



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

South Carolina

MARCH 2006

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EXECUTIVE SUMMARY

South Carolina's Strategic Advantages for Japanese Firms

South Carolina offers a number of strategic advantages for Japanese firms operating in this state. Japanese investors will find many opportunities and operating advantages in South Carolina that will enhance their position in the global marketplace, and increase growth and profitability.

Some of the specific benefits available to Japanese firms locating in South Carolina include the following:

- **An Opportunity for Long-Term Partnerships:** The close working relationships and long-term partnerships that already exist between Japanese firms and South Carolina continue a tradition of success that began in the late 1940's.
- **A Business Friendly Environment:** South Carolina leads the United States with its probusiness climate and works cooperatively with industry to create prosperity and expansion. The state offers strategic operating advantages, aggressive tax incentives, and a commitment to long-term partnership. This probusiness attitude will help foster success for Japanese companies in the United States and abroad.
- **An Extensive Transportation Infrastructure:** South Carolina's infrastructure ensures that Japanese firms reach customers quickly, efficiently, and cost-effectively. With five interstates, many accessible commercial and international airports, a dense rail network, the nationally recognized deep-water Port of Charleston, and three foreign trade zones, Japanese firms are at the gateway to the world.
- **A Qualified Workforce:** South Carolina provides one of the most productive, technically trained, and cost-effective workforces in the United States.
- **An Excellent Quality of Life:** South Carolina offers an unparalleled combination of culture, leisure activities, and recreation that makes recruiting and maintaining top-level executives an easy task.

South Carolina welcomes careful exploration of the many logistical and operating advantages in the state. The pages that follow outline South Carolina's features and benefits, and how they contribute to a strong bottom line performance for Japanese firms.

LONG-TERM PARTNERSHIP WITH JAPANESE FIRMS

The Partnership Continues

South Carolina has a history of long-term partnerships with Japanese firms. South Carolina's earliest Japanese partners date from the late 1940s, including AVX, Ryobi Motor Products, and Star Paper Tube. Since then, and with the establishment of the state's permanent office in Tokyo in 1983, the number of partnerships has increased. Before South Carolina established a presence in Japan, the state was home to 15 Japanese facilities; today, over 40 Japanese firms have opened production and distribution operations in South Carolina.

These historic partnerships show that South Carolina is committed to working long-term with Japanese firms to increase growth and profitability. This collaborative approach has produced the following achievements, proving that South Carolina's operating advantages are an integral part in the success of Japanese firms here:

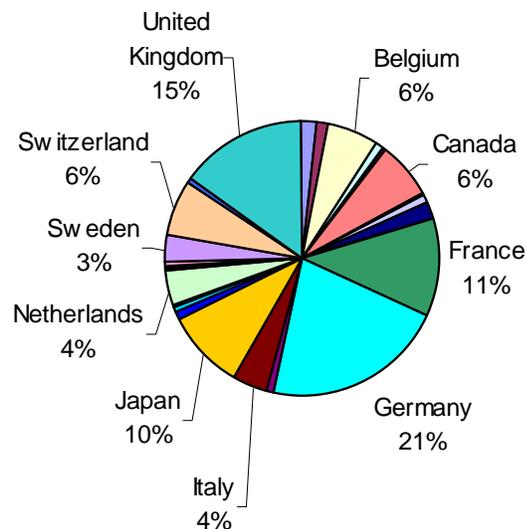
- Over 40 Japanese firms have invested in South Carolina.

- Japanese firms make up 10 percent of South Carolina's international investment. As the fourth largest international investor in South Carolina, Japanese firms are very important to the state's business base.

- In 2005 alone, Japanese companies made announcements totaling \$34 million in investment and creating over 100 new jobs, showing that Japanese firms continue to see the operating advantages of a South Carolina location.

- South Carolina ranks 1st in the nation in terms of the percentage of its private workforce employed by job-creating foreign investment, or jobs supported by U.S. subsidiaries of foreign companies. Of the state's private sector workers, 8.4 percent are employed by job-creating foreign investment.

International Investment by Country



- The state ranks 16th in the nation in terms of total jobs created by foreign investment.
- Japan is one of South Carolina's largest trading partners—exports to Japan in 2004 were over \$436 million.

