to California; I-85, reaching from Virginia to Alabama; and I-77, connecting Ohio to South Carolina. The state has four international airports - in Charlotte, Raleigh, Greensboro and Wilmington - and 11 regional airports. North Carolina's consolidated rail system is the largest in the country. The state also has two ports located along Atlantic shipping lines, in Wilmington



## 7% Industry Growth

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



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and Morehead City. And a newly opened 101,000-square-foot cold storage facility located directly on terminal at the Port of Wilmington will enable instate food producers and processors to save transportation costs by exporting their perishables through Wilmington rather than ports outside the state.

**Bolstered incentives:** North Carolina offers eligible companies varied incentives that lower their costs, including grants contingent on companies hitting annual job creation and investment commitments. Last year, state lawmakers increased the overall funding available annually for its flagship performance-based grant program by one third.

**Low tax, construction and utility costs:** Under a 2013 tax overhaul, the state's flat-rate income tax is falling to 5.5 percent and its corporate



## 955+ Establishments

North Carolina is home to 955+ food and beverage manufacturing establishments.

income tax to 3 percent in January 2017 – the lowest top state business tax in the nation. North Carolina's average industrial electricity rates run nearly 9 percent below the national average. Average construction costs in its metropolitan areas are 18 percent below the national average.

**Research and development leadership:** North Carolina offers research and innovation resources that help food processing compa-

nies stay on the cutting edge. Those resources include the NCSU Center for Advanced Processing and Packaging Studies; the NCSU Sensory Service Center, which provides targeted food testing that helps solve flavor problems; the North Carolina Agricultural and Technical State University Center for Excellence in Post-Harvest Technologies, which fosters interdisciplinary

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research in post-harvest technologies such as functional food R&D, shelf-life extension, food packaging and food process engineering; and the North Carolina Research Campus, a public-private partnership between corporations, universities and health care organizations to conduct research and product development at the intersection of human health, nutrition and agriculture.

### AN INVITATION

A number of high-profile food processors or the manufacturers that support them are currently expanding in North Carolina. They include Sanderson Farms, the third-largest poultry producer in the U.S, which early next year will open a \$145 million state-of-art poultry plant complex in St. Pauls, N.C., that will ultimately employ 1,100 people. In addition, Fortune 500 company Sealed Air Corp. recently moved the headquarters of all its divisions, including its Cryovac brand food

packaging solutions, from New Jersey to a new Charlotte, N.C., campus that will employ more than 1,300 people.

This publication, *The Perfect Mix*, takes a close look at a few other notable food processor moves into North Carolina, including decisions by three of the nation's largest craft brewers to locate their first East Coast breweries in the state; the No. 1 confectioner in Japan choosing Mebane, N.C., for its first manufacturing plant outside Asia; and a Brooklyn, N.Y.-based smoked fish company's decision to open the largest, most-advanced cold smoked salmon facility in the U.S. near the Port of Wilmington.

The Economic Development Partnership of North Carolina, on behalf of the state, helps the food industry and other manufacturers identify sites, navigate incentives, find workforce solutions and more. For help locating or expanding your business in North Carolina, visit [edpnc.com](http://edpnc.com), call 919-447-7744 or email [clientservices@edpnc.com](mailto:clientservices@edpnc.com).

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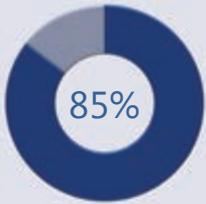
### Business Costs

#4 in the US for lowest business costs as ranked by Forbes.com



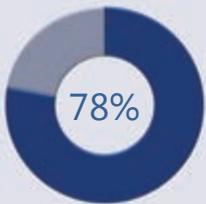
cost of living index (US=100)

10th lowest property tax rate among NC's 100 counties; No additional school or fire taxes



