

**OPPORTUNITIES
FOR *MANUFACTURERS*
IN SOUTH CAROLINA**

South Carolina

MARCH 2006

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EXECUTIVE SUMMARY

South Carolina: A Competitive Advantage for Manufacturers

Our state's manufacturers enjoy economic strengths supported not only by a business climate that reflects the values and needs of industry but also by a consistently superior tax structure designed to enable business to prosper.

South Carolina's outstanding growth pattern has continued into the new millennium. In fact, South Carolina is the nation's **15th fastest growing state** (*U.S. Census Bureau, 2001*) with a population increase of 15.1 percent between 1990 and 2000. Our growth has also increased by 5 percent since 2000 (*U.S. Census Bureau, 2004 Population Estimates*), demonstrating the momentum of new and expanding businesses recognizing South Carolina's site advantages.

Significant advantages for South Carolina manufacturers include the following:

- A strong workforce featuring one of the lowest unionization rates in the nation and low employment costs, complemented by the nation's finest state-sponsored pre-employment training;
- A business climate that includes low business taxes, numerous economic development incentive programs, and a state government that is definitively probusiness;
- The perfect site for manufacturing with a statewide network of site selection resources that matches your company's needs with available industrial property. Complementing our site selection resources are abundant, low-cost industrial utilities and infrastructure resources; and
- A superior transportation network that allows your company a true competitive advantage. Our manufacturers compete successfully in a global marketplace due to the wide range of transportation options, over-the-road, express air cargo, and three deepwater seaports.

Discover why over 4,000 manufacturers call South Carolina home.

- One of the best business climates in the nation.
- The Center for Accelerated Technology Training: a workforce training program that is the model for the rest of the nation.
- One of the lowest combined tax burdens in the Southeast, competitive labor costs, and supportive state legislature.
- An unsurpassed quality of life. The state encompasses it all from the mountains to the sea, providing every natural and cultural activity imaginable.

It is South Carolina's goal to work proactively and aggressively to maintain advantages for manufacturers. As you read further, the opportunities for your company to profit and prosper in South Carolina's manufacturing environment will become clear.

The results of our labor force and business climate advantages for manufacturers speak volumes. Since the early 1990's, South Carolina has attracted some of the world's largest and best-known companies, like BMW, Bayer, DuPont, and Michelin. We invite you to visit our Web site (<http://www.SCcommerce.com>) to discover how our advantages can be put to work for your company.

SUPERIOR WORKFORCE RESOURCES

Our Manufacturers' Greatest Resource

South Carolina's greatest resource is its workforce. We are positioned to provide manufacturers with one of the most cost effective, productive, flexible, and technically competent workforces in the nation. Being both a *right-to-work* state and an *employment-at-will* state, South Carolina companies maintain control of their workforce and manufacturing operations.

Here are examples of the competitive advantages offered by South Carolina:

- One of the lowest hourly wages in the nation;
- One of the **lowest unionization rates in the nation**. Approximately 4.5 percent of the state's workforce are union-affiliated (*Union Member and Earnings Data Book, 2004*);
- The Center for Accelerated Technology Training, the state's award-winning pre-employment training program, provides a well-trained workforce that is ready at the time of the facility opening.

South Carolina's workforce, like its population, has grown substantially since the 1980's. Predictions are that the state will add more than 140,000 to the workforce over the next ten years (*Bureau of Labor Statistics, Employment Projections, 2004*). South Carolina's labor force is over 1.9 million, which represents nearly one half of the state's population. Strong growth and a youthful population ensure a steady supply of workers for South Carolina manufacturers now and in the future.

Just as important is the fact that South Carolinians personally place an important emphasis on a strong work ethic and pride in workmanship. The results are better products, higher profits, and workers who are loyal to their company.

