

A dark blue vertical band on the left side of the page features a stylized, layered silhouette of a palm tree. The fronds are depicted with sharp, pointed edges, creating a textured, almost crystalline appearance. The trunk is a solid dark blue vertical bar.

**OPPORTUNITIES
FOR CHEMICALS COMPANIES
IN SOUTH CAROLINA**

South Carolina

MARCH 2006

CONTENTS

Executive Summary.....	1
Experience with the Chemicals Industry	2
Strategic Location & Transportation Infrastructure.....	5
Low-Cost Operating Environment.....	13
Available & Skilled Labor Force.....	17
Unsurpassed Business Climate.....	24
Superior Quality of Life.....	28

EXECUTIVE SUMMARY

South Carolina has been home to chemical companies since the 19th century. Through the years, the chemicals industry has found success in the state, first with textiles, and now with a diverse group encompassing nearly all of South Carolina's business sectors.

This long-term success is due to the many strategic benefits a location in South Carolina offers the chemicals industry. Listed below are the state's primary advantages for chemical companies:

- **Experience with the Chemicals Industry:** Well-known companies like Milliken and DuPont have operated in South Carolina since the 1950s, and the industry has seen consistent growth in the state since then. In fact, the chemicals industry is one of the largest employers in South Carolina, accounting for 11 percent of the manufacturing work force.
- **Strategic Location & Transportation Infrastructure:** In today's global economy, chemical manufacturing companies recognize the need to build closer relationships with suppliers and customers, and South Carolina offers strategic access to a wide range of chemical customers. With its 5 strategic interstates, 2,600 miles of rail support, and commercial airports, South Carolina is within three days' transit to 80 percent of U.S. markets, two days or less to crucial markets in the Northeast and Midwest, and convenient access to the rest of the world via the Port of Charleston.
- **Low-Cost Operating Environment:** A location in South Carolina offers chemical companies the best return on their investment, with a low-cost operating environment that gives them a real competitive advantage, including competitive wage rates, low workers' compensation and unemployment insurance, and a reliable utility infrastructure.
- **Available & Skilled Labor Force:** South Carolina continues to lead by offering a skilled labor force to relocating and expanding businesses. South Carolina helps chemical companies reach their maximum potential by supplying highly skilled labor through availability, productivity, and training.
- **Unsurpassed Business Climate:** As part of the state's effort 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.
- **Superior Quality of Life:** South Carolina's quality of life makes recruiting and retaining top-level talent an easy task. As part of its excellent quality of life, the state offers chemical companies a low cost of living so that the company and its employees receive more for their dollar. In addition, the cultural diversity that South Carolina's residents bring to the state is complemented by a host of leisure activities, including arts, entertainment, and recreation, which are available year-round.

EXPERIENCE WITH THE CHEMICALS INDUSTRY

South Carolina's History with Chemical Manufacturing Companies

Over a century ago, chemical companies began serving the textile industry in the state. Today, the largest chemical facility in the state, the Westinghouse Savannah River Site, processes nuclear materials, and other large facilities in the state represent a variety of chemical sectors, such as paper chemicals, synthetic fibers, and pharmaceuticals.

Since its historic beginnings, the chemical industry has seen consistent growth over the last 50 years, from 36 companies in 1950 to nearly 300 in 2006.

One of the Largest Employers in the State

The chemical industry accounts for 11 percent of South Carolina's manufacturing work force and serves nearly all of South Carolina's business sectors. In addition, while South Carolina has 1.4 percent of the nation's population, it has attracted 3 percent of the capital investment nationwide in chemicals, along with 4 percent of the job creation in that industry.

As one of the largest employers in the state, 36 of South Carolina's 46 counties are home to chemical manufacturing facilities. Most of these facilities are concentrated in the Charleston, Columbia, Greenville-Spartanburg, and Rock Hill areas. In addition, the Westinghouse Savannah River Site in Aiken has invested over \$3.5 billion and created 2,700 new jobs at its nuclear materials processing facility since 1986.

Largest Number of Chemical Companies

County	Number of Chemical Companies
Greenville	54
Spartanburg	54
York	18
Charleston	14
Richland	13
Florence	10
Laurens	9

More importantly, these companies succeed in South Carolina and continue to reinvest as they grow. From 1986 to 2005, the average chemical company invested in the state

nearly 3 times. Existing companies during the same period accounted for 90 percent of the capital investment and 74 percent of the job creation for the industry in the state.

The following chart lists the state's largest chemical companies (based on facilities with 200 or more employees) and their location.

South Carolina's Largest Chemical Companies (200 or more employees)