% of national avg for industrial electricity costs; 6.09 cents/kWh

4% NC corporate income tax rate, reducing to 3% by 2017



% of the US tax index for the manufacturing sector



### Food Manufacturing & Logistics in Catawba County

Company Name	Location	Local Employees	Industry Sector
Merchants Distributors Inc.	Hickory	1200	Wholesale grocery store distributor
Advance Pierre Foods	Claremont	800	Buns and frozen sandwiches
Performance Foodservice	Hickory	700	Food service distributor
Flowers Foods	Newton	250	Breads and buns bakery
Renwood Mills Inc	Newton	90	Flour and grains milling
H.T. Hackney	Newton	50	Wholesale grocery store distributor
CoPak Solutions	Conover	30	Tortilla Chips

### Processing and Packaging Suppliers within 50 miles



### Logistics Network



60% of the US population within 1 day's drive

City	Distance	Drive Time
Charlotte, NC	59 miles	1 hr
Charleston, SC	258 miles	3 hrs, 45 min
Atlanta, GA	258 miles	3 hrs, 45 min
Washington, DC	400 miles	6 hrs
Cincinnati, OH	438 miles	6 hrs, 30 min
Detroit, MI	620 miles	9 hrs, 30 min
New York, NY	632 miles	9 hrs, 30 min
Chicago, IL	726 miles	11 hrs
Miami, FL	778 miles	12 hrs



### Distribution & Cold Storage Companies within 50 miles



Catawba County EDC  
Julie Pruett, Director of Recruitment

# CRAFT BREWERS HEAD TO NORTH CAROLINA

BY **DAVID PHILLIPS**

**OVER THE PAST** four years, three of the largest craft brewers in the U.S. have come to western North Carolina to set up second breweries to serve their Eastern U.S. markets.

One of them, New Belgium Brewing Co., was established in Fort Collins, Colo., 25 years ago after a co-founder's "fat tire" bicycle ride between Belgium breweries inspired the recipe for Fat Tire beer and the launch of a craft brewery that is now the nation's fourth-largest maker of craft beer. Finding a location for a satellite brewery east of the Mississippi was less leisurely than a bicycle ride, but the journey ended with New Belgium's new 127,000-square-foot facility in Asheville, N.C., which began filling bottles and kegs in April.

"We had 33 criteria for our optimal city and 16 criteria for the optimal property," said Susanne Hackett, a spokeswoman for New Belgium. "We whittled it down from 24 locations in eight cities to a couple locations in two cities: Asheville and Philadelphia. Cutting shipping miles was one of two top priorities of looking for a second site, along with a progressive location."

The brewery also needed a "fantastic and prolific water source" and easy access to East Coast distributors. New Belgium was particularly interested in redeveloping a brownfield site and preferred an urban location that would allow employees to walk or bicycle to work.

Asheville, located near the Great Smoky Mountains and widely recognized for its bohemian culture, arts community, outdoor adventures, cuisine, and much more, fit the bill. New Belgium redeveloped an 18-acre urban brownfield site next to the city's River Arts District, transforming



Colorado-based New Belgium Brewing Co. recently opened its second brewery – one to serve its Eastern U.S. market – in Asheville, N.C. Construction of the Asheville brewery, pictured here, reclaimed a brownfield site (a former stockyard) in a downtown location that accommodated New Belgium's desire for a location that makes it easy for employees to walk or bicycle to work. Photo credit: New Belgium Brewing Co.

an area that was once the location of a stockyard, auction house and auto repair shop.

Asheville also offered New Belgium a community passionate about sustainability, a 20,000-acre protected watershed and brewing talent (Asheville boasts more breweries per capita than any U.S. city).

And the water? "Asheville is one of the first users of their watershed, which originates at the North Fork Reservoir," Hackett said. "The water is soft and similar to the water in Fort Collins, making it easy to adjust for our brewing needs."

The North Carolina launch has gone well, Hackett said. "We're now brewing Fat Tire,

**170+**  
**Craft Breweries**

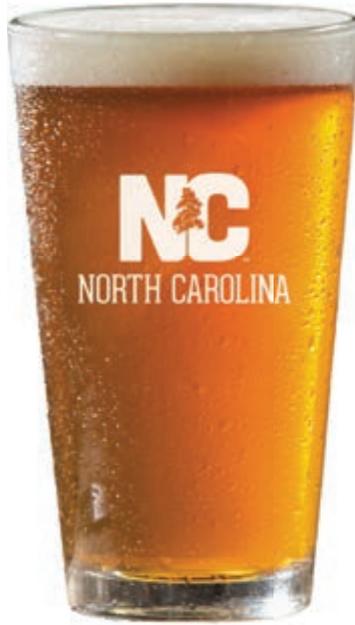
operate in North Carolina, more than any other state in the South.