South Carolina understands the importance of focusing on the global economy and international commerce. This commitment generates numerous benefits for international firms and the state itself, enabling firms with South Carolina operations to increase market share and gain access to new markets. During the last decade, international companies invested \$12 billion in South Carolina. The majority of those companies re4nvested or expanded their operations, proving South Carolina's strategic business opportunities are not short-term, but establish a long-term commitment. This diversifies and strengthens the economy, creates jobs, and enhances the quality of life. Nearly 400 international companies (over 250 are manufacturing) have investments in South Carolina, proving that South Carolina is a top choice in international site selection.

In addition, the state and its local communities seek other alliances that strengthen their relationship with Japan and foster future business opportunities. The following describes some of these unique alliances:

- ***The South Carolina Department of Commerce, Tokyo Office***, first opened in 1983 as South Carolina began to focus on international investment. This office assists Japanese firms investing in South Carolina. The establishment of the Tokyo Office proves that South Carolina is committed to establishing relationships with Japanese firms built on first-hand knowledge.

FACT: In 1987, South Carolina's Tokyo Office assisted in the site selection of Fuji Photo Film Co., Ltd. in Greenwood. Since then, Fuji Photo Film has expanded seven times and increased its investment to more than \$1 billion.

- ***The Japan External Trade Organization (JETRO)*** offers assistance to companies interested in exporting to Japan. They have an office in the Atlanta metro area.
- ***The Japan America Association of South Carolina*** is a joint venture of nearly 70 Japanese and American businessmen, scholars, and other individuals whose focus is to increase cultural and business exchanges between the two countries. The organization also supports two Japanese Saturday Schools and hosts activities providing cross-cultural interaction.
- ***The Japan-Southeast United States Association*** is an alliance of seven states in the Southeastern United States that promotes relations with Japan in the areas of international trade, culture, industry, technology, and commerce. Joint meetings are held once a year in Japan and the United States alternately.
- ***The United States—Japan Alliance with Clemson University (UJAC)*** is an alliance between representatives of Japanese industries, Japanese Government, South Carolina Government, and Clemson University. The focus is to contribute to

the enhancement of relationships between the United States and Japan. The group has held annual meetings over the last eight years with over 100 members attending.

Japanese Companies in South Carolina

Company	County	SIC	Product
Advanced Composite Materials Corp	Spartanburg	3299	Reinforced ceramics
AFL Telecommunications	Spartanburg	3357	Fiber Optic Cable Systems
Aiken Precision Technologies	Aiken	3714	Cold forged steel motor vehicle parts
Associated Fuel Pump Systems Corp (AFCO)	Anderson	3714	Automotive fuel pumps
AVX Corp	Horry	3679	Electronic components
Bridgestone Firestone Inc	Aiken	3011	Passenger and light truck tires
Coates Inks	Greenville	2893	Water-based printing ink
Creform Corporation	Greenville	3569	Material handling systems
DuPont Teijin Films	Florence	3081	Polyester film
Ebara International Corp	York	3561	Centrifugal waste water pumps
Firestone Building Products	Williamsburg	2822	Rubber sheeting
Fuji Photo Film Inc	Greenwood	3861	Printing plates & image setting film
Fuji Photo Film-Distribution Center	Greenwood	5043	Photographic film
Fukoku	Laurens	2821	Elastomers
GCR Tire	Berkeley	5014	Tires & Tubes
Highland Industries Inc	Chesterfield	2221	Industrial synthetic material
Hitachi Electronic Devices (USA) Inc	Greenville	3671	Television picture tubes
Honda of South Carolina Mfg Inc	Florence	3799	All terrain vehicles
ISE Newberry Inc	Newberry	2015	Egg processing & egg products
Kawashima	Kershaw	2211	Auto Textiles
Kleerdex Inc	Aiken	7389	Customer Service Center
Koyo Corp Of USA	Orangeburg	3562	Ball & roller bearings
Koyo Corp Of USA-Manufacturing Div	Richland	3562	Bearing hub assemblies
Kyocera Mita South Carolina Inc	Greenville	3861	Copy machine toner & supplies
Lube USA Inc	Greenville	3552	Centralized Lubrication Systems
Mitsubishi Polyester Film LLC	Greenville	3081	Polyester film
Mitsui OSK Lines America Inc	Charleston	4412	Shipping lines
Musashi South Carolina	Marlboro	3799	Precision parts for ATVs
Newman Technology	Aiken	3714	Exhaust Systems
NICCA USA Inc	Laurens	2869	Industrial organic chemicals
Nippon Carbide Industries (SC) Inc.	Greenville	2816	Chemical manufacturing
Nissan North America	Greenville		Nissan Auto Parts Distribution
Oak-Mitsui	Kershaw	3497	Copper foil
Sekido Technology Corp	Anderson	3462	Metal forgings
Shimano American Corporation	Charleston	5091	Sporting & recreational goods & supplies
Shinsho American	Aiken	3312	Steel Rods
Showa Denko Carbon Inc	Dorchester	3624	Graphite electrodes/granular graphite
South Carolina Yutaka Technologies (SCYT)	Kershaw	3714	ATV suspension parts
Steel Summit-Carolina	Greenville	5051	Steel service center

