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Elmwood Park-based Sealed Air Corp.'s move to N.C. will cost N.J. 200 jobs

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THE RECORD



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Elmwood Park-based Sealed Air Corp. — the maker of Bubble Wrap — is moving its headquarters to Charlotte, N.C.

After 54 years in North Jersey, Elmwood Park-based Sealed Air Corp. — the maker of Bubble Wrap — said on Wednesday that it is moving its corporate headquarters and 200 jobs to Charlotte, N.C., where it will receive up to \$36 million in tax breaks from the state.

It was the latest in a string of corporate departures from North Jersey, as states compete for jobs in a tight employment market.

While Sealed Air will move the 200 high-paying jobs from North Jersey, about 100 jobs will remain at Sealed Air's Saddle Brook manufacturing plant, according to a spokesman, Ken Aurichio. Besides the corporate executives, jobs to be moved include positions in finance, sales and marketing, human resources, and research and development.

A spokeswoman for the New Jersey Economic Development Authority, the agency that offers tax incentives to promote job growth and retention, said the company did not approach the state before deciding to move out.

“We are disappointed to hear that Sealed Air has decided to relocate their operations to North Carolina,” said the spokeswoman, Erin Gold. “However, as they never came to us to discuss incentives, we had no opportunity to compete for [the headquarters] to stay. We are happy to see that manufacturing is staying.”

The move will send a total of 1,262 jobs, with an average salary of \$119,482, to Charlotte in a new \$50 million headquarters as Sealed Air consolidates three divisions, research and development and corporate offices. The jobs will be moved over the next three years from Connecticut, Wisconsin and South Carolina, as well as New Jersey. The Fortune 500 company,



JEFF SINER

North Carolina Gov. Pat McCrory, left, and Jerome A. Peribere, president and CEO of Sealed Air Corp., talk with reporters following an announcement at the Charlotte Chamber of Commerce Wednesday, July 23, 2014, in Charlotte, N.C., that the corporation is

about 25,000 people worldwide and had revenues of \$7.7 billion last year.

Charlotte area, where it plans to employ nearly 1,300 jobs in three years.

“This move will contribute to a stronger, one-company culture that will enable greater collaboration, efficiencies, and better use of our investments in people and new technologies,” Jerome A. Peribere, chief executive of Sealed Air, said in a statement. Aurichio said the company considered five states for the consolidation but declined to say whether New Jersey had been in the running.

The Sealed Air announcement follows the recent departures from North Jersey of other large corporations, including Hertz, which left Park Ridge for Estero, Fla., last year, taking 550 jobs. Hertz got \$85 million in tax breaks from Florida.

In addition, Roche is shutting its 119-acre Nutley/Clifton campus, which housed 2,000 workers as recently as 2012.

Overall, at least a dozen companies since 2007 have announced plans to leave Bergen or Passaic counties, including Quest Diagnostics, Barr Pharmaceuticals, Ingersoll-Rand, Hunter Douglas, Bayer HealthCare Pharmaceuticals, Pearson Education and Ashland Specialty Ingredients.

However, there has also been corporate migration into the area. Haier America, a large appliance company, is planning to move its headquarters to Wayne from New York City this year.

James Hughes, a Rutgers economist, said the Sealed Air move is evidence of “an economic war between the states.”

He added: “There are critics of New Jersey providing tax incentives, but this provides pretty good evidence that New Jersey is being forced to play that game. We have competitors out there looking to steal our assets.”

Still, both Hughes and fellow Rutgers economist Joseph Seneca said that the North Carolina incentives are not that large and are likely to have been only one factor in Sealed Air’s decision to move. New Jersey has much higher land costs, a higher cost of living and higher taxes than does North Carolina. New Jersey’s corporate income tax is 9 percent, and its top personal income tax rate is 8.97 percent. By contrast, North Carolina’s corporate tax rate is 6 percent, and its top income tax rate is 5.8 percent.

John Boyd Jr., a principal with the corporate relocation consultant Boyd Co. in Princeton, estimated that building a new headquarters would cost about 20 percent more in North Jersey than it would in North Carolina. The company leases its offices at 200 Riverfront Boulevard in Elmwood Park, according to Aurichio.

“There’s a lot of cost savings by making this move,” Hughes said. On the other hand, he said, New Jersey offers employers a high quality of life, good schools and an educated workforce.

Seneca said it was notable that Sealed Air is keeping some manufacturing in New Jersey, which has been losing factory jobs for decades.

Several local elected officials said they were disappointed by the Sealed Air move.

“They’ve always been a good neighbor,” said Elmwood Park Mayor Richard Mola, a Republican.

“It hurts,” said Assemblywoman Shavonda Sumter, a Democrat who represents the 35th District, which includes Elmwood Park. Sumter said the state Legislature has supported corporate incentives to try to keep New Jersey competitive with other states in the fight for jobs.

Sealed Air was founded in 1960 in Hawthorne after the inventors Marc Chavannes and Al Fielding tried to create a textured wallpaper. According to company lore, Chavannes looked out the window of a plane landing at Newark Airport and, spotting the puffy clouds, got the idea for protective packaging made of air bubbles trapped in plastic.

The company grew through the 1998 acquisition of the Cryovac line of packaging from W.R. Grace & Co. and the 2011 purchase of Diversey Holdings, a Wisconsin cleaning-products company.

Sealed Air posted profits of \$72 million for the first quarter. The company will announce second-quarter results next Wednesday.

Sealed Air’s stock declined 28 cents on Wednesday, closing at \$32.67.

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