

Novo Nordisk adding diabetes drug output in NC, Denmark

August 26 2015, by Emery P. Dalesio

Danish drug maker Novo Nordisk said Wednesday it will open new factories in North Carolina and Denmark as pharmaceutical companies seek to keep up with demand for diabetes medications in an increasingly overweight world.

Novo Nordisk plans to invest about \$2 billion over the next five years in new production facilities in the Raleigh suburb of Clayton and near Copenhagen, Denmark. The company plans to create close to 700 new production and engineering jobs in Clayton, where Novo Nordisk now employs more than 700 people at a factory producing insulin products.

About 100 jobs are planned for the new Danish factory producing oral products, including a new drug Novo Nordisk announced was entering further human trials.

In return for what Novo Nordisk USA President Jesper Hoiland said would be a \$1.8 billion investment in the new Clayton plant, the company was promised nearly \$19 million in tax breaks, grants and worker training from North Carolina's state government and was assured that local taxpayers would purchase and lease back a 95-acre factory site. Production is expected to begin by 2020.

Jobs at the North Carolina plant would have average annual salaries of more than \$68,000. Novo Nordisk must meet hiring and investment targets to collect all the promised state tax breaks.

More than half of Novo Nordisk's sales and growth is coming from the United States, and that's only projected to increase as more Americans learn they have diabetes and need to treat it, Hoiland said.

"This is our commitment for the long term," Hoiland said.

With so much revenue generated in the U.S., it made sense to avoid currency fluctuations and expand production in the country too, Hoiland said. The company's two-decade experience in North Carolina and the government incentives offered closed the decision, he said.

About 95 percent of diabetics have Type 2 diabetes, linked to obesity and too little exercise, which has become increasingly common. Nearly 30 million American adults and children have diabetes. About 86 million more are at risk of developing diabetes unless they take major, continuing steps to prevent the disease.

The new North Carolina plant's output would include active ingredients for an oral diabetes drug which Novo Nordisk said Wednesday it was launching into human trials involving about 8,000 people with type 2 [diabetes](#). The company has manufactured its active ingredients only in Denmark.

While U.S. Food and Drug Administration approval to sell that drug isn't guaranteed, announcing Clayton as a related production site could help the company enlist political support to lean on the agency if needed in the future, said Steve Brozak, who follows the pharmaceutical industry as president of WBB Securities.

"This is sort of like a belt-and-suspenders approach for Novo Nordisk," he said.

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