

Senator Schumer announces Hemp company to invest up to \$150M and 400 jobs in Binghamton New York

[Jeff Platsky](#), Binghamton Press & Sun-Bulletin - Published Jan. 14, 2019

A major Canadian processor will spend up to \$150 million to locate a hemp processing center in the Southern Tier.

[Canopy Growth](#), whose stock is traded on the New York Stock Exchange (symbol: [CGC](#)), announced plans to locate in the region to process, research and develop hemp-based products. Initial indications are the company's location will be the start of a hemp hub, a center where similar operations would want to locate.

An estimated 400 jobs will be created at the Canopy Growth facility. Company representatives said the initial stages of the operation could be up and running within a year, but a location has not been disclosed.

"The Southern Tier is poised to explode with the growing and processing of this exciting new crop that has so many applications, and this major project will help make sure of it," said U.S. Sen. Charles Schumer, D-N.Y. [who announced the development at a late-morning news conference at his downtown Binghamton offices](#). "This investment could create hundreds of good-paying jobs in the region, help a new industry take root, and serve as a magnet for more companies and industry-related enterprise to locate to the region."

Schumer said ancillary industries and companies connected with hemp processing could increase the number of jobs by several fold.

Bruce Linton, Canopy Growth chief executive, said Monday afternoon that he selected the Binghamton region for a reason others might avoid it. The community has experienced economic peaks and valleys over the past 40 years and is now desperate for economic development — so Linton knew his enterprise would be welcomed.

"We tend to go to communities where they've seen big ups and downs," Linton said.

Add to that lower real estate acquisition costs and a willing labor pool, and you have the ingredients for success, he said. Also, he said, New York has pursued progressive policies designed to promote the industrial hemp industry.

Indeed, the Binghamton region is among the worst-performing upstate economies over the past 10 years. While the nation largely recovered from the 2008 recession, the region's performance has badly lagged, leading to population flight and depressed housing prices.

Communities such as Binghamton "want to see torque," Linton said, and Canopy Growth can provide a jump-start to a region that badly needs one.

Residents have been continually promised an economic resurgence through a state incentive program and other initiatives, but the dream of finally obtaining the growth seen in, say, Silicon Valley has never come to fruition.

"This is a specific company that wants to make a huge investment of money," said Jason Garnar, Broome County executive. "We are not talking a few million dollars; we're talking about \$150 million. This is really going to be game-changer."



Cannabis plants in a Canopy Growth facility. Constellation Brands in Victor now has a 38 percent stake in the Canadian cannabis grower. (Photo: Provided)

Monday's announcement marks the first significant investment in a hemp-processing operation since the passage of the new Farm Bill late last year. The legislation cleared the way for cultivating the industrial version of the crop and eliminating it from the federal list of controlled substances. Just as important for growers, it allows farmers to apply for crop insurance for their industrial hemp fields.

The legislation was one of the few issues U.S. Sen. Mitch McConnell, R-Kentucky, the Senate majority leader, and Schumer were in unanimous agreement. Schumer sees industrial hemp as a potential game-changer for the upstate New York economy, boosting the ailing agricultural community and the region's industrial base. McConnell sees it as a major option for his state's long-suffering tobacco farmers.

Canopy said it is in the process of evaluating a number of sites in the Southern Tier for one of its first extraction and processing facilities outside Canada. The company intends to announce the specific location within 100 days.

"Canopy Growth will be the anchor business in the broader Hemp Industrial Park, where third parties can join an innovative hemp ecosystem focused on every potential application of the hemp crop, from fiber, to seed, to cannabinoids," the company said in a prepared statement.

Industrial hemp contains less than 0.3 percent THC, the substance that creates the marijuana high. The largely illegal types contain a far higher proportion of the substance.

Industrial hemp uses are varied. Plant fibers can be used for new and lighter forms of building and insulation material and livestock bedding. Hemp-derived oils can be used in salad dressings, nutritional supplements, beauty products and animal feed. Some even speculate the product can be used in new pharmacological products to treat illnesses, but more research needs to be done.

[Canopy Growth is based in Smith Falls, Ontario, about 50 miles south of Ottawa.](#)

The company says it aims to be the number one hemp company in the world, providing medical and recreational cannabis and other products worldwide.