Company	Date		Total Employment	Product Description
	Established	County		
Westinghouse Savannah River	1952	Aiken	11700	Nuclear materials
MeadWestvaco	1936	Charleston	1230	Kraft board & paper
Westinghouse Electric Corp	1968	Richland	1059	Nuclear fuel assemblies
Nan Ya Plastics Corp	1989	Florence	970	Polyester staple fiber
Solutia Inc	1960	Greenwood	900	Nylon fiber
DuPont Nylon-May Plant	1950	Kershaw	750	Synthetic organic fibers
Bayer Corp	1970	Berkeley	739	Dyestuffs, pigments,colorants
Honeywell Nylon	1967	Anderson	650	Nylon fibers
Voridian/Div of Eastman Chemical Co	1966	Calhoun	650	Plastic materials & resins
Capsugel-Division of Pfizer	1967	Greenwood	635	Gelatin capsules
KoSa	1998	Spartanburg	500	Polyester staple fibers
Honeywell International Inc	1961	Lexington	480	Staple nylon
Wellman Inc/Palmetto Plant	1973	Darlington	450	Polyester staple fiber
Albemarle Corporation	1953	Orangeburg	407	Organic chemicals & specialty fuels
Owens Corning	1951	Anderson	400	Fibrous glass
Honeywell	2002	Pickens	391	Nylon 6 polymer
Engelhard Corp-Chemical Catalyst Group	1987	Oconee	360	Precious metal catalyst
MeadWestvaco/Chemicals Div	1938	Charleston	302	Tall oil products
DuPont Teijin Films	1961	Florence	301	Polyester film
Shakespeare Co-Monofilament Div	1956	Richland	275	Polyester/nylon monofilaments
Clariant LSM (America) Inc	1967	Kershaw	267	Agricultural intermediates
Resort Services Inc	1972	Beaufort	265	Cleaning chemicals
Martin Color-Fi Inc	1984	Sumter	260	Fiber
Firestone Building products	1994	Williamsburg	230	Rubber sheeting
3V Inc	1980	Georgetown	211	Detergent auxiliaries
Omnova Solutions Inc	1963	Chester	210	Textile finishing chemicals

Efficient Transportation Logistics

South Carolina has long understood the importance of an efficient transportation infrastructure. Whether chemical companies are looking to expand into new markets, access current markets more efficiently, or increase global competitiveness, South Carolina provides the strategic transportation logistics necessary to meet these goals.

Because the chemicals industry has a wide range of customers, distribution methods play a key role. With its 5 strategic interstates, the Port of Charleston, 2,600 miles of rail support, and commercial airports, South Carolina's intermodal network ensures that goods are transported in the most efficient manner possible. In other words, chemical companies can reach the world from South Carolina quickly, efficiently, and cost-effectively.



South Carolina's Five-Interstate Advantage

South Carolina is crisscrossed by five interstates (I-85, I-77, I-26, I-95, and I-20) that provide excellent east-west and north-south access. The location and intersection of these interstates, combined with South Carolina's state highway system, provide efficient access to the state's ports and business and consumer markets in all directions. Three of these interstates converge in Columbia, two in Greenville/Spartanburg, and two in Florence. In Charleston, interstate, rail, and the port combine to provide intermodal advantages just 112 miles southeast of Columbia's 3-interstate junction. For the chemicals industry, proximity to the following interstates is a key advantage:

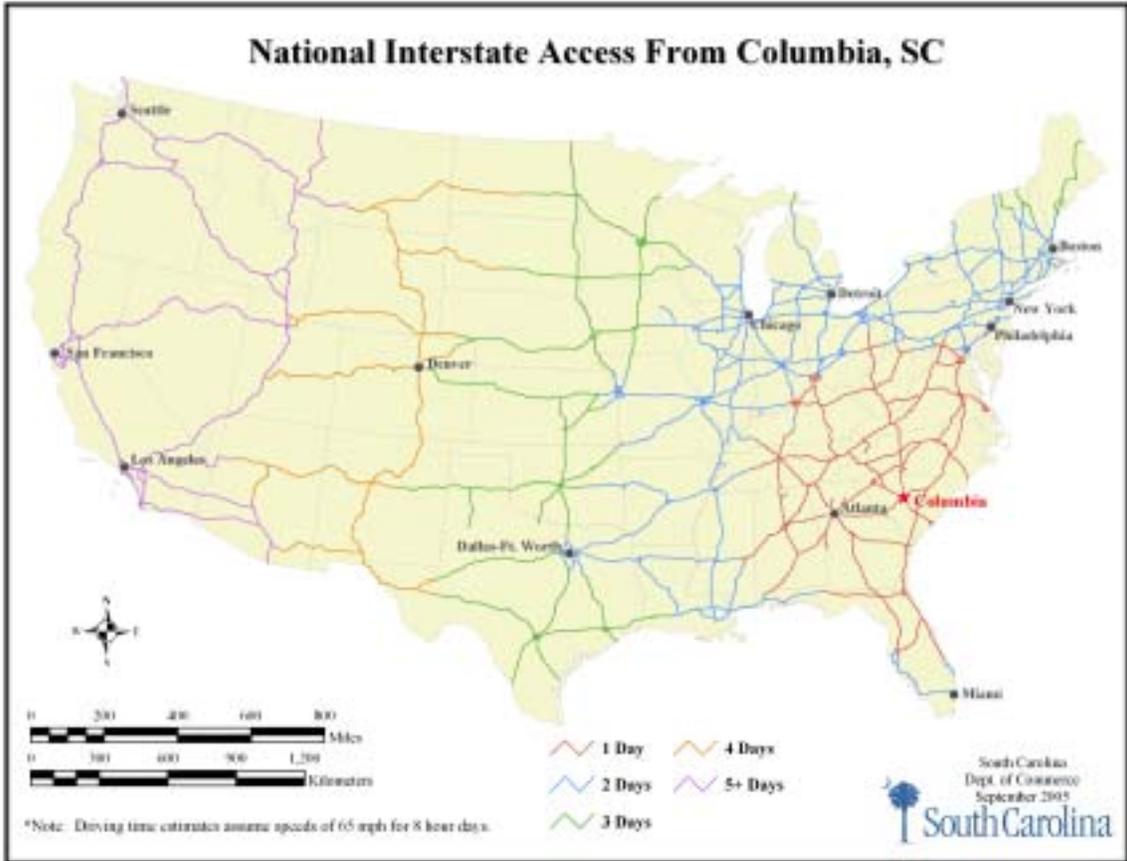
- **Interstate-85** crosses South Carolina and links two of the Southeast's largest and fastest growing metro areas: Atlanta, Georgia and Charlotte, North Carolina. I-85 also provides direct access to business and consumer markets in Virginia and, via I-95, the Northern United States. To the west, I-85 merges with I-65 and offers access to markets in Texas and beyond. The density of the surrounding manufacturing base, consumer buying power, and straight-line access to the Southeast's metropolitan markets play a prominent role in decisions to locate along the I-85 corridor.
- **Interstate-95** intersects I-26 between Columbia and Charleston and I-20 at Florence. It provides all areas of the state with direct access to major industrial, population, and market areas up and down the East Coast. I-95 is the nation's primary east coast artery, with direct interstate access all the way from Miami, Florida to Maine and the Canadian border.
- **Interstate-20** crosses South Carolina in an east-west direction, and junctions with I-26 and I-77 in Columbia. I-20 begins to the east in Florence, South Carolina at I-95, and runs all the way to I-10 in Kent, Texas. Along the way, I-20 passes Birmingham, Alabama; Jackson, Mississippi; Shreveport, Louisiana; and Fort Worth, Texas. In addition, the fast-growing cities of Atlanta and Dallas are accessible via this route.
- **Interstate-77** has emerged as a north-south distribution route linking the Port of Charleston with rapidly growing Charlotte, North Carolina, and North Central areas as far north as Akron, Ohio. Known as the Southeastern Beltway, it connects with I-26 just south of Columbia. This connector shortens the Charleston-Charlotte trip by 20 minutes and increases efficiency of movement along the I-26/I-77 route. Stimulated by the completion of the straight-line access to the port, and tremendous growth of the Charlotte metro area, new business announcements along I-77 have become commonplace.
- **Interstate-26** is the spine of the transportation system running into and out of the Port of Charleston. It crosses the state diagonally, beginning in Charleston and passing through Columbia and Greenville/Spartanburg on its way to Asheville, North Carolina. In Asheville, I-26 meets I-40, a major connector to the Mid-Western United States.