Japanese Companies in South Carolina

Company	County	SIC	Product
Suminoe Textile of America	Cherokee	2399	Automotive textiles
Takata Restraint Systems Inc	Chesterfield	2221	Automotive restraints
TCM Manufacturing USA Inc	Lexington	3537	Forklifts
Teijin Monofilament USA	Spartanburg	2869	Polyester monofilaments
Textube Corp	Greenville	3569	Modular material handling systems
Toyoda Koki	Greenville	3714	Transmission valves & couplings
US Alumoweld Co Inc	Spartanburg	3496	Wire & strand products (bi-metallic)
US Engine Valve Company	Oconee	3592	Engine valves
Yamato USA Inc	York	5084	Sewing machines
Yanagawa of South Carolina (YSC)	Clarendon	3714	Critical components for ATVs

BUSINESS FRIENDLY ENVIRONMENT

South Carolina's Business Opportunities and Incentives

Public leaders in South Carolina understand that companies, not the government, invest capital and create jobs. As a result, South Carolina is committed to working with industry to create a climate that fosters prosperity and expansion. The state is constantly breaking new ground and introducing innovative strategies for improving the business-government partnership. In addition, South Carolina continues to update legislation to reflect changing global conditions and to better meet the needs of the business community. South Carolina's business incentives reward companies for investment and job creation. This creates an environment where both business and people prosper.

South Carolina has earned recognition as a business friendly state by placing emphasis on the complex needs of our investors. We understand that Japanese firms 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 the state and local governments.

As part of our efforts to develop a long-term partnership with all of our companies, South Carolina works with Japanese firms 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, the state provides continuous support resources for all companies in the state not only during start-up, but also for the life of the investment.

According to current studies, South Carolina has been, and will continue to be, one of the fastest growing states in the Southeast. Industries and businesses of all sizes have found the state to be an attractive area in which to locate. Most established industries and businesses in South Carolina have expanded their facilities one or more times, attesting to the state's fine business climate.

Business Tax Structure and Financial Incentives

South Carolina's stable business tax structure, unparalleled list of tax credits, and investment incentives reflects its business friendly attitude. During the past decade, South Carolina has supported Japanese companies in the following ways:

- preventing a general tax increase—Instead, South Carolina has actually decreased taxes for industry and individuals;
- maintaining a 5 percent corporate income tax rate—South Carolina has the lowest income tax rate in the Southeastern United States; 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. The resulting figure is a company's state corporate income tax.
- **Corporate Franchise Tax and License Fee:** All companies must pay an annual state corporate franchise tax. The rate is one mill (\$0.001) per dollar of a proportion 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:** Only the local (county and/or city) government taxes real property (land and buildings) and personal property (machinery and equipment). Personal property depreciates annually (beginning in year 1) at a rate established by state law. Generally, this rate is 11 percent per year and depreciates 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 tax. Millage rates are site specific, and are determined annually by local governments.
- **Sales Tax:** South Carolina has a 5 percent state tax on sales and use. Some counties assess an additional 1 percent local option sales tax; however, this amount is offset by a state mandated credit to real property taxes.