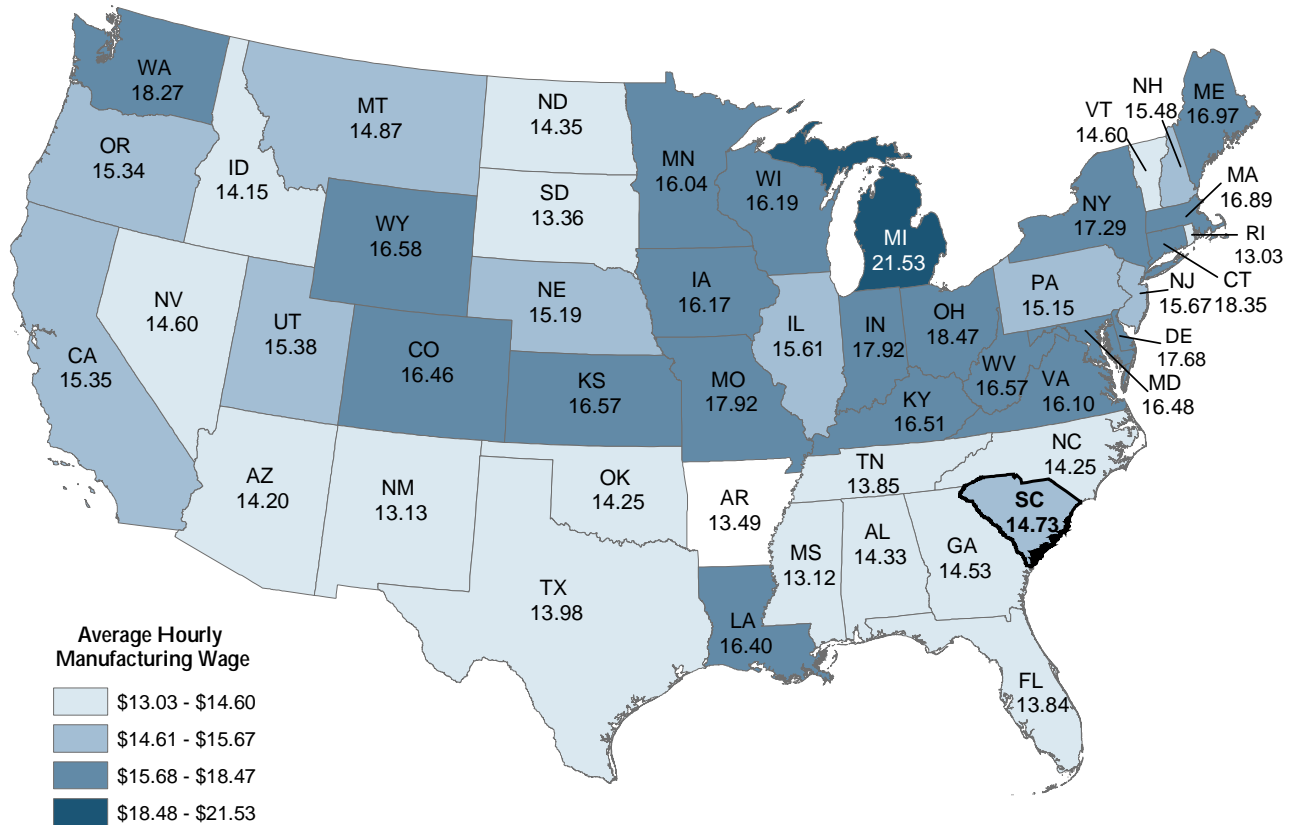
Our workforce provides a competitive advantage.

- **One of the highest percentages of manufacturing workers (over 20 percent) in the United States.**
- **A workforce that is projected to grow more than 10 percent over the next ten years.**
- **South Carolina ranks 7th in the US and 2nd in the Southeast based on value added per worker in manufacturing, a measure of productivity. (*US Census Bureau, 2001 Annual Survey of Manufacturers tabulations done by CQ's State Fact Finder 2004: Rankings Across America.*)**

The Most Competitive Employment Costs in the Nation

Manufacturers in the state can count on some of the nation's lowest combined employment costs. Manufacturer's Alliance of Connecticut ranked South Carolina's total costs for manufacturers as 5th lowest in the nation and lowest in the Southeast in their latest Manufacturing Index for 50 States, 2004. Below are some other reasons the state is competitive:

- Competitive Wages:** South Carolina's manufacturing wages have been consistently lower than the national average. In fact, at \$14.73 per hour, South Carolina's manufacturing wages are **among the lowest in the country**, according to the *May 2005 Employment and Earnings*, published by the U.S. Department of Labor Bureau of Labor Statistics.



- Low Unemployment Insurance:** South Carolina's unemployment insurance rate is 3.34 percent on the first \$7,000 of earned income. This rate is in effect for the first two years a company operates in South Carolina. After two years, the company will

be re-rated each year based on experience. The contribution rates for South Carolina companies range from 0.54 percent to 5.4 percent, with an average rate of approximately 2.0 percent.

- **Workers' Compensation Insurance:** Workers' compensation costs are among the **lowest in the nation**. South Carolina companies select agencies of their choice, and premiums may be adjusted 25 percent in either direction based on a company's claim experiences. The average cost of workers' compensation insurance is roughly 2.0 percent of payroll.