With the presence of these strategic interstates, trucking companies are able to move goods efficiently and cost-effectively. Chemical companies in South Carolina can choose from many reliable and well-known trucking companies to ensure the successful shipment of their products.

Major Trucking Companies Serving South Carolina

AAA Cooper Transportation	Carolina Western Express, Inc.	National Freight
ABF Freight System, Inc.	Central Transport International Inc.	Overnite Transportation Co
American Freightways	CF Motorfreight	Roadway Express
Apex/Humboldt Express	Estes Express Lines	Skyline Transportation
Atlanta Motor Lines	Floyd & Beasley Transfer Co.	Southeastern Freight Lines
Blue & Gray Transportation Co.	Fredrickson Motor Express Corp.	Ward Trucking
Buske Lines, Inc	Great Coastal Express Inc	Wilson Trucking
Carolina Freight Carriers Corp.	MCO Transport	Yellow Freight System

The map on the following page illustrates national interstate access from Columbia, South Carolina, the capital and most central area of the state.



The Port of Charleston:
Gateway to the World

The South Carolina Ports Authority owns and operates three port facilities: the Port of Charleston, the Port of Georgetown, and Port Royal. For more than 300 years, the Port of Charleston has been a strategic center for maritime commerce. Today, the port's success is attributed to a number of factors, including a close relationship with industry and profound understanding of industry requirements.