**10,000**  
**Employees**

work in North Carolina breweries.

**675,469**  
**Barrels**

were produced by craft breweries in 2015.



within less than an hour's drive of one another.

Oskar Blues, based in Longmont, Colo., got things started in 2012 with a brewery in Brevard in Transylvania County. And in May 2015, Chico, Calif.-based Sierra Nevada opened a \$110 million facility in Mills River in Henderson County. Sierra Nevada is the No. 3 craft brewer nationwide (measured by 2015 volume), and Oskar Blues is No. 14, according to the Brewers Association trade group based in Boulder, Colo.

North Carolina is encouraging the growth of all types of food and beverage manufacturing in the state. But craft beer is distinctive due to its remarkable growth nationwide over the past decade. Craft beer now represents 12 percent of the beer consumed in the U.S. and 21 percent of dollar sales, and there are more than 4,000 breweries in the U.S. competing to fill glasses and coffers.

Data indicates the strongest growth potential for craft beer sales is in the South, making the region an attractive spot for brewing operations, large and small.

Brewery workforce skills run deep in North Carolina, where there are 170 craft breweries – more than in any other state in the South. North Carolina breweries employ more than 10,000 people. And the state's exploding craft brew industry stretches to Charlotte, a growing hub of independent craft



**“Asheville’s progressive values are directly aligned with our company values. And we know that beyond having fantastic water for brewing and great access to the East Coast for distribution, it’s a place where our co-workers will thrive.”**

— Christine Perich, president and CEO of New Belgium Brewing Co.

Ranger, Citradelic and Accumulation at our Asheville brewery,” she said. “The tasting room is bustling.”

The employee-owned independent brewery has 120 co-workers on the ground in Asheville now, Hackett said. “Our Asheville brewery will employ about 150 people at full

buildout, all of whom become employee owners after the first year of employment.”

**WHY NORTH CAROLINA?**

New Belgium Brewing Co. is not the first western craft brewer to set up a regional operation in North Carolina. In fact, it's the latest of three, all

brewers, and the Raleigh-Durham and Wilmington areas.

The largest players in craft brewing in the U.S. have grown well beyond their original local markets.

“The vast majority of the top 20 are now selling in 40-plus states,” said Bart Watson, economist with the Brewers Association.

And because beer is a weighty and somewhat fragile product, shipping is not simple, especially for those breweries in or west of the Rockies.

“Beer is mostly water, and shipping water from one side of the country to the other side of the country when there is water on both sides didn’t make much sense,” Watson said.

New Belgium and Oskar Blues say that was among their reasons for setting up satellite locations. Beer is best fresh (30- to 90-day shelf life is ideal), Watson said.

