

Drug maker reconsidering \$20 million North Carolina factory

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In this Feb. 2016 photo, Gov. Pat McCrory greeted presidents from private and public universities throughout the state at the President's Forum held at Cottrell Hall on the campus of High Point University, in N.C. North Carolina Gov. McCrory signed a new law limiting LGBT protections in his state by overriding local anti-discrimination laws. He faces voters this fall in a re-election effort against the state's Democratic attorney general. (Laura Greene/The Enterprise via AP, File)

North Carolina's governor met Thursday with gay-rights advocates bearing a letter signed by more than 100 corporate executives urging him to repeal the nation's first state law limiting the bathroom options for transgender people.

The law also excludes lesbian, gay, bisexual and transgender people from anti-discrimination protections, and blocks municipalities from adopting their own anti-discrimination and living wage rules.

The governor "appreciated the opportunity to sit down and deal with these complex issues through conversation and dialogue as opposed to political threats and economic retaliation," his spokesman, Josh Ellis, said in a statement.

The advocates declined to describe Gov. Pat McCrory's response.

Some companies are already reconsidering doing business in the country's ninth-largest state.

New Jersey-based Braeburn Pharmaceuticals said it is "reevaluating our options based on the recent, unjust legislation" whether to build a \$20 million manufacturing and research facility in Durham County. The 50 new jobs paying an average of nearly \$76,000 a year were announced two weeks ago.

Lionsgate, the California-based entertainment company, had been lining up hotel and equipment rentals and hiring more than 100 workers in North Carolina, but decided to shoot its pilot episode for a comedy series in Canada instead, said Jennifer Irvine, a Charlotte production coordinator.



Joaquin Carcano, center, the lead plaintiff in the case, speaks during a press conference to announce the filing of a federal lawsuit challenging North Carolina's HB 2 law at the LGBT Center of Raleigh, N.C., on Monday, March 28, 2016. Several different advocacy groups and some of the lead plaintiffs spoke at the event. Joaquin was born a woman and is now a man. Simone Bell with Lambda Law is at left; Chris Brook with the ACLU is at right. (Chris Seward/The News & Observer via AP)

Charlotte convention officials and the organizers of one of the world's largest furniture markets say some customers have pulled out, also citing the new law.

Changing business plans is much more difficult for companies with existing investments in buildings, equipment and people, but the outsized lobbying power of major corporations could reshape how prospective talent and investors perceive North Carolina as a place they want to be, business observers said.

"These companies have made long-term investments or are thinking about long-term investments in North Carolina" and won't likely retreat solely due to this law, said DJ Peterson, who advises companies on political, social and economic issues as founder of Longview Global Advisors, a Los Angeles consulting firm.

But as businesses showed Georgia this week, "the political pressure, the visibility they're bringing to the issue, politicians do have to pay attention to it," Peterson said.

After Walt Disney Co., Marvel Studios and Salesforce.com threatened to take their business elsewhere and the NFL suggested Atlanta could lose its bids for the 2019 or 2020 Super Bowl, Georgia Gov. Nathan Deal vetoed a measure that would have allowed individuals, businesses and faith organizations to deny services to others based on their "sincerely held religious beliefs."

Leaders of many economic sectors signed onto the letter. Tourism is represented by Hilton, Marriott and Starwood hotels; AirBnB, Uber and Lyft; and American Airlines, which has a major hub in Charlotte, the state's largest city. Banking and finance executives include the leaders of Bank of America, Citibank, TD Bank, PayPal, and others. Restaurateurs and retailers include leaders of Starbucks, Barnes & Noble and Levi Strauss; and technology executives joined in force, including the leaders of IBM, Apple, Intel, Google, Facebook, Yahoo, eBay, Twitter, YouTube, and many others.

The new law "will make it far more challenging for businesses across the state to recruit and retain the nation's best and brightest workers and attract the most talented students from across the nation. It will also diminish the state's draw as a destination for tourism, new businesses, and economic activity," the letter said.

Bank of America is the biggest of only a handful of North Carolina-based companies to sign on to the repeal letter. The country's largest electric company, Duke Energy Corp., doesn't take a position on social issues, spokesman Tom Williams said. Duke Energy's anti-discrimination policy includes sexual orientation and gender identity along with race, religion and ethnicity, he said.

The state's Chamber of Commerce has not expressed a position on the law, which includes provisions some companies may appreciate, including a prohibition against local requirements that businesses to pay more than the state's minimum wage, currently \$7.25 an hour, and an effective ban on employment discrimination lawsuits in state courts.

When Indiana adopted a "religious freedom" law, that state's business chamber was among the most vocal opponents, joining an outcry that forced the legislature and governor to revise the law. The state's tourism group, Visit Indy, estimates a \$60 million loss in net state revenue after 12 different convention groups cited the religious objections law as part of the reason they took events elsewhere.

But the spokeswoman for the North Carolina chamber, Kate Catlin, would not describe any feedback from its members, or explain why the business lobby has not taken a position.

Companies like the prospect of avoiding baseless lawsuits, but won't say so at the risk of being misconstrued as wanting to discriminate, said Hans Bader, a lawyer with the anti-regulatory Competitive Enterprise Institute, which is tracking a lawsuit challenging the North Carolina law.

"A silent majority of North Carolina businesses may well approve of North Carolina's new law," Bader said. A company "is not going to say so publicly, since that could lead to angry demonstrators picketing or surrounding its headquarters or places of business."

Corporations opposing the law may be expressing core corporate values, but they also need to be perceived favorably by customers, especially affluent gay ones, and to motivate highly educated, high-value employees who value diversity, said Peterson, who wrote a guidebook for global companies who want to expand LGBT inclusion.

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