A Workforce Trained for Industry Demands

The vital aspect of a strong workforce is a commitment to ensuring that workers are provided with the best training programs. South Carolina is committed to training its workforce. Our collaborative approach to supporting the requirements of our industries is comprehensive:

- **Tech Prep:** Tech Prep programs include career guidance for students in high schools and a core curriculum with defined competencies at each level. There are provisions for applied academics in communications, mathematics, and sciences, along with an apprenticeship program of particular interest to manufacturers. Students enter the apprenticeship program during their senior year in high school. The program combines class work and apprenticeship training throughout the senior year and continues through attendance at a technical college. At the end of the program, usually taking 3-4 years, students receive a high school diploma, vocational certification, associate degree, and a workplace competency certificate from the apprentice's employer.
- **Technical College System (TECH):** South Carolina has an extensive network of 16 technical colleges, many with branch campuses that support technical training. Since all South Carolina residents live or work within 30 minutes of one of these campuses, training is convenient and easily accessible.

The mission of the technical colleges is to support economic development. As a result, each college is focused on serving local business and industry needs, and this in turn is reflected in a constantly updated curriculum. Companies can use the TECH system to train employees, offer continuing education, hire entry-level workers who have completed degree-related programs, and keep skills up to date with the latest business and management technology.

- **The Center for Accelerated Technology Training (CATT):** For more than 40 years, South Carolina's TECH system has provided CATT, one of the state's most powerful economic development incentives. This program provides companies moving to, or expanding in, South Carolina with well-trained and highly motivated employees through a comprehensive and customized process that includes recruiting, screening, and training.

CATT is often the key element that allows South Carolina companies to start-up rapidly, operate efficiently and productively, and succeed in today's global

environment. The program is driven exclusively by a company's needs and desired level of partnership. Hallmarks of this nationally acclaimed program include flexibility, responsiveness, quality control, solid management, experience, a grasp of world-class quality concepts, and the ability to help create highly functioning work teams.

- **Higher Education:** South Carolina's three research universities (Clemson University, University of South Carolina [USC], and Medical University of South Carolina [MUSC]) have nationally recognized training programs and research initiatives. Clemson and USC have extensive engineering coursework related directly to the requirements of South Carolina's industries, as well as research centers dedicated to new technology. MUSC has developed a comprehensive clinical testing program and houses one of the nation's pharmaceutical development centers. MUSC utilizes its biomedical research results for economic growth with the private sector in grant contract research, licensing, and new company development. The relationships between South Carolina companies and these schools have resulted in numerous successes including technology transfer, competitive advantages, and access to modern manufacturing technologies.

By providing one of the most cost effective, productive, and technically competent workforces in the United States, South Carolina can offer our manufacturers an opportunity for long-term success.



**The Center for Accelerated
Technology Training:
Cornerstone of BMW's decision to
locate its only North American
facility in South Carolina**

"When you consider that a BMW is, after all, a German car and how critical Made in Germany is to the image and all it portrays, obviously when BMW left Germany, the No. 1 issue we faced was: Could we find that skilled labor force to provide and build the exact quality that we already have in Germany? That was critical. The cornerstone of any decision for locating our plant outside of Germany had to be infrastructure that supported training. And that makes South Carolina, frankly, unique here in the United States in that it has established a wonderful system for assisting all companies such as BMW with training unskilled labor in whatever manner they need...The secret to our success here, frankly, is the people."

**Carl Flesher
Former VP for Community
and Corporate Relations
BMW Manufacturing Corporation**

(BMW's only North American facility is located in Spartanburg. The plant is the exclusive manufacturer of BMW's Z4 Roadster and X5 Sports Activity Vehicle.)

AN UNSURPASSED BUSINESS CLIMATE

South Carolina Fosters Prosperity and Expansion

South Carolina understands that companies, not the government, invest capital and create jobs. It is our responsibility to work with industry to create a climate that fosters prosperity and expansion. From the initial contact through planning, construction, start-up, and continued business growth, the state provides one of the leading probusiness environments in the nation.

During 2005, the South Carolina Department of Commerce facilitated 137 new and existing companies announcing a combined **\$2.66 billion in capital investment** and creating **12,370 new jobs**. Manufacturing accounted for the majority of capital investment and job creation, representing 81% of total investment and 56% of total job creation.

South Carolina has earned recognition as a business friendly state by placing emphasis on the complex needs of our investors. We understand that companies exploring investment opportunities in our state want to know the processes required to start-up and operate a business here, from the costs associated with operation to the forms of assistance available through state and local governments.

As part of our efforts to develop a long-term partnership with all of our companies, South Carolina works to promote a clear understanding of the business tax structure and regulatory climate in the state, as well as the available financial incentives. In addition, we provide continuous support resources for all companies in the state, not only during start-up but also for the life of the investment.





Photo Courtesy of Michelin

Michelin

“One of the reasons we decided to put our \$900 million plus expansion in South Carolina was the experience we’d had here for more than 20 years. From administration to General Assembly session, we can count on a consistent policy that is probusiness. We tell anyone that asks that if we had the investment decision to make again today that we made back in 1973 and again in the mid ‘80s on expansions and again in 1995 and 1999, that we would make the same decision. That is, to put our investment here in South Carolina and our North American headquarters.”