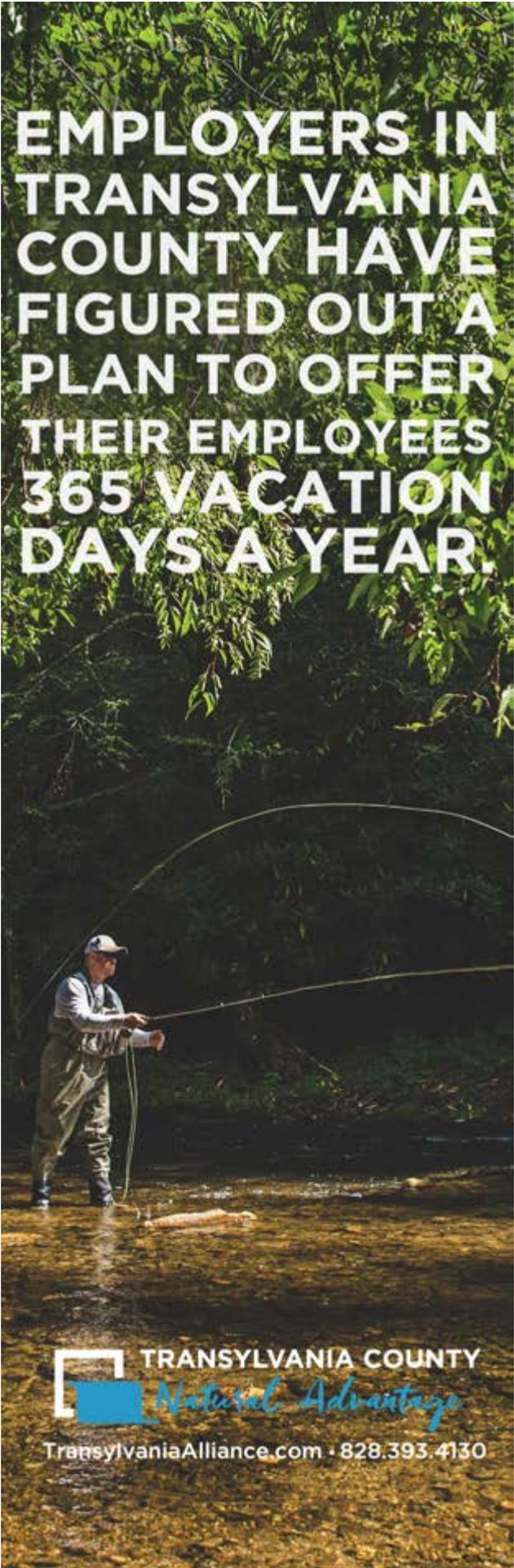
An existing craft brewery can become “local all over again” when it expands its brewing operations into a new community, he said, creating new jobs and winning new customers.

## **MORE BICYCLE POWER**

When Oskar Blues needed to expand and decided to site a second brewery near Midwest and East Coast markets, founder and president Dale Katechis was willing to consider only one location: Brevard, N.C., just 45 minutes south of Asheville.

Nestled at the entrance of the Pisgah National Forest, Brevard, a town of 7,600, is a great place for mountain biking. That has everything to do with making craft beer, at least for Oskar Blues and its founder. Katechis noted in 2012 that Brevard was home to one of his closest friends and that he had spent time mountain biking there.

Oskar Blues Brewery has a long history of sponsoring mountain bike competitions and riders. The brewery owns REEB Cycles, its own hand-built bike company. REEB bicycles are designed in-house and built at the Colorado brewery.



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A handful of employees from Oskar Blues' western base came to work in the North Carolina brewery, but more than 50 have been hired locally.

### **FORWARD THINKING**

Sierra Nevada was truly one of the first startup craft brewers, having launched in 1979, well before the rush of brewpubs and microbreweries that followed in the mid-1980s. New Belgium brewed its first batches in 1991. Oskar Blues started brewing in 1999.

All three display what might be described as an alternative entrepreneurial mentality. Both Oskar Blues and New Belgium are closely associated with bicycling. New Belgium provides bicycles to its employees to encourage a low-impact lifestyle and to evoke the tale of the brewery's beginning.

Sierra Nevada, like many other craft breweries, sprang from a home-brewing hobby and

fosters an interest in outdoor activities and environmentalism. Sierra Nevada, for example, was named "Green Business of the Year" by the U.S. Environmental Protection Agency in 2010 for its practices in sustainability.

It's important for breweries to integrate themselves graciously into the local community, said Oskar Blues spokesman Chad Melis. Oskar Blues, for example, has helped establish a brewing technology program at the Brevard campus of Blue Ridge Community College.

A certain ethos and an interest in sustainability can also be attributes of communities that appeal to craft brewers.

"Asheville's progressive values are directly aligned with our company values," said Christine Perich, New Belgium's president and CEO. "And we know that beyond having fantastic water for brewing and great access to the East Coast for distribution, it's a place where our co-workers will thrive."