South Carolina's incentive program rewards firms for investing in South Carolina. Some of the key elements of this incentive program include the following:

Corporate Income Tax Credits

- Tax credits for new job creation
- Tax credits for corporate headquarters facilities
- Tax credits for research and development activities
- 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 (*Economic Impact Zones*)

Property Tax Exemptions and Incentives

- 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)

- A Fee-in-Lieu of property taxes (FILOT) may be offered in place of the five-year abatement, at the discretion of the county. 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. Payments to local government are reduced through the negotiation of a lower assessment rate (from 10.5 percent to as low as 6 percent) and a locked-in millage rate for 20 years or a five-year adjustable rate. This stabilizes the payments for the term of the agreement, allowing greater financial planning for up to 20 years.

Exemptions from Sales Tax

- Sales tax exemption on manufacturing equipment and electricity
- Sales tax exemption on machines used in research and development
- No value added taxes
- No wholesale sales taxes
- No tax on packaging materials

Regulatory Climate

South Carolina offers Japanese companies a regulatory climate that speeds the processing of necessary permits, reducing delays in construction and 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 (DHEC). DHEC works cooperatively with business in South Carolina to assist economic development in the state while maintaining a safe environment. This cooperative relationship between DHEC and business is demonstrated by the fact that less than 1 percent of all environmental permits applied for in South Carolina are challenged.

DHEC 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. DHEC 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.

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.

EXTENSIVE TRANSPORTATION INFRASTRUCTURE

Transportation Logistics

South Carolina has long understood the importance of efficient transportation logistics. Whether looking to expand into new markets, access current markets more efficiently, or increase global competitiveness, South Carolina provides the strategic transportation logistics necessary for the success of Japanese firms.

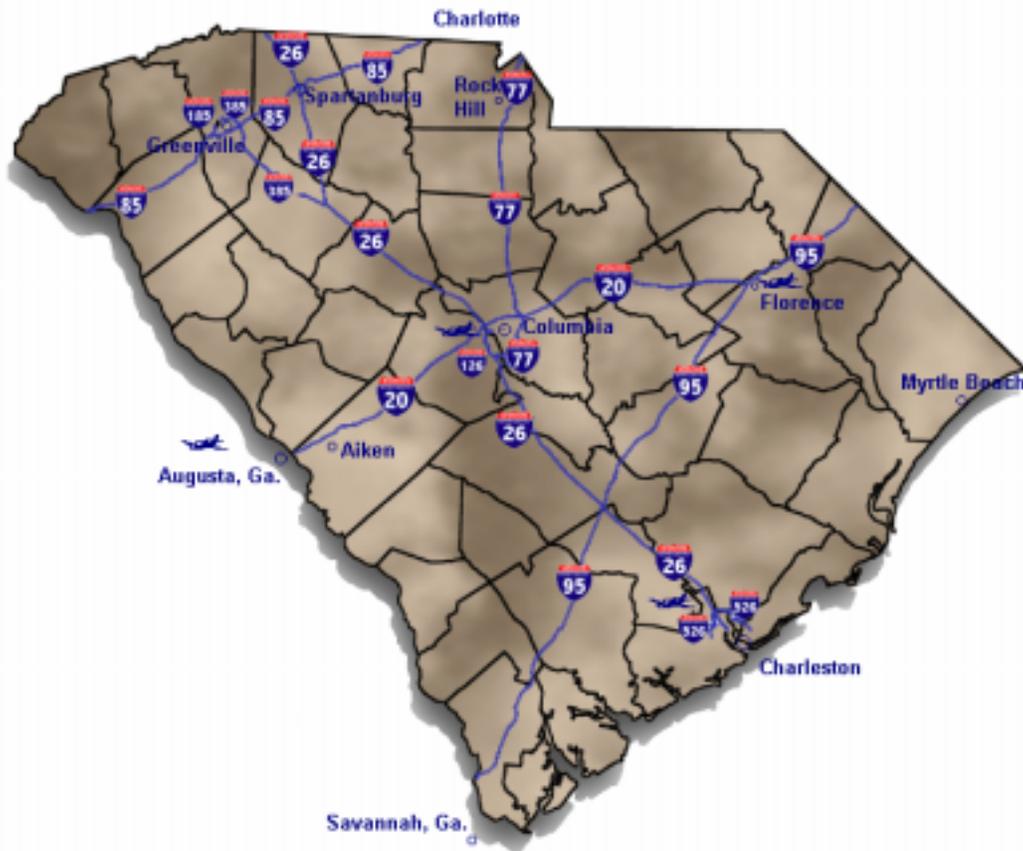
The state's strategic East Coast location offers a competitive advantage in maintaining efficient manufacturing processes, accessing domestic and international markets, and receiving raw materials. South Carolina's transportation network ensures that raw materials and finished goods are transported efficiently and cost-effectively. In other words, Japanese companies can maintain "just-in-time" or other manufacturing or distribution processes due to low transportation costs and shipping time, enabling them to be more responsive to customer requirements.