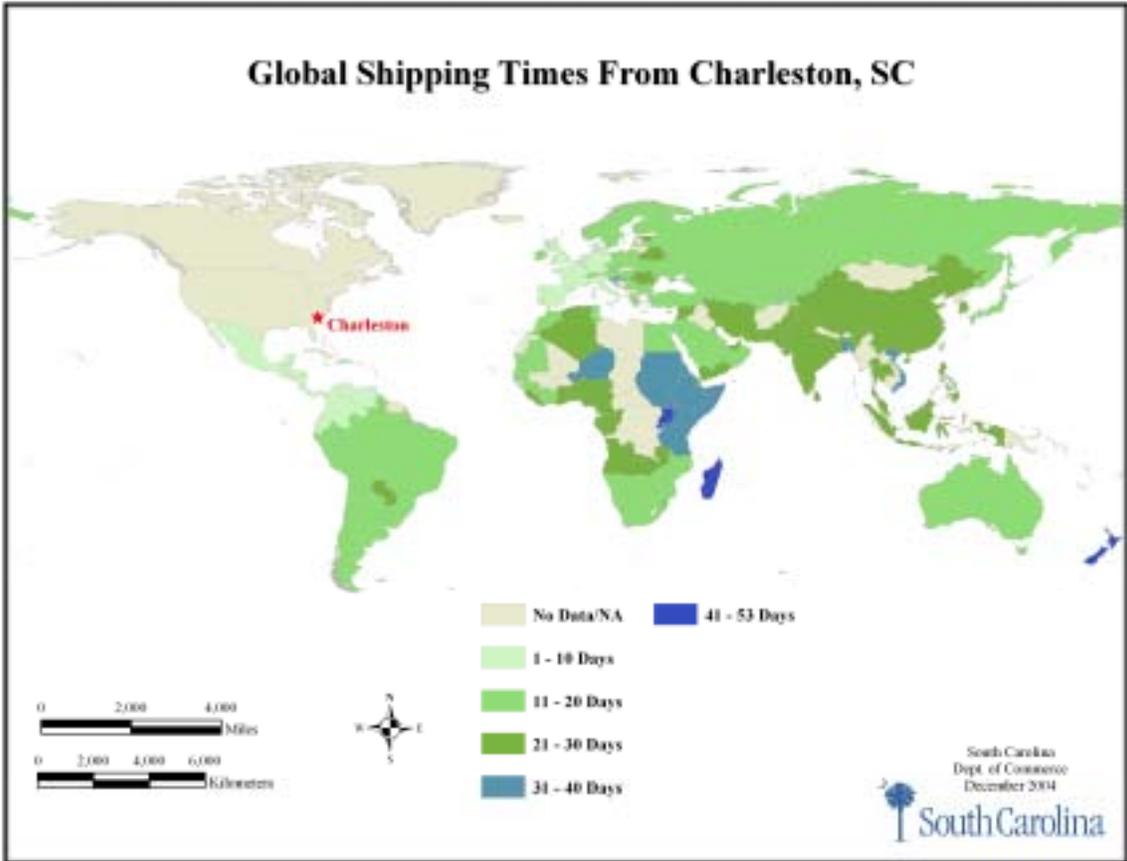


In fact, the port has helped more than 1,000 companies capture opportunities in domestic and international markets.

Top commodities across Charleston docks include chemicals, machinery, metals, and vehicles. In fact, sea transport accounts for 24 percent of chemical tonnage and is used primarily for export of large volume chemicals.

South Carolina's rail and interstate systems come together at the port to offer companies a complete intermodal system. The port is served by Norfolk Southern and CSX, providing direct daily rail connections and next-day service to major destinations in the Southeast including Atlanta, GA; Charlotte, NC; Mobile, AL; Memphis, TN; and New Orleans, LA. In addition, approximately 130 truck lines provide daily service to 27 states from the Port of Charleston. All port terminals are within two miles of interstate highway access, and there are approximately 150 motor freight lines offering a wide variety of local, long-haul, and specialty motor freight services. 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, and paperwork.

As one of the largest container ports in the United States, with more than 90 percent of its business handling containerized cargo, the Port of Charleston has built a strong portfolio of ocean carriers. More than 40 steamship lines regularly call on the port, offering services worldwide to over 140 developed and emerging countries. This variety provides significant flexibility and greater options in terms of transit times, rates, departure dates, ports of call, conference affiliations, and service.



Foreign Trade Zones

Foreign trade zones (FTZs) are essentially areas on U.S. soil where foreign and domestic merchandise are considered to be in international commerce. South Carolina offers companies many opportunities to take advantage of these zones with three strategically located FTZs in the state. The map to the right shows the locations of the sites that make up these FTZs, which offer substantial cost-saving advantages for companies who import or export manufactured raw materials or products.

The following are some of the many benefits of FTZs:

- Possible reduction or elimination of customs duties,
- Deferral of duty payments until time of delivery,
- Elimination of delays through customs with direct delivery, and
- No country of origin labels required on merchandise admitted to the FTZ.



Rail Service: An Impressive Track Record

Two major rail companies serve industry in South Carolina, which is important for our chemicals industry as railroads account for 20 percent of chemical transportation. The first, CSX Transportation, combines rail, container shipping, intermodal, and logistic services providing companies with a global reach. CSX offers rail transportation and distribution services over a 22,500-mile network in 23 states; Washington, DC; and two Canadian provinces. The second, Norfolk-Southern Railway Co., operates in 22 states; Washington, DC; and the Canadian Province of Ontario. Both companies also offer daily, double-stack train express services (inbound and outbound), resulting in efficient access to market gateways in the Northeast, Midwest, Canada, and Mexico, while eliminating costly double handling of goods. In addition to these major companies, seven affiliated and independent lines serve South Carolina. Direct and swift rail service is available 5 to 7 days a week to all of South Carolina's metropolitan areas.

Convenient Air Transportation

South Carolina is home to six commercial airports and offers easy access to the Charlotte/Douglas International Airport and Augusta's Bush Field Airport. The combination of these strategically placed airports gives industry access to a commercial airport within one hour of any location in South Carolina. Direct flights are available to most major domestic hubs throughout the United States, and international connections can easily be made via New York, Atlanta, Charlotte, and Chicago. In addition, all major freight carriers serve the state, and the Columbia Metropolitan Airport serves as a hub airport for United Parcel Service.

LOW-COST OPERATING ENVIRONMENT

Location is Key

A location in South Carolina offers chemical companies the best return on investment, with a low-cost operating environment that offers a real competitive advantage.

First, in order to achieve this competitive advantage, companies must find a site that meets their needs. The South Carolina Department of Commerce works cooperatively with industry to locate the right site for each company's individual needs. In fact, companies have access to a customized on-line site evaluation tool at our Web site that enables prospective companies to search a database of potential sites based on specific criteria, including real estate size, available infrastructure, and surrounding community resources. Companies can find large industrial sites, parks, and even existing buildings to suit any requirements. Below is the specific Web address.

http://www.sccommerce.com/Avail_Sites.aspx

In addition to available high-quality sites, South Carolina's construction costs are typically 14 percent below the national average, and the state's temperate climate allows for year-round construction with minimal delays. The chart below compares operating costs in South Carolina with many of the state's Southeastern neighbors.