Michael Fanning
Vice President, Corporate Affairs
Michelin, North America

Business Tax Structure and Financial Incentives

Our probusiness attitude is reflected by our stable business tax structure and an unparalleled list of tax credits and investment incentives:

- Maintaining a 5 percent corporate income tax rate—South Carolina has the lowest income tax rate in the Southeast;
- Preventing a general tax increase—According to the Tax Foundation, South Carolina has the seventh lowest per capita tax burden in the United States and in addition to the low tax rates, has actually decreased taxes for industry and individuals; and
- Maintaining consistently affordable insurance costs for accidents on the job (Workers' Compensation) and unemployment—South Carolina has one of the lowest Workers' Compensation rates in the United States.

Tax liability for companies operating in South Carolina includes the following:

- **Corporate Income Tax:** Companies pay a state corporate income tax on income allocated to South Carolina operations (interest, dividends, royalties, rents, property sale gains and losses, and personal services income) and income apportioned to the operations (based on weighted payroll, property, and sales factors). A 5 percent corporate income tax rate is applied to the sum of these incomes, and the resulting figure is a company's state corporate income tax.
- **Corporate Franchise Tax/License Fee:** All companies must pay an annual state corporate franchise tax. The rate is one mill (\$0.001) per dollar of total paid-in-capital and paid-in-surplus (earned surplus is not included), plus an annual \$15 license fee. For multi-state corporations, the license fee is determined by apportionment in the same manner employed in computing apportioned corporate income.
- **Property Tax:** Taxes on real property (land and buildings) and personal property (machinery and equipment) for manufacturers are only levied by the local (county and/or city) government. Personal property is allowed to depreciate annually (beginning in year 1) at a rate established by state law. Generally, this rate is 11 percent annually and is depreciated to a residual level of 10 percent of the original property value. Real and personal property are assessed at 10.5 percent of fair market value. A local millage rate is applied to the assessed value of all property to determine the value of the tax. Millage rates are determined annually by local governments and are comprised of a school operating portion (approximately 67 percent) and a county operating portion (approximately 33 percent).
- **Sales Tax:** South Carolina utilizes a state tax on sales and use of 5 percent. Some counties (by approval of a majority of county voters) assess an additional 1 percent local option sales tax; however, this amount is offset by a state mandated credit to real property taxes.

Some of the key elements of the state's incentive program that reduce tax liability and reward firms for investing in South Carolina include the following:

Corporate Income Tax Credits

- Tax credits for new job creation;
- Tax credits for research and development activities;
- Tax credits for corporate headquarters facilities;
- Tax credits for providing child care benefits;
- Tax credits for investments in new production machinery in the 27 counties affected by the closure of federal facilities (considered *Economic Impact Zones*);

Exemptions and Incentives Against Property Tax

- No tax on inventory, intangibles, or pollution control equipment;
- Five-year abatement of the county operating portion of property tax (lowers the millage rate by approximately 33 percent by removing the county operating portion of the rate for five years);
- Opportunity to negotiate with the county for a fee-in-lieu of property taxes (With a minimum \$5 million capital investment, a county can substitute a 20-year fee schedule with a reduced assessment rate in place of standard property tax payments.);

Exemptions from Sales Tax

- No sales tax on manufacturing equipment and electricity;
- No sales tax on packaging materials;
- No value added taxes; and
- No wholesale sales tax.

Regulatory Climate

South Carolina offers companies a regulatory climate that speeds the processing of necessary permits, reducing delays in start-up. The South Carolina Department of Commerce and local development authorities serve as valuable resources for new and expanding companies seeking information about environmental, building, and operating permits.

Environmental Permits

Environmental issues in South Carolina are administered by the South Carolina Department of Health and Environmental Control (SCDHEC). SCDHEC works cooperatively with business in South Carolina to assist economic development in the state while maintaining a safe environment. This cooperative relationship between SCDHEC and business is demonstrated in the fact that less than 1 percent of all environmental permits applied for in South Carolina are challenged.

SCDHEC oversees all state and federal permits issued in South Carolina, having been granted federal oversight responsibilities for implementing United States Environmental Protection Agency regulations and compliance procedures. This situation allows South Carolina businesses to work with local agents concerning most environmental issues. SCDHEC is aware of the importance of new industry to our state and gives priority to the review of new facilities, thus reducing turnaround time for issuance of new permits.

Permitting fees, both initial and maintenance, are lower than those in most states and are often site specific. Local and regional agencies in South Carolina have not enacted local environmental compliance or permitting requirements, with the exception of the standard local wastewater system use ordinances. South Carolina has no state law requiring the preparation of environmental impact statements.