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# JAPANESE CANDY MAKER PLANS SWEET SUCCESS IN U.S. MARKET

BY DAVID PHILLIPS

**MORINAGA & CO.**, a 117-year-old Japanese confectionary company, recently opened a manufacturing plant in North Carolina that is playing a key role in the company's plan to significantly increase the U.S. market for its candies.

The company's flagship Hi-Chew brand is a top seller in Japan and has been imported to the U.S. for about a decade. But the candy is now also being made in Mebane, N.C.

Tokyo-based Morinaga & Co., Japan's largest international confectionary and candy maker, formed its Irvine, Calif.-based subsidiary Morinaga America Foods in 2013, when the company decided finding a site for its first U.S. production facility would allow it to sell a lot more candy in North America.

Morinaga officials said they considered about 50 sites across North America before choosing to build the company's first manufacturing plant outside Asia in North Carolina.

"There were several factors that went into that decision," said Keita Morinaga, the great-grandson of the company's founder and Morinaga America Foods' secretary/administration manager. "Number one there is an excellent business environment here. Number two is the location. From here we have transportation in two to four days to about two out of every three Americans – 66 percent."

That decision led to an initial buildout of 120,000 square feet on a 21-acre property in Orange County, where roughly 80 employees currently work. The new factory is producing a handful of the many fruit flavors of Hi-Chew, the

top-selling candy in Japan. Hi-Chew is similar to Starburst, but with a softer, chewier texture. Morinaga America Foods is confident Hi-Chew will become increasingly popular in the U.S.

U.S. production should help the company move from mostly ethnic markets and outlets and into broader markets and mainstream retail outlets, Keita Morinaga said.

The numbers, so far, are encouraging. The company's latest forecasts project \$42 million in U.S. sales in 2016, Morinaga said, an impressive 240 percent more than U.S. sales in 2013.

Morinaga America Foods' production facility has been designed to expand to twice its current footprint. Keita Morinaga says operations are running well, and its North Carolina employees are helping the company succeed.

"The education level of the workforce is very good for us," he said. "We are very much satisfied with our decision to locate here."

Morinaga America Foods' business ambitions in the U.S. depend not only on its workforce. They also rely on the quality of its candy and the company's proprietary technology that enables it to produce more candy with more variety at an affordable cost, according to a May 27, 2016, article in the *Triangle Business Journal*.

Instructors at the Hillsborough campus of Durham Technical Community College train all of Morinaga's North Carolina production workers, the article says, and employees are sworn to secrecy about the company's technology.



Tokyo-based Morinaga & Co. is confident that the U.S. market for its fruit-flavored Hi-Chew candies, some of which are now being produced at the company's new plant in Mebane, N.C., will significantly grow. Photo credit: Morinaga America Foods

Morinaga America Foods, which received state and local incentives, is already close to hitting both its goals of creating 90 new jobs and investing \$48 million in its Orange County plant by January 2018, according to local officials. If it meets hiring and investment targets, Morinaga could receive up to \$1.5 million from Orange County and \$720,000 from Mebane over five

years. The project is also supported by a performance-based state grant of up to \$264,000 from the One North Carolina Fund.

Steve Brantley, director of Orange County Economic Development, assisted the company as its choices for a plant site narrowed to two – Mebane and a location outside Atlanta, Ga.

Morinaga eventually decided it “wanted a site with interstate visibility, to brand their company,” Brantley said. “The company wanted to make sure it was seen.” Ninety-thousand cars a day pass the site Morinaga ultimately chose, located off Ben Wilson Road near Interstate 40/85 in Mebane, near the Alamance County line, Brantley said. The plant is now producing approximately 1 million pieces of candy a day there.

North Carolina is home to the fourth fastest-growing sugar and confectionary product manufacturing industry in the U.S. The state's employment in the sector has grown 28 percent since 2012.

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# A PLANT ROOTED IN BROOKLYN GROWS IN NORTH CAROLINA

BY **DAVID PHILLIPS**

**IN 1957**, the Brownstein family and a partner built the Acme Smoked Fish facility in the Brownsville section of Brooklyn, N.Y. By 2011, Brownsville was largely residential, and the fish smoking facility could not grow beyond its 65,000 square feet. So Acme searched for a site to build a second plant and discovered eastern North Carolina.