Selected State Cost Comparisons

	South Carolina	Alabama	Florida	Georgia	North Carolina	Tennessee	Virginia
<u>Labor</u>							
Hourly Manufacturing Wage Rate ¹	\$14.73	\$14.33	\$13.84	\$14.53	\$14.25	\$13.85	\$16.10
Workers' Compensation (per \$100 payroll) ²	\$2.08	\$2.88	\$4.20	\$2.14	\$2.32	\$2.62	\$1.57
<u>Utilities³</u>							
Electric Rates (per kilowatt hour)	4.00	3.98	5.41	4.02	4.79	4.29	4.23
Natural Gas Rates (per 1,000 cubic feet)	6.83	6.64	6.82	6.77	6.28	6.32	5.97
<u>Construction (local multipliers)⁴</u>							
Class A Building	0.86	0.88	0.92	0.89	0.88	0.91	0.93
Class B Building	0.86	0.87	0.92	0.88	0.88	0.90	0.92
Class C Building	0.84	0.87	0.91	0.87	0.88	0.90	0.92

Data Sources:

1 U.S. Department of Labor, May 2005

2 Oregon Consumer & Business Services, December 2004

3 U.S. Energy Information Administration, 2003

4 Marshall Valuation Service, April 2005

Payroll Costs

Competitive Wage Rates

Labor accounts for 30 percent of the chemical industry's manufacturing costs. South Carolina's chemical companies find that they can pay competitive wage rates and still benefit from a lower cost operating environment. According to the Bureau of Labor Statistics, the current average hourly wage in the U.S. for the chemical industry is \$30.40 while in South Carolina it is \$24.21. The following table demonstrates that South Carolina's average chemical wages are less than national levels, which helps chemical companies achieve a competitive advantage by lowering payroll costs.

Average Hourly Wage Comparison – Chemical Industry, 2004

<u>NACIS Product Description</u>	<u>U.S. Average Hourly Wage</u>	<u>S.C. Average Hourly Wage</u>
32513 – Synthetic Dye & Pigment Manufacturing	\$29.58	\$25.78
32518 – Other Basic Inorganic Chemical Manufacturing	\$33.00	\$29.58
32519 – Other Basic Organic Chemical Manufacturing	\$34.28	\$27.38
3252 – Resin, Rubber, & Artificial Fibers Manufacturing	\$30.65	\$24.98
3253 – Agricultural Chemical Manufacturing	\$28.83	\$18.28
3255 – Paint, Coating, & Adhesive Manufacturing	\$26.05	\$19.28

Source: Bureau of Labor Statistics, 2004 Average Hourly Wages.

Indirect Costs

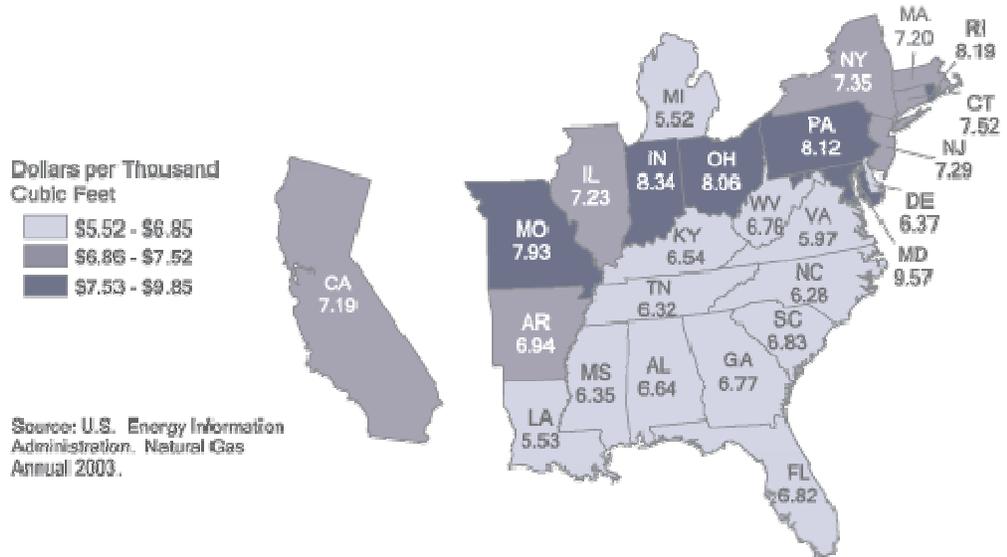
South Carolina has one of the lowest average manufacturing costs for workers' compensation insurance (roughly 2 percent of payroll). In addition, South Carolina's cost for unemployment insurance is 3.34 percent of the first \$7,000 of earned income for the first 24 months of operation. After that the rate is negotiated depending on company performance and can range between 0.54 percent and 5.4 percent.