“For a medium-sized company like Friedrichs & Rath, an investment overseas means a big challenge. But, we believe that . . . the great location in South Carolina and the support from all levels of government can limit the risk and can maximize our chances for growth.”

**Dr. Stefan Rath
Friedrichs & Rath GmbH
Exertal, Germany**

Building and Operating Permits

Building and operating permits are the responsibility of the local governmental entity (county and/or municipality). This information is available from the local planning department and/or building inspector. Several counties within South Carolina have a “one stop” permitting system, where all necessary permits can be obtained at the same time. Costs for building and operating permits vary depending on location.

Service for the Life of the Investment

South Carolina believes that supporting the growth of existing businesses is the true measure of a business friendly state. Through the Business Solutions Division of the Department of Commerce, South Carolina provides service for the life of the investment with two programs that help our companies grow: International Trade Development and Recycling Market Development.

The International Trade Development group assists South Carolina companies in finding new customers in overseas markets. The state understands that locating quality foreign prospects is the number one ingredient in a company's success in international trade. The available services include buyer/supplier networking, on-site sales representation, dissemination of trade leads, and coordination of trade shows and missions.

The Recycling Market Development group works to stimulate growth among the state's recycling businesses through policy/legislative initiatives and recycling business development activities. They also provide leads on ways South Carolina companies can dispose of source waste materials.

THE PERFECT MANUFACTURING SITE

Location

A good labor force and business climate mean nothing if our manufacturers cannot find the optimal industrial site. South Carolina offers manufacturers an unparalleled location to meet production and distribution demands. We work with industry to locate the perfect site.

- We offer a customized on-line site evaluation tool that allows companies to search a database of potential sites. This tool can be found at http://www.sccommerce.com/Avail_Sites.aspx.
- Construction costs in South Carolina are typically more than 14 percent below the national average (*Marshall Valuation Service*). In addition, the state's temperate climate allows for year-round construction.

Utilities

South Carolina's infrastructure base includes a complete, reliable network of electric and gas utilities along with state-of-the-art telecommunications services.

- **Electric:** South Carolina's four generating utilities have a combined capacity of 14.6 gigawatts to support the growth of industry in the state. The size and number of utilities in the state have led to some of the most affordable power costs in the region—in fact, industrial power costs in the state averages only 4 cents per kilowatt-hour—among the lowest rates in the nation. In addition to favorable rates, service and reliability are not sacrificed to maintain costs. During 1998's extreme summer, no South Carolina utility customer, industrial or residential, experienced the type of reduced service experienced by many industrial customers in the Midwest and Northeast.
- **Gas:** South Carolina manufacturers have access to abundant supplies of natural gas from two interstate pipeline companies and four distributors. The four distributors serve 90 percent of the state. The remainder of the state receives natural gas from municipalities and natural gas authorities. The rates and services of these companies are subject to regulation by the Public Service Commission.
- **Water and Sewer:** With a total water flow of 33 billion gallons per day, South Carolina has two of the largest river basins on the east coast. This abundant, high quality surface water supplies 96 percent of the state's water needs, 38 percent of which goes to self-supplied industrial use. Companies find the tolerances of most wastewater systems to be fairly high, often requiring less pre-treatment than other locations. This results in lower costs for wastewater disposal.

- **Telecommunications:** State-of-the-art telecommunications capability is critical in today's business world and South Carolina offers one of the most comprehensive networks in the region. All areas of the state are served by digitally switched central offices with redundancy to at least one other central office. This means that voice and data are guaranteed reliable and efficient transmission with less risk of breakdowns, delays, or loss of data. Fiber optic lines serve 75 percent of the state, including all major metropolitan areas. Another 21 percent is served by a combination of fiber optic and copper lines. Traditional copper lines serve the remainder of the state, in mostly rural areas. However many of the existing copper lines are being replaced by new fiber optic lines.

UNMATCHED ACCESS TO MARKETS

Providing Strategic Access to Markets and Materials

South Carolina's strategic East Coast location offers companies a competitive advantage in accessing domestic and international markets and receiving raw materials. In fact, the state's strategic location is central to a substantial portion of the nation's consumer and industrial markets and is within one day's drive of over 50 percent of the nation's fastest growing markets, 44 percent of the nation's population, and 27 percent of the nation's manufacturing facilities.

A major benefit to companies is that South Carolina is supported by five interstates, four commercial airports, three seaports, and 2,600 miles of rail. This intermodal network ensures that raw materials and finished goods are transported in the most efficient manner possible. In other words, companies can maintain just-in-time or other manufacturing/distribution processes, reduce transportation costs, and reduce shipping time, while at the same time being more responsive to customer requirements.