South Carolina Highways—The Road to Success

While South Carolina is 40th in size in the US, it has the 5th largest state maintained road system (a total of over 67,000 toll-free km or 42,000 miles). In addition, five major strategic interstates (I-20, I-26, I-77, I-85, and I-95) crisscross South Carolina, providing excellent East-West and North-South access. 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 nations fastest growing metropolitan areas.

Strategic Interstates



South Carolina Air Transportation

South Carolina is home to five airports and offers convenient access to Augusta's Bush/Field Airport and Charlotte's Douglas International Airport. Together, these airports provide hundreds of regional, national, and international flights every day. Direct flights are available to most major domestic hubs throughout the United States, and connections to the Far East can easily be made via these hubs. Business and industry benefit from the proximity of a commercial airport within one hour of any location in South Carolina.

Transportation Infrastructure



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.

All major freight carriers serve the state. In addition, the Columbia Metropolitan Airport serves as a hub airport for United Parcel Service (known as UPS Yamato Co., Ltd in Japan), the world's largest package distribution company.

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 4,160 kilometers (2,600 miles) of rail. Direct and swift rail service is available five to seven days a week to all South Carolina's metropolitan areas. Rail clearances are some of the most liberal on the East Coast.

With 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 efficient access to the market gateways in the Northeast, Midwest, Canada, and Mexico, while eliminating costly double handling of goods. Also, in 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

The Port of Charleston is a leader in marine transport. The Port's success is attributed to a number of factors, including its close relationship with industry and profound understanding of industry requirements. The Port has consistently worked closely with more than 700 companies to help them capture opportunities in domestic and international markets.

The Port of Charleston also creates a competitive and economic advantage for industry with its fully automated systems, which substantially reduce customs delays, processing time, inconvenience, and paperwork.

The Port is committed to global commerce, and has won awards for excellence in exporting. Northern Europe and Asia are its top international markets. Specifically, Japan is among the Ports top five export markets. In addition, the Port has customer service and sales contacts in Japan.

The Port of Charleston presents Japanese companies with an excellent opportunity to expand their global markets in partnership with one of the nation's strongest port operations.

Ocean Carriers Serving the Port of Charleston

Alianca Maritima	Hapag-Lloyd	Mitsui O.S.K. Lines
American President Lines	Hatsu Marine	Nordana Lines
Atlanticargo	Hyundai Merchant Marine	NYK Lines
CCNI	"K" Line America Inc.	Orient Overseas Container Line (OOCL)
C.M.A.-C.G.M.	Libra Navegacao	P & O Nedlloyd
China Ocean Shipping Company (COSCO)	Lloyd Triestino	Safmarine
CSAV	Lykes Lines Ltd.	Shipping Corp. of India
Evergreen	MacAndrews	Star Shipping
FESCO	Maersk Sealand	TMM
Forest Lines	MOL	Turkon Line
Gold Star Line	Montemar	Wallenius Wilhelmsen Lines
Hamburg SUD	MSC	Yang Ming Line
Hanjin	Norasia	Zim