Utility Infrastructure: Meeting Production Demands

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

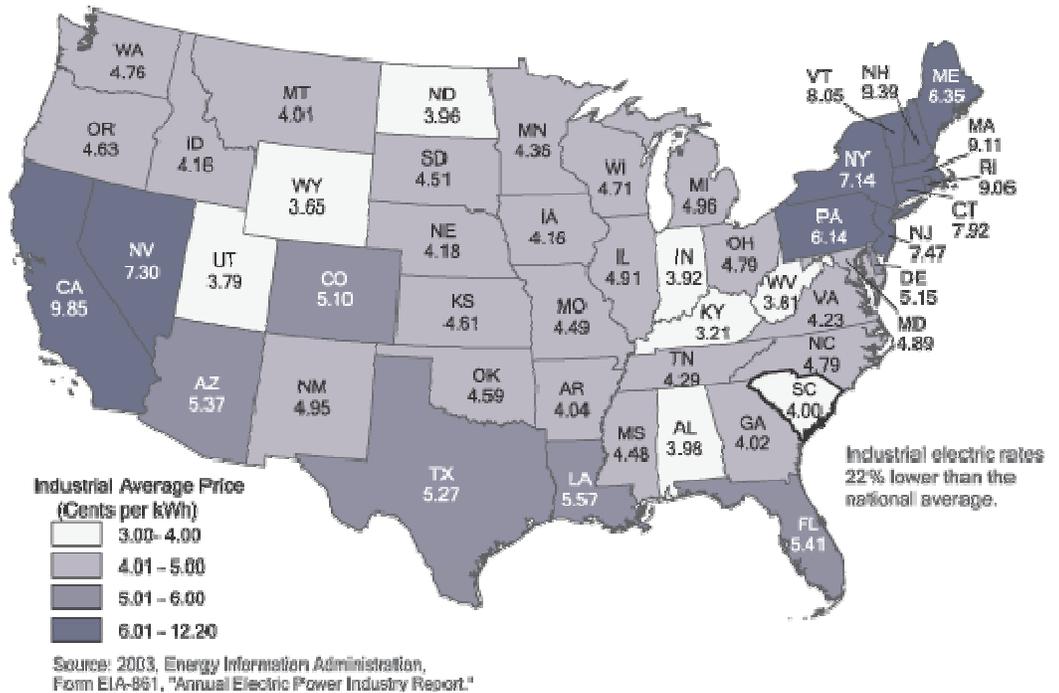
Natural Gas

The chemicals industry is the largest user of natural gas in the U.S., accounting for about 11 percent of the annual U.S. consumption. South Carolina manufacturers have access to abundant supplies of natural gas from two interstate pipeline companies and four distributors, serving 90 percent of the state. Municipalities and natural gas authorities supply the remainder of the state. The rates and services of these companies are subject to regulation by the Public Service Commission.



Electricity

South Carolina's four generating electric utilities have a combined capacity of 14.6 gigawatts that support the state's industries. Costs for industrial power averaged 4.00 cents per kilowatt-hour in 2003—among the nation's lowest. In addition, service and reliability are not sacrificed to maintain costs. For example,



during 1998's extreme summer, no South Carolina utility customer, industrial or residential, suffered the type of reduced service experienced by industrial customers in the Midwest and Northeast.

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. Most wastewater systems have high tolerances, often requiring less pretreatment and resulting 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. Digitally switched central offices serve the entire state, with redundancy to at least one other central office. Voice and data are guaranteed reliable and efficient transmission with less risk of breakdowns, delays, or loss of data. Fiber optic lines exclusively serve 75 percent of the state, and a combination of fiber optic and copper lines serve another 21 percent.

AVAILABLE & SKILLED LABOR

South Carolina continues to be a leader in offering a skilled labor force to relocating and expanding businesses. The state's labor force helps chemical companies reach their maximum potential by supplying highly skilled labor through availability, productivity, and training.

Overview

For more than 300 years, South Carolina has been committed to creating an environment where both business and people can prosper. Despite her tremendous growth in the last thirty five years, South Carolina maintains a positive attitude toward more growth and has the experienced, available manpower to fill the needs of business and industry. The number of workers is growing steadily. In fact, 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 Carolinians believe in high productivity through a full day's work. They make a deliberate, personal commitment each day to keeping South Carolina a good place for business and a good place to live and work.

South Carolina has been, and will continue to be, according to current studies, 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 have expanded their facilities one or more times, attesting to the fine business climate, strong work ethic, worker productivity and favorable unit costs.

South Carolina has one of the highest productivity rates and lowest work stoppage rates in America. The latest statistics available show that an average of less than .01 percent of working time was lost due to labor unrest in 2004. This percentage for South Carolina ranks among the lowest of any state in the United States. The right-to-work law, voted by the people and added to the state constitution in 1954, protects the individuality of every employee. As an indication of favorable management/employee relations, South Carolina ranks near the bottom in terms of union membership as a proportion of nonagricultural employment. In fact, only 4.5 percent of South Carolina's workers are union affiliated.

South Carolina offers the finest in that intangible called "livability," stretching from the mountains to the seashore with a wide variety of pleasant and varied surroundings.

Population

The population growth of South Carolina, along with the large number of young adults entering the labor market each year, provides a major source of trainable workers in the state's growing labor market. According to the 2004 estimates, 4.2 million persons reside in the state of South Carolina. This figure represents a gain of more than 187,988 persons over the 2000 Census population of 4,012,012.

Labor Availability

The availability of labor has been a major contributing factor in the industrial and business growth of South Carolina. The civilian labor force for April 2005 was 2,073,100. Migrating capital and industry have found the growing labor force to be highly attractive in terms of productivity and cost. As a result, most industries and businesses have continued to grow and prosper. The continual growth of area industries has helped provide some selection of jobs for new entries into the labor market, and a more favorable industrial and business balance is being attained. With the rapid growth in population and labor force, the state of South Carolina will continue to be a major attraction to migrating capital and industry.

The average annual unemployment rate for South Carolina in 2004 was 6.8 percent, slightly above the United States average of 5.5 percent. The percentage of people participating in the labor force is below the United States average, showing the need for additional work opportunities as well as indicating an available pool of recruitable workers.

In 2003, 32 percent of high school graduates in South Carolina chose not to go to college and chose to seek employment. This statistic, combined with an already relatively youthful population, demonstrates the availability of large numbers of potential job candidates. Civilian labor force estimates for 2004 indicate nearly 300,000 persons residing in South Carolina are aged 20 to 24, which will provide the numbers needed for employers with entry-level jobs.