Acme looked at 11 sites, as close to its Brooklyn roots as Providence, R.I., and as far away as Savannah, Ga., said Richard Nordt, vice president of engineering and manufacturing for Acme Smoked Fish Corporation. “We narrowed it to two in Virginia and the site we ultimately decided on, in Pender County, North Carolina.”

In March 2015, RC Creations, a subsidiary of Acme Smoked Fish Corporation, opened a 100,000-square-foot \$38 million plant near Wilmington, N.C., the largest cold-smoked salmon factory in the U.S.

Brooklyn-based and family-owned Acme imports fresh and frozen seafood to create packaged salmon lox, wild-caught herring, fish salads and specialty smoked fish distributed to retailers under the Acme, Blue Hill Bay, Great American and Ruby Bay brands. Its state-of-the-art North Carolina plant processes only cold smoked salmon.

“We’re looking to grow both our domestic sales and our international exports,” Nordt said. That made it critical to find a location convenient for receiving imported fish as well as exporting overseas.

Acme’s new plant is only a few miles from the city of Wilmington, which is home to an international airport and one of North Carolina’s two deep

water Atlantic ports. All of the imported salmon for the plant comes through the Port of Wilmington. Eventually, the plant hopes to export its smoked salmon products out of Wilmington, Nordt said.

“Obviously, this location made sense for us,” Nordt said. “And there is definitely a workforce available here, a local education system that can work with a company for its needs. It’s a win-win.”

The North Carolina plant’s 135 employees work at a fish-processing facility that utilizes the latest food-safety technologies and practices, including custom-built equipment designed for ease of cleaning, employees and equipment assigned to different areas to avoid cross-contamination, and workers sanitized down to their boots before they pass from one area to another. “It’s a one-of-a-kind facility in the U.S.,” Nordt said.

At a such a plant, equipped to produce 10 million pounds of cold-smoked salmon annually and designed to meet and exceed U.S. and global food processing standards, workers must be able to maintain the highest food safety practices.

To that end, Cape Fear Community College representatives traveled to Brooklyn to learn about Acme’s operation and food-safety requirements. The college, located in Wilmington, ultimately provided employee screening, orientation and customized worker training at no cost to Acme or its workers. In addition, the North Carolina community college system’s BioNetwork, which typically provides workforce development programs for biomanufacturers, helped develop Acme’s food-safety training program, Nordt said.

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Employees work in the dry cure application room at the North Carolina seafood processing plant of RC Creations, a subsidiary of Brooklyn, N.Y.-based Acme Smoked Fish Corporation.

Cape Fear Community College has “been involved with most of our training since Day 1,” Nordt said. “It’s all about food training and safety. We continue to use that training for our employees.”

When Acme decided to become the first tenant at the Pender Commerce Park, occupying 20 of its 450 acres, it was looking for more than just the convenience of a county-owned industrial park strategically located off U.S. Highway 421 and close to a port. “We looked at the demographics of the employee base to determine where we were going to get the most bang for our buck in terms of labor,” Nordt said. “And we wanted the right infrastructure in terms of water, electricity and wastewater treatment and major highways.”

The Acme plant, which received local and state incentives, has already exceeded its commitment to create 120 jobs by the end of this year. And company officials say the plant could eventually double in size and grow the number of employees.

“Modern food-processing operations like this one generate technology-rich jobs,” said Billy King of Wilmington Business Development, the local economic development organization that assisted Acme. “And food is something that has consistent demand. It’s as close as we get to a recession-proof industry.”

# TECH TRANSFER CREATES A GOURMET YAM VODKA

BY **DAVID PHILLIPS**

**FOR MORE THAN** four decades, North Carolina has ranked as the No. 1 sweet potato-producing state in the U.S., currently producing half the nation's supply.

So it's only natural that the sweet potato would provide an excellent, but not isolated, success story in value-added agriculture, which emphasizes creating product ideas, processes and technologies that help transform local North Carolina crops into new commercial products.