South Carolina Highways—The Road to Success

While South Carolina is 40th in size nationally, it has the 5th largest state maintained road system (a total of over 42,000 miles) and is crisscrossed by five strategic interstates (I-20, I-26, I-77, I-85, and I-95). The location and intersection of these interstates, combined with South Carolina's state highways, provide efficient access to the state's ports and over half of the nation's fastest growing metropolitan statistical areas. One measure of the commitment and success of South Carolina's road system is the unprecedented \$5 billion investment planned over the next several years—this investment will more than double current road/highway construction and improvements.

Transportation Infrastructure



South Carolina Airports—Connecting Companies to the World

Companies benefit from the proximity of a commercial airport within one hour of any location in South Carolina. By being close to an airport, better flight flexibility and time allocation is achieved. Direct flights are available to most major domestic hubs throughout the United States, and international connections can easily be made via Atlanta, Charlotte, Chicago, and New York.

The four largest commercial airports in South Carolina (and nearby Charlotte, NC) are the following:

- **Charleston International Airport**—direct passenger flights to Atlanta, GA; Charlotte, NC; Chicago, IL; Cincinnati, OH; Detroit, MI; Fort Lauderdale, FL; Houston, TX; New York, NY (JFK and LaGuardia); Newark, NJ; Orlando, FL; Philadelphia, PA; Pittsburgh, PA; Raleigh-Durham, NC; Tampa, FL; and Washington, DC;
- **Charlotte-Douglas International Airport (Charlotte, NC)**—offers around 500 daily scheduled flights, with 147 non-stop services offered to approximately 150 cities. Non-stop flights are offered to and from London, Frankfurt, Nassau, Bahamas, Bermuda, Ontario and the Grand Caymans.
- **Columbia Metropolitan Airport**—direct passenger flights to Atlanta, GA; Charlotte, NC; Chicago, IL; Cincinnati, OH; Detroit, MI; Houston, TX; New York, NY (LaGuardia); Newark, NJ; Orlando, FL; Philadelphia, PA; Tampa, FL; and Washington, DC; and
- **Greenville-Spartanburg International Airport**—direct passenger flights to Atlanta, GA; Charlotte, NC; Chicago, IL; Cincinnati, OH; Cleveland, OH; Dallas, TX; Detroit, MI; Houston, TX; Memphis, TN; Minneapolis, MI; New York, NY (LaGuardia); Newark, NJ; Orlando, FL; Philadelphia, PA; Raleigh-Durham, NC; Tampa, FL; and Washington, DC.

South Carolina's commercial airports also offer overnight express cargo service through the primary carriers: Airborne, DHL, Emery Worldwide, Federal Express, and UPS.

Rail Service—An Impressive Track Record

Industry is served by two major rail companies (CSX and Norfolk-Southern), as well as seven affiliated and independent lines, which operate almost 2,600 miles of rail. Direct and swift rail service is available five to seven days a week to all of South Carolina's metropolitan areas. Rail clearances are some of the most liberal on the East Coast.

With the recent completion of the merger of Conrail's northeast rail system into both CSX and Norfolk-Southern rail systems, both companies offer daily, double-stack train express services (inbound and outbound) that provide customers with efficient access to the market gateways in the Northeast, Midwest, Canada, and Mexico, while eliminating costly double handling of goods. Also, in an effort to meet the growing intermodal demands of industry, CSX and Norfolk-Southern offer specialized transloading service in Charleston that handles high volume and heavy-duty goods.

The Port of Charleston—Gateway to the World

Cited as the nation's most efficient port, the Port of Charleston is also the largest container port in the South and second only to New York-New Jersey on the East Coast. Transit times between Charleston's terminals and the open sea are among the shortest on the East Coast, allowing manufacturers convenient access to raw materials and fast delivery to customers throughout the world. The last major contract associated with the Charleston Harbor Deepening & Widening Project was completed late in the year. The port now enjoys 45 feet of water at low tide, allowing Charleston to accommodate the larger ships serving world trade. Among the Port of Charleston's many distinctions are:

- ◆ Fourth-busiest container port in the country (*SC State Ports Authority, 2005*);
- ◆ One of only a handful of ports to have received the Presidential "E" and "E-Star" awards for excellence in exporting;
- ◆ Ranked in the top five for value of cargo exported from port (*US Census Bureau*);
- ◆ Handled 1.98 million TEUs, or 20-ft equivalent units, up 6% from 2004;
- ◆ Breakbulk cargo totaled 727,000 tons, up 4% from 2004. Operating margins increased more than 16 percent in 2004 (*SC State Ports Authority, 2005*); and
- ◆ Expenses reduced more than \$2 million and nearly \$1.5 billion in port-related improvement projects progressed toward completion in 2004 to secure position as a global leader (*SC State Ports Authority, 2005*).