Ocean Carriers Shipping to and from Japan

Carrier	From Japan	To Japan	Frequency
American President Lines	18 days	26 days	weekly
China Ocean Shipping Company (COSCO)	47 days	46 days	2x weekly
Evergreen	22-24 days	22 days	weekly
Hyundai Merchant Marine	21 days	20 days	weekly
Maersk Sealand	22 days	22-25 days	4X weekly
Mitsui O.S.K. Lines	21-24 days	23-26 days	weekly
Orient Overseas Container Line (OOCL)	15-18 days	36-38 days	2x weekly
P&O Nedlloyd	42-44 days	39-41 days	Bi-weekly
Wallenius Wilhelmsen Lines	N/A	30-31 days	weekly

Foreign Trade Zones

South Carolina's three strategically located Foreign Trade Zones (FTZs) save Japanese companies time and money. FTZs are areas designated as outside United States Customs territory. 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:

- There are no customs duties on merchandise exported from an FTZ. Merchandise may be exported and returned to an FTZ without duty payment.
- Spare parts may be stored, returned, or destroyed without paying duty.
- Delays in customs clearances and duty drawback procedures can be eliminated.
- Country of origin labels are not required on merchandise admitted to the FTZ.
- Duties may be eliminated or reduced on defective, damaged, waste, or scrap materials.
- Duties are not owed on labor, overhead, or profit attributed to FTZ production operations.

South Carolina's Foreign Trade Zones provide many services:

- general warehouse/distribution,
- transportation coordination,
- third-party logistics,
- quality control,
- packaging/relabeling,
- export services,
- computerized inventory control,
- special tenant facilities, and
- office and services rental.

QUALIFIED WORKFORCE

A Productive, Cost-Effective, and Available Workforce

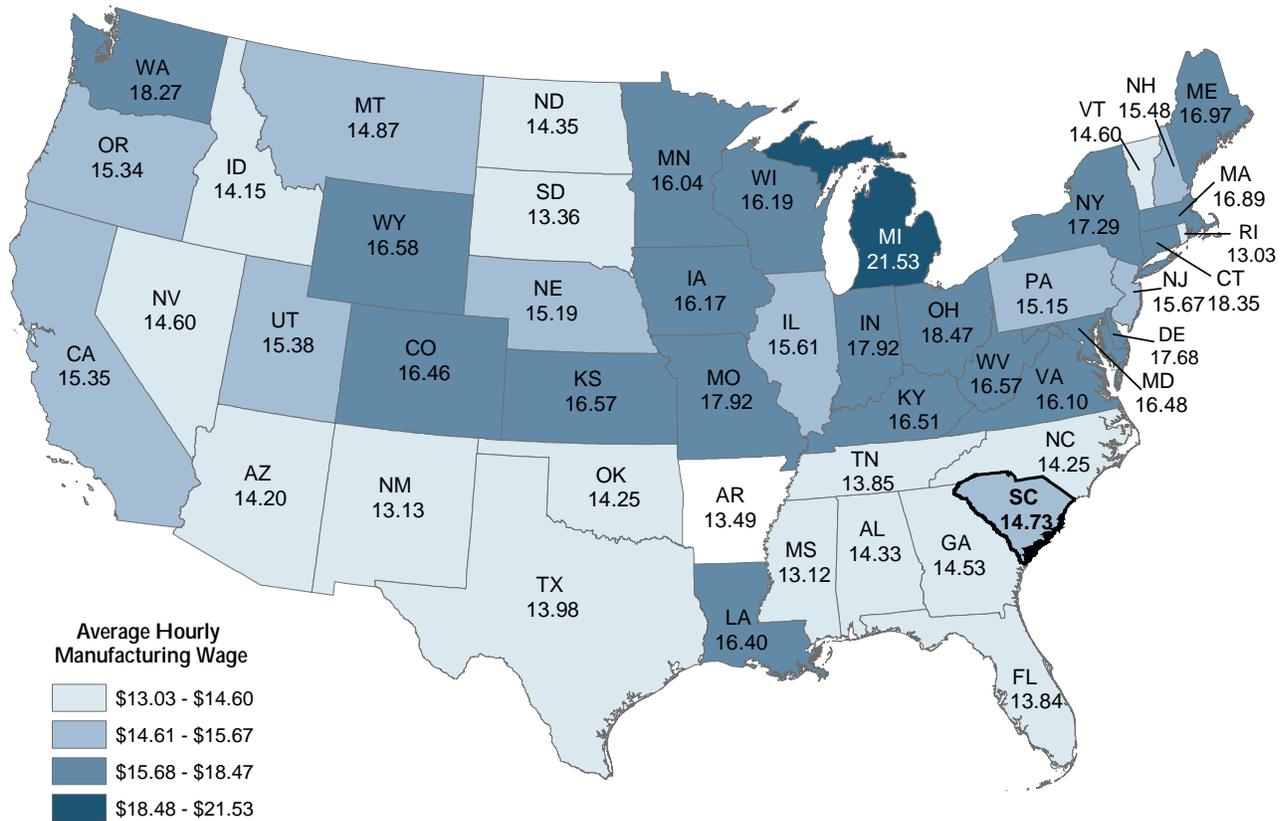
South Carolina is home to one of the most productive, cost-effective, and technically trained workforces in the United States.