Consider Yamco, a grower-owned food products supplier based in Snow Hill, N.C., that is focused primarily on using microwave technology to produce aseptic sweet potato and pumpkin purees for use as an ingredient in a variety of products, including baby food.

The technology was developed at North Carolina State University (NCSU) in Raleigh. NCSU, Industrial Microwave Systems in Morrisville, N.C., and the U.S. Department of Agriculture's Agricultural Research Service collaborated to develop the process to make and package a sweet potato puree using continuous flow microwave technology.

Industry collaborator Yamco commercialized the process, which makes a puree that is tasty, nutritious and shelf-stable, meaning it needs no refrigeration as long as the packaging remains sealed.

Yamco was formed by three North Carolina sweet potato growers who recognized that their excess or blemished harvest could become a puree that could be stored unrefrigerated until sold. The company began production in 2008.

Yamco is currently producing aseptically packaged sweet potato, spinach, pumpkin, butternut squash and carrot purees. Bill Heafy, the general manager of Yamco, said the company's pureed products are finding applications in brewing (i.e., fermentable pumpkin adjunct and flavors) and bakery, baby and snack foods.

The company's microwave process results in a puree that maintains more of the color, nutrients, flavor and texture of a fresh potato or squash than other less precise processes, Heafy said.

And just a few years ago, some of Yamco's partners formed Covington Spirits, also based in Snow Hill, which makes vodka from Covington sweet potatoes, a designer variety developed in North Carolina.

While Covington is a separate company from Yamco, Covington Gourmet Vodka is distilled from a mash that is derived from the puree that



Covington Gourmet Vodka is distilled from a mash that is derived from a puree made from a signature North Carolina sweet potato. Photo Credit: Covington Spirits



**“We look across the university and try to find ways to transfer as many technologies as possible. That is a really big priority for our food science department.”**

— Kelly Sexton, assistant vice chancellor for technology commercialization and new ventures at NCSU

is processed by Yamco from a signature North Carolina sweet potato.

That’s value-added agriculture in a nutshell – or a tuber. And North Carolina is committed to encouraging more of it.

Heafy, who also directs Covington Spirits, was surprised at how tasty vodka made from sweet potatoes vs. fermented grains could be. “We thought it might taste awful,” Heafy said. “But it turned out that it was a really, really good vodka.”

During development, Covington Spirits conducted a blind taste test of its vodka against leading commercial vodkas at a university culinary school. “Ninety-four of 97 tasters in the panel picked ours as the best,” Heafy said. “The other three said maybe it was the best. The only time that you get results like that is if you are Putin or Castro.”

Covington Spirits figured it was on to something. So it developed a premium vodka, handmade from seedling to bottling, that sells for \$30. In 2013, the culinary school taste test was confirmed when Covington Gourmet Vodka won a prestigious gold medal at the 13th annual World Spirits Competition held in San Francisco.