A Trained Workforce: Our Greatest Resource

A decision to locate in South Carolina gives companies a substantial competitive advantage—qualified and trained labor. South Carolina's greatest resource is its workforce, and we are positioned to provide the chemicals industry with one of the most technically competent workforces in the United States. To accomplish this, South Carolina has committed tremendous resources to training its workforce. Specifically, our collaborative approach to supporting the chemical industry's training requirements is three-fold:

1. **Technical Colleges:** South Carolina has an extensive network of 16 technical colleges and eight satellite campuses that support technical training. All residents live or work within 30 minutes of one of these campuses, and the colleges work with local industry to develop programs tailored specifically to their needs.
2. **Center for Accelerated Technology Training:** This nationally recognized program specializes in custom-designed

“We intend this facility to be the number one tire plant in the world in terms of product quality and cost competitiveness, so the highly qualified workforce and good work ethic of this region are very important to us.”

Masatoshi Ono
Chairman & CEO
Bridgestone/Firestone, Inc.

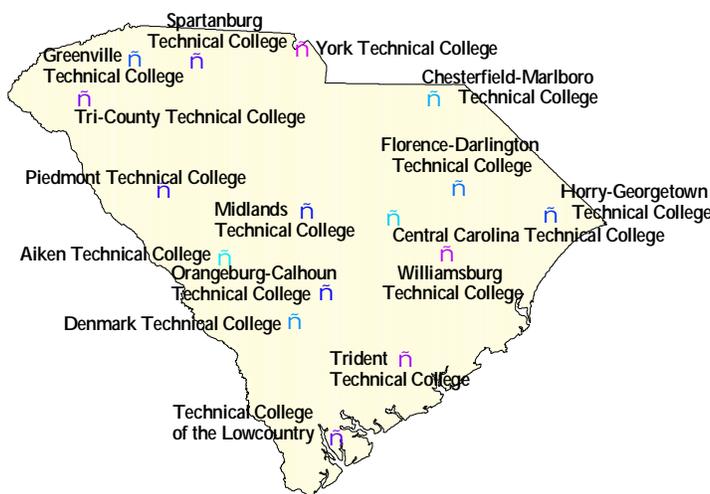
training for new and expanding businesses. As part of the state's technical education system, this program provides not only free training to qualified companies but also labor recruiting, testing, and screening.

3. **Higher Education:** Clemson University and the University of South Carolina have extensive engineering coursework directly related to the requirements of South Carolina's industries as well as research centers dedicated to new technology research. The relationship between companies and these universities results in numerous successes including technology transfer, competitive advantages, and access to modern manufacturing technologies.

Technical Colleges: A Bridge to Technology

The U.S. Department of Labor recognizes South Carolina's Technical Education (TECH) system as a model technical education program. TECH's network of 24 campuses offers a broad scope of training opportunities that meet the demands of South Carolina's industries. Graduates are prepared to apply the latest technology to a range of issues—from initial product design and development of prototypes; to meeting high tolerance, high quality production needs; to supervisory, management, and quality control measures.

South Carolina's Technical Education Schools



Business-Focused Curriculum Development

The mission of the technical colleges is to support economic development. As a result, each college is keenly focused on serving local business and industry needs, which is reflected in a constantly updated curriculum. Chemicals manufacturers can use the TECH system to train employees, offer continuing education opportunities, and keep skills sharpened and in tune with the latest business and management technology.

Continuing Education Means Continued Enhancements

South Carolina understands that constant upgrading of knowledge and training is essential for chemical manufacturers to remain competitive in a rapidly growing technological society. TECH offers short courses, seminars, and workshops on a continuous basis during the day and evening. In addition, on-site training meets the demands of business and industry by offering customized seminars, workshops, conferences, and advanced courses using state-of-the-art equipment and modern

facilities. For both in-plant and campus training, courses can be designed to meet a company's specific needs.

Technical Resource Centers

In order to support and further the quality of South Carolina's workforce, TECH operates a number of technical resource centers throughout the state. The resource centers bring together specialized equipment and high-level expertise to provide up-to-date training in high-technology fields and to support industry in a variety of technical areas. The centers are located throughout the state and housed at various campuses of the TECH system. Under a variety of arrangements, each resource center's information and expertise is available to any company in the state. The following describes some of TECH's Resource Centers:

- **Composites Consortium:** Midlands, Trident, and York Technical Colleges, in concert with GLCC, Inc. (formerly the Great Lakes Composites Consortium), University of South Carolina, Clemson University, several other national universities, and industry, specialize in the development and transfer of composites technology from military applications. Areas of specialization include training, prototyping, and consulting on carbon-fiber, non-carbon-fiber, fiberglass, and other composite technologies.
- **Total Quality Resource Center:** Piedmont Technical College houses a statewide center for *Total Quality* education for the TECH system. This center specializes in QS-9000 training, documentation and internal auditing, advanced product quality planning, production part approval, applied failure mode and effects analysis, and other quality objectives.
- **Robotics Resource Center:** Located on the main campus of Piedmont Technical College, this resource center specializes in the application of externally operated and programmed robotics for manufacturing and special industrial applications.

Technical education in South Carolina remains flexibly responsive to the education and training needs of business and industry. Regardless of your manufacturing and business training needs, South Carolina's technical colleges are here to assist. Leaders in South Carolina understand that with the increase of technology application in the chemicals industry, both in manufacturing and computer control, there is a large demand for workers with strong technical skills.

Center for Accelerated Technology Training: The National Model for Workforce Development

For over 40 years, South Carolina's Technical Education System has provided one of the state's most powerful economic development incentives—The Center for Accelerated Technology Training (CATT). CATT's mission is to provide companies moving to, or expanding in, South Carolina with well-trained and highly motivated employees. This is accomplished through a comprehensive and customized process that includes recruiting, screening, and training. To date, the program has trained over

200,000 people for some 1,700 companies. In fact, South Carolina has been ranked number 1 by *Expansion Management* magazine for workforce 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. When a company works with CATT, the program is driven exclusively by the company's needs and desired level of partnership.