- 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.*)
- South Carolina has 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*).
- South Carolina's Center for Accelerated Technology Training (CATT) is a nationally recognized program for their industry custom training programs.

Like Japan, South Carolina emphasizes a strong work ethic and pride in workmanship. This results in higher quality products and loyal employees.

South Carolina's Competitive Employment Costs

South Carolina offers Japanese companies a cost-effective workforce. 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. In addition, 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.



In addition, South Carolina maintains some of the lowest payroll taxes in the US.

- **Low Unemployment Insurance:** South Carolina's unemployment insurance rate is 3.34 percent on the first \$7,000 of earned income. The rate is in effect for the first two years a company operates in South Carolina, and then the company will be re-rated each year based on experience, resulting in a rate between 0.54 percent and 5.4 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.

South Carolina's Workforce is Available

Japanese companies will find an available and well-trained workforce in South Carolina, and the workforce continues to grow.

- South Carolina is the nation's 15th fastest growing state (*U.S. Census Bureau, 2001*), with a population that rose by 525,309 between 1990 and 2000—a 15.1 percent increase.

- South Carolina's workforce has seen employment growth of 10.2 percent—2.8 percent higher than the national average AND anticipated to grow by 10 percent in the next 10 years.
- More than 1.9 million people make up the state's labor force; over 20 percent are in the manufacturing sector, nearly double the national average of 12.7 percent.
- South Carolina's universities, colleges, and technical schools provide an ample annual pool of skilled labor.

A Workforce Trained for Industry Demands

South Carolina has committed tremendous resources to training its workforce and supporting the needs of Japanese industry:

- **Technical Schools:** South Carolina is nationally recognized for its extensive 16-college technical education system on 24 campuses across the state. Each campus works with local industry to develop programs tailored to their specific needs. All South Carolina residents live or work within 30 minutes of one of these campuses.



- **Customized Industry Training:** As part of the state's technical education system, the Center for Accelerated Technology Training (CATT) is a nationally recognized program specializing in custom-designed training for new businesses. This unique program recruits, screens, and trains workers at virtually no cost to the employer. Since its inception, the program has trained over 200,000 workers. Over 1,700 companies have used this service, including Japanese companies like Bridgestone/Firestone, Inc.; Fuji Photo Film Co., Ltd.; Hitachi Ltd.; Honda Motor Co., Ltd.; Koyo Seiko Co., Ltd.; Mita Industry Co., Ltd; and Ryobi, Ltd.

"We located Honda in South Carolina because of the quality of the available workforce, the pre-employment training by South Carolina's Center for Accelerated Technology Training (CATT), the aggressive effort and dedication by State and Local Governments to encourage new business, and the necessary infrastructure to support industry. Plus more than 40 percent of our ATV sales are in the Southeast and South Carolina is a growing market."

**Yoshiki Ishida, Former President
Honda of South Carolina Mfg.,
Inc.**



- **Higher Education:** Equally important to technical training is a higher education system that understands the needs of industry. South Carolina is home to 32 four-year colleges and universities and 13 two-year colleges. In addition, eight of the top 50 business graduate schools and four of the top engineering schools are located within 250 miles of the state.