Port of Charleston Delivers for Lang-Mekra North America

"We are still very dependant on our supplies coming out of Germany...and the factor of distribution is we import about 80 percent by sea and 20 percent by air so it's very important for us to be very close to a port to be able to get merchandise out of customs. Being a "just-in-time" supplier to the heavy truck industry, it's very important that your supplies are in-house when you need them. In cases of emergency, we have always been able to get supplies out of Europe within one or two days for overnight shipments."

Sabine Lang President Lang-Mekra North America

(In 1994, Lang-Mekra North America located in Fairfield. The company manufactures mirror systems for commercial vehicles, heavy trucks, step vans, and utility vehicles.)

Foreign Trade Zones

Complementing South Carolina's world-class transportation system are three strategically located Foreign Trade Zones: Foreign Trade Zone 21 operates six sites in the Charleston area; Foreign Trade Zone 38 is located adjacent to the Greenville-Spartanburg International Airport; and Foreign Trade Zone 127 is located adjacent to the Columbia Metropolitan Airport.

These zones offer substantial cost-saving advantages for companies who import or export manufactured raw materials or products. Some of the benefits of these zones include the following:

- Duty is paid only when imports are shipped out of the zone or sold—this markedly improves cash-flow;
- Duties are not owed on labor, overhead, or profit attributed to production operations located in the zone;
- Spare parts may be stored, returned, or destroyed without paying duty;

FACT: South Carolina's Foreign Trade Zones provide a number of services to include general warehouse and distribution, transportation coordination, third-party logistics, quality control, repackaging and relabeling, export, computerized inventory control, design and build special tenant facilities, office and services rental, and consolidation of exports.



- Delays in customs clearances and duty drawback procedures can be eliminated;
- No country of origin labels are required on merchandise admitted to the zone; and
- Due to security, insurance rates are lower—according to *Area Development* magazine, the savings may be as high as 40 percent.

SUPPORT SERVICES FOR MANUFACTURERS

Manufacturing Research

South Carolina is becoming home for an increasing number of technology-based industries that share an interest in research and applied technology. Passage of the 1999 Technology Act further demonstrates South Carolina's commitment to the recruitment and expansion of high tech industry. The state's government-sponsored research and development programs are designed to promote economic development, with many specifically designed to assist companies in adapting and implementing new products or processes, which have immediate commercial potential. Research partnerships have become the central theme for a large portion of research underway at South Carolina's research universities and the state's other research institutions.

South Carolina Research Authority (SCRA)

The SCRA is a public, self-funded, non-profit organization that works to attract and support technology-based companies in South Carolina. The SCRA fosters joint projects among education/research institutions and private business in the following ways:

- Encouraging collaboration between industry, government, and educational institutions;
- Providing unique site locations in specialized research parks; and
- Offering technology management specialization.

SCRA supports the nation's first coordinated research park system. The system of five statewide research parks is convenient to the state's research institutions: Clemson University, Medical University of South Carolina (MUSC), and University of South Carolina (USC). Each provides research and technical assistance to businesses and industry throughout South Carolina.

- Charleston Research Park is located in downtown Charleston, providing easy access to MUSC.
- Carolina Research Park is located minutes from USC just northeast of Columbia.
- Clemson Research Park is located on Interstate 85 near Clemson University. The "I-85 Corridor" through South Carolina, running between Charlotte and Atlanta, is one of the nation's most manufacturing-intensive regions.
- Savannah Research Campus is located on Interstate 20 near Aiken.
- Pee Dee Research Park is located on the campus of Francis Marion University near Florence.

South Carolina has shown a commitment to Total Quality Manufacturing (TQM) by investing in programs necessary for quality manufacturing.

- ***The Center for Quality Management and Education at the University of South Carolina (Upstate)*** began operations in 1992. The Institute focuses on the integration of TQM concepts into manufacturing for businesses in South Carolina and elsewhere. The center also sponsors research in the science of quality technology, is the first comprehensive quality manufacturing center in the Southeast, and is certified to teach ISO curriculum.
- ***The Southeastern Manufacturing Technology Center (SMTC)*** is one of five national centers to improve manufacturing competitiveness by facilitating technology transfer. SMTC works closely with small and medium sized manufacturers to improve their competitive positioning. SMTC performs consulting, education, and application demonstrations with resources and partners located throughout South Carolina. Focus areas include Product Realization and Design, ISO9000/9001 Services, Workforce Training, Computer Aided Technologies, Information Systems and Networking, and TQM.

A SUPERIOR QUALITY OF LIFE

Leisure: Recreation, Arts & Entertainment, and Sporting Events

The cultural diversity that South Carolina's residents bring to the state is complemented by a host of leisure activities, including recreation, arts & entertainment, and sporting events that define the many dimensions of South Carolina. The state's varied landscape is a backdrop for diverse activities.