### **NOT JUST SWEET POTATOES**

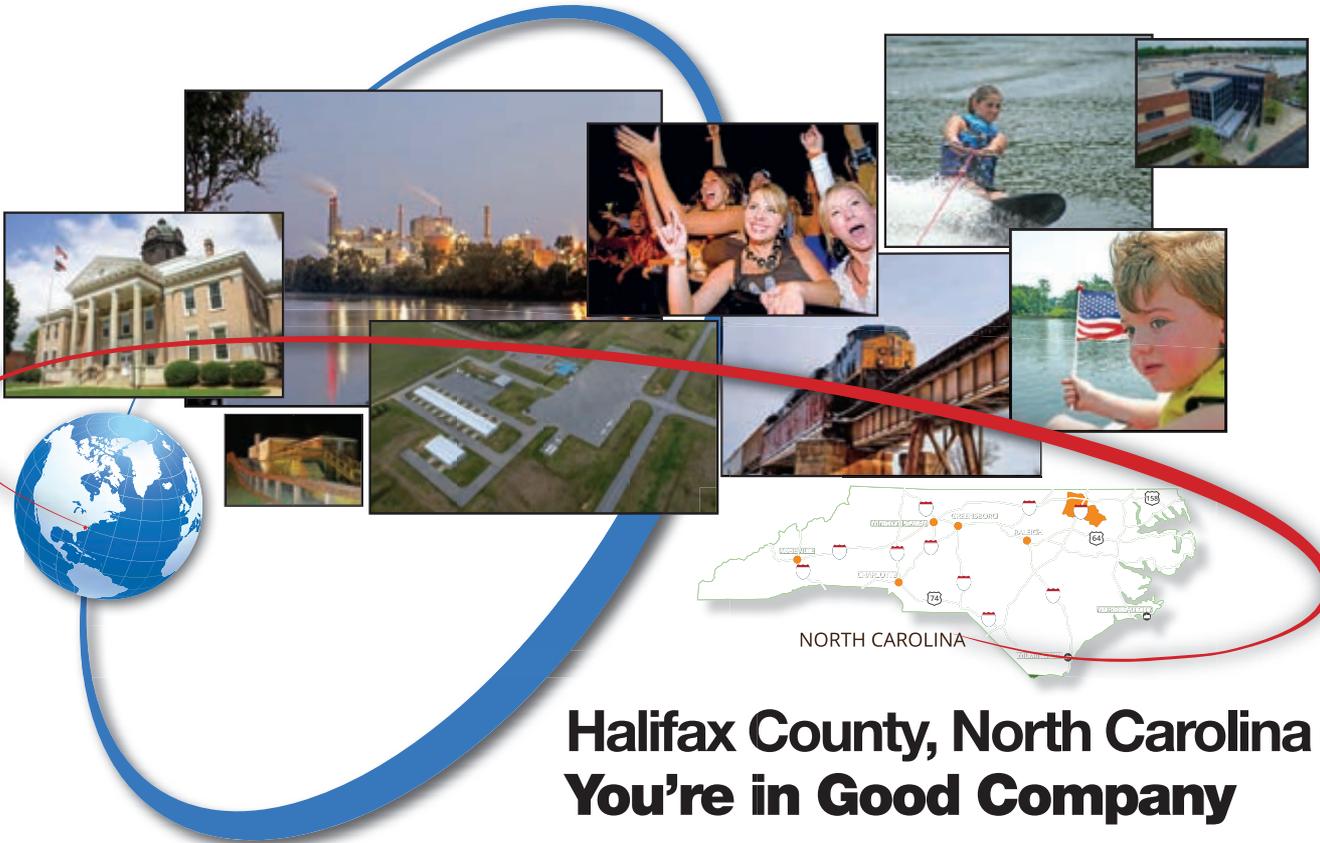
Yamco’s success would have been impossible without collaboration with NCSU researchers. And Yamco is only one example of NCSU-based research that has benefited food processing startups.

Josip Simunovic, an associate professor with NCSU’s department of food, bioprocessing and

nutrition sciences, has worked for more than two decades on applications of continuous microwave technologies for thermal food processing. He also heads Wright Foods, an aseptic food-processing company in Troy, N.C., that has begun using patented technology invented by NCSU scientists to produce packaged foods such as sauces and soups.

“The patented process that was developed at NCSU and licensed by Yamco was developed and optimized as a narrowly focused processing approach to starchy vegetable purees like sweet potato, pumpkin, carrot and butternut squash,” Simunovic said. “We have been concurrently developing a new sterilization technology dedicated to developing systems with broader applicability range. This approach has resulted in AseptiWave technologies, which are the first systems to enable processing and high-quality preservation of materials as broadly different as fruit juices, milk, mashed potatoes, hummus, salsas and sausage pieces in gravy, without any changes needed in the physical configuration of the processing system itself.”

NCSU’s technology transfer department, led by Kelly Sexton, helps commercially develop the technologies that spring from NCSU research. She anticipates more NCSU-based technologies will apply to agriculture and food manufacturing. “We look across the university and try to find ways to transfer as many technologies as possible,” she said. “That is a really big priority for our food science department, the university and for our college of agriculture.”



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