Two of the state's major universities, the University of South Carolina (USC) and Clemson University, offer industry a well-trained workforce. USC offers more than 350 degree programs and is home to a Graduate International Business School ranked among the top 2 in the country for 15 straight years. Clemson University's research expenditures, which exceed \$100 million annually, have been applied broadly throughout the private sector. In addition, the quality programs of South Carolina's institutions complement the state's interest in promoting research partnerships between the public and private sector. Both Clemson University and USC have research centers dedicated to technology research. The relationship between companies and these schools has resulted in numerous successes including technology transfer, identification of competitive advantages, and access to modern manufacturing technologies. Research Centers include:

- ◆ Center for Advanced Manufacturing (Clemson),
- ◆ Center for Engineering Ceramic Manufacturing (Clemson),
- ◆ Center for Industrial Research (USC),
- ◆ Center for Machine Intelligence (USC),
- ◆ Intelligent Design and Rapid Prototype Laboratory (Clemson), and
- ◆ Quality Institute of Manufacturing (USC).

EXCELLENT QUALITY OF LIFE

Japanese and Southern Culture Side-by-Side in South Carolina

When considering site location, South Carolina's excellent quality of life is one more reason that leading Japanese firms choose South Carolina.

South Carolina's Japanese population is relatively small in number, but the sense of community among the state's resident Japanese is remarkable. In addition to business professionals, there is a large Japanese student community in South Carolina, particularly at the University of South Carolina (Columbia) and Clemson University. Many South Carolina communities host a diverse group of Japanese cultural events and services. Examples of familiar cultural activities and supportive services that create a link to Japan and assist Japanese residents and transferees include the following:

- **Japanese Saturday Schools:** These schools serve families and students in Greenville and Columbia, South Carolina, and Charlotte, North Carolina. Enrollment for the Greenville school is around 135 students and approximately 54 students attend the Columbia school. Typically, the schools provide supplementary Japanese language and mathematics education to the children of Japanese businessmen on temporary assignment to South Carolina.
- **Japanese Cultural Exchange Club:** The club, as a part of the University of South Carolina's International Students' Program, creates opportunities to meet students from Japan and gain skills in cross-cultural communication.
- **Annual Bon Odori Festivals:** Greenville, SC, and Charlotte, NC, host these yearly events. Charlotte also hosts the annual *Setsubun* Festival. Both events encourage participants to experience various aspects of Japanese culture.

In addition to the range of activities available in South Carolina, there are a number of Japanese cultural events and activities hosted across the Southeastern region. Many of these events take place in Atlanta, GA, throughout the year, including the Japanese Designs Exhibition, Ichiyo Art Center; Japan Film Festival, Emory University; Kodo Incense Demonstration, Oglethorpe University; and JapanFest, Stone Mountain Park.

Leisure Activities

The cultural diversity that South Carolina's Japanese residents bring to the state is complemented by a host of leisure activities, including arts, entertainment, and recreation.



Recreation

The Appalachian Mountain foothills and the Atlantic Ocean define South Carolina's geography. From higher elevations ranging between 305 meters to over 1,000 meters in the foothills, to sub-tropical conditions along 320 km (200 miles) of Atlantic coast, South Carolina invites year-round outdoor activities. South Carolina is also home to over 330 championship golf courses, including seven ranked among the top 100 courses in the United States.

South Carolina's diverse topography and temperate climate encourage outdoor enthusiasts to enjoy everything from kayaking and rafting on Class IV whitewater rivers; camping, fishing and boating on inland lakes; sailing and deep sea fishing; and wilderness hiking and camping.

Arts & Culture

Steeped in Southern history and American heritage, South Carolina reflects a rich past. Whether celebrating the past or the present, South Carolina's smaller communities and metro 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 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 and throughout the year.



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 (Family Circle Cup and U.S. Men's Clay Court Championships);
- 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.

South Carolina's Quality of Life Delivers Bottom Line Returns

For Japanese companies competing in the global arena, South Carolina's quality of life is a positive feature in corporate location decisions. Whether entering new markets or expanding production and distribution capabilities, South Carolina's quality of life makes the state a highly desirable business location. Some of the world's leading Japanese companies successfully recruit staff for their South Carolina operations from around the world.