Recreation

South Carolina's geography is defined by the foothills of the Appalachian Mountains and the Atlantic Ocean—from higher elevations ranging between 1,000 feet to 3,500 feet in the foothills, to sub-tropical conditions along 200 miles of Atlantic coast. With such a diverse topography and a temperate climate, South Carolina is perfect for year-round, outdoor activities.



SC Dept. of Parks, Recreation and Tourism

The Cliffs at Glassy in the Upstate is just one of over 300 golf courses located throughout South Carolina.



SC Dept. of Natural Resources

The Edisto River in the Lowcountry, the longest black water river in the world, is a popular fishing location.

South Carolina's water resources offer recreational activities from kayaking and rafting on whitewater rivers; to fishing and boating on lakes; to blue water sailing and deep-sea fishing. In addition to the Atlantic coast, 830 square miles of the state are covered by water, including 10 major rivers and 3 main lakes. Lakes Marion, Moultrie, and Murray together encompass 221,000 acres of water surface and are all man-made lakes built to furnish hydroelectric power plants. Lake Murray, located in the center of the state, boasts the 2nd largest earthen dam in the

world.

Hiking, camping, and backpacking opportunities abound in South Carolina. The 300-mile Palmetto Trail spans the state from the northwest mountains to the seacoast village of McClellanville, north of Charleston. Dozens of state and national forests and parks, along with wildlife refuges and preserves, are located throughout South Carolina, offering unique experiences for outdoor enthusiasts. The temperate climate also supports year-round natural beauty found at such places as Middleton Place near Charleston, the home of America's oldest formal gardens, and Brookgreen Gardens near Murrells Inlet, the world's largest collection of outdoor sculptures nestled among 2,000 species of plants.



SC Dept. of Natural Resources

Whitewater Falls, located in the Upstate on South Carolina's border with North Carolina, is the highest waterfall in eastern North America.

Arts & Entertainment

Steeped in Southern history and American heritage, South Carolina's historic communities reflect a rich past that is evident in many different ways. Celebrating the past or celebrating the present, South Carolina's smaller communities and metropolitan areas support a host of artistic and cultural events. Among the most noted event is Charleston's internationally acclaimed Spoleto Festival. For two weeks each year, artists and patrons from around the world convene in Charleston to present and view *avant-garde* theater productions, studio art in various media, and musical and operatic presentations.

In addition to Spoleto, there are numerous other local festivals that occur across the state throughout the year, presenting such international artists and events as the London Philharmonic Orchestra, Royal Winnipeg Ballet, Vienna Boys' Choir, David Parson's Dance Company, "Les Miserables," and Shakespeare Festivals. Performing arts centers are located in most of South Carolina's larger cities, such as the Koger Center in Columbia, the Opera House in Newberry, and the Peace Center in Greenville. In fact, Charleston's Dock Street Theatre, still in operation today, was the first permanent structure erected in the original 13 colonies solely for theatrical performances.



SC Dept. of Parks, Recreation and Tourism

Spoleto USA in Charleston is an international festival of visual and performing arts -- the festival is a national event and is one of more than 380 festivals held annually.

Because important Revolutionary and Civil War battles were fought in South Carolina, even celebrating history has become an art form. Thousands of people participate in living history demonstrations, from military reenactments to demonstrations of plantation life. Architecture is a subject of celebration as well, and dozens of tours of public and private dwellings throughout the state reveal some of America's oldest and most beautiful buildings.

Sporting Events

Sports are a prominent feature in South Carolina's quality of life; spectators enjoy a wide variety of events, from high school football to professional hockey. The state's grade schools and colleges offer seasonal sports opportunities for their athletes as well as cheering fans. Each year, the impressive list of sporting events held in South Carolina and neighboring states grows:

- Minor league baseball in Charleston, Columbia, and Greenville, SC;
- Professional basketball in Atlanta, GA (Atlanta Hawks);
- Professional football in Atlanta, GA (Atlanta Falcons) and Charlotte, NC (Carolina Panthers);
- College football, baseball, basketball, soccer, tennis, volleyball, golf, etc.;
- East Coast hockey league teams in Charlotte, NC, and Charleston, Columbia, Florence, and Greenville, SC;
- A Professional A-League soccer team in Charleston, SC (The Battery) and professional soccer clubs throughout the state;
- Professional golf in Augusta, GA (The Masters) and Hilton Head, SC (MCI Classic);
- Professional tennis in Charleston, SC (U.S. Men's Clay Court Championships and Family Circle Cup);
- International Steeplechase in Camden, SC (Carolina and Colonial Cup races); and
- Busch and Winston Cup series stock car racing in Charlotte, NC, and Darlington and Myrtle Beach, SC.



Clemson University

In addition to soccer programs at the grade school and college level, South Carolina is home to several professional teams.