A Canopy Growth worker tends to cannabis plants at a company facility. Constellation Brands now has a 38 percent stake in the Canadian cannabis grower. (Photo: Provided)

Its products include dried flowers, oils and concentrates, softgel capsules and hems. Canopy Growth offers its products under the Tweed, Black Label, Spectrum Cannabis, DNA Genetics, Leafs By Snoop, Bedrocan Canada, CraftGrow and Foria brand names.

"Canopy Growth was founded to drive innovation within the cannabis and hemp industries. In New York, we see an opportunity to create products that improve people's lives," Linton said. "In the process, we will create jobs in an exciting, highly profitable new industry."

But the company's financial performance is enough to give some pause whether it can pull off the bold plan for the Southern Tier. In the first six months of its 2019 fiscal year ended Sept. 30, the company posted a loss \$323 million on revenues of \$37 million.

Nevertheless, investors seem to have faith. The company is one of the more actively traded issues in the fledgling but highly touted cannabis industry. Its market capitalization is more than \$13 billion despite the stark financial results, and has traded as high as \$59.25 over the past year.

The market, however, reacted positively to the Monday's announcement. Canopy Growth stock closed on Monday at \$42.52, up \$4.27 on the day, or more than 11 percent.

Linton acknowledged a reading of current financials would lead one to question the company's sustainability. But remember, he said, the company is barely four years old, and sizable up-front investments are necessary to set up a foundation for solid future growth.

Further, Constellation Brands, the alcoholic beverage giant in Victor, New York, announced last year it would invest \$4 billion into Canopy, shoring up the company's balance sheet and providing an injection of credibility to the business.

Canopy Growth is now a Constellation Brands partner that can be deployed into a variety of cannabis products as global consumption grows, said David Kretzmann, an analyst for Motley Fool Canada who frequently comments on the cannabis marketplace.

"I've always thought the growing, processing, manufacturing, and research of this crop would have enormous potential for the Southern Tier and the entire state," said Assemblywoman Donna Lupardo, D-Endwell, who has long been pushing for the development of the hemp industry in the Southern Tier. "This level of investment from Canopy proves that industrial hemp can in fact be a major economic driver for our region."

What's generating the most interest in the entrepreneurial community is the CBD — cannabidiol — derived from the hemp plant.

Supporters claim CBD products can be used to treat opioid addiction, anxiety, sleeplessness and inflammation. Scant scientific evidence backs up the claims now, but that hasn't kept promoters from touting the potential benefits.

Hampering development of the industrial hemp industry now is finding a domestic supply, which is growing, but still is too small to support the expected growth for an industry ready to break out.

Although a weed, hemp does require cultivation — it needs to grow in soil with good drainage, especially in its formative stages. Plants will develop root rot in soil that's too wet.

In 2016, the retail value of hemp products sold in the U.S. totaled \$688 million, growing from virtually nothing in 2014, based on numbers compiled by the [Hemp Business Journal](#). Some experts expect the global industrial hemp industry to hit \$20 billion by 2022.

In a nod to the industry's rich potential, Gov. Andrew Cuomo committed \$10 million in last year's budget to support hemp research, production and processing. Researchers from Cornell University, Binghamton University and SUNY Morrisville have worked with cultivators and farmers on hemp research pilot programs.

The last sizable and legal hemp harvest in New York was 80 years ago. In the 18th and 19th centuries, hemp was a popular crop, with the plant processed to produce rope and fiber, among other items. In fact, Cornell researchers, on rare occasion, still find feral hemp plants growing in upstate New York fields, a remnant from Colonial times.

Last year, an estimated 25,000 acres of industrial hemp was cultivated in the United States. The numbers are dwarfed by production in European Union, Canada and China. In China's Yunnan province, 10,000 farmers grow it. Most of the seeds used to produce domestic hemp are imported from Canada and overseas.

The 3,000 New York acres devoted to hemp, however, is a small fraction of the total allocated to cash crops. In 2012, the state Department of Agriculture and Markets reported 136,000 acres of vegetables were planted in the state.

"This industry and particular project will offer new opportunities for growers and provide a real boon for Southern Tier farmers," Schumer said.

Follow Jeff Platsky on Twitter [@JeffPlatsky](#). Support our journalism and become a digital subscriber today.