CATT: A Unique And Customized Training Program

CATT is unique among national state training programs. Listed below are some of the elements that set our program apart:

- ***Economic Development Mission:*** Through CATT, South Carolina is committed to providing companies with targeted programs of specific interest, an intense focus on the needs of the workforce, and close collaboration with our extensive network of technical colleges.
- ***Experienced and Dedicated Personnel:*** Unlike other training programs, CATT is managed from a central state office by dedicated personnel who bring a unique understanding of industry needs to the process and rely on coaching techniques rather than lecture-style learning.
- ***Extensive Resources and Infrastructure:*** When CATT commits to recruit, screen, and train new employees, the process can begin immediately because well-equipped facilities, an instructor cadre, the technical college system, and links with Job Service Centers and other recruiting vehicles are already in place.
- ***Multi-Tiered Screening Process:*** After several screenings by the local Job Service and CATT staff, a company can select from the finalists to identify those who will go into the training program. At the final stage, the goal is to provide five qualified candidates for every one position you plan to immediately staff; however, at no time is a company obligated to hire any of the training candidates.
- ***No Federal Funding:*** Unlike states that must adhere to federal requirements because they use federal funding to offset training costs, South Carolina uses no federal funding and will train only those individuals selected by a company to enter the program. Since the selection is based solely on individual qualifications, the result is a higher quality trainee pool.
- ***Quality of Trainees:*** Because trainees sign a statement certifying that they are not guaranteed a job, their motivation to train is based on the opportunity to improve their existing skills and transition to a better career. As a result, the program attracts self-motivated and disciplined individuals who are capable of helping chemical manufacturers compete in the global marketplace.

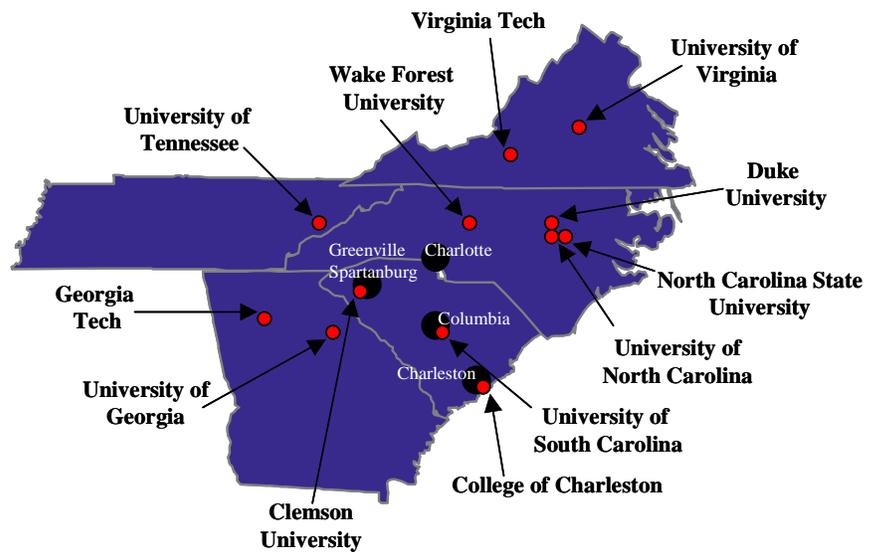
Success With CATT

CATT's staff is committed to ensuring the success of companies in South Carolina by protecting the confidentiality of your proprietary processes and information, sending instructors anywhere in the world to observe existing operations and learn required skills, and preparing a training site that will mirror your production process. Company personnel are invited to be present throughout the process to preview and evaluate potential employees, observe group dynamics, and help familiarize potential employees with a company's corporate culture. With the use of CATT, South Carolina is positioned to help chemical companies gain the competitive advantage through training.

Higher Education

South Carolina's industrial and manufacturing research universities, Clemson University and the University of South Carolina (USC), offer chemical companies access to technology and innovation, a commitment to research, and a skilled labor force. Both schools have extensive engineering coursework related directly to the requirements of South Carolina's industries, as well as research centers dedicated to new technology.

**Major Colleges & Universities
Within 200 Miles of South Carolina**



In addition, several of the nation's leading centers of higher education are located within close proximity of South Carolina. Some of the top engineering schools in the region include:

 <p>The University of South Carolina College of Engineering offers both undergraduate and graduate degrees in chemical, civil, electrical, mechanical and computer engineering.</p>	 <p>Georgia Tech is one of the world's renowned engineering schools and offers both undergraduate and graduate degrees in chemical, aerospace, biomedical, civil, electrical and computer, industrial, materials, mechanical, nuclear, textile and fiber, and bioscience engineering.</p>	 <p>Clemson University, located in northwestern South Carolina, offers both undergraduate and graduate degrees in chemical, general, biosystems, bioengineering, ceramic and materials, civil, electrical and computer, environmental, industrial, mechanical, and textile and polymer engineering.</p>
 <p>Virginia Tech offers undergraduate and graduate programs in aerospace, biological systems, chemical, civil, electrical and computer, industrial, materials, mechanical, and mining and minerals engineering.</p>	 <p>Located in Raleigh, N.C., N.C. State's College of Engineering was ranked first in the Southeastern U.S. by the National Research Council. N.C. State offers undergraduate and graduate programs in biological and agricultural, chemical, civil, electrical and computer, industrial, manufacturing, materials, mechanical, nuclear, operations research, and textile engineering.</p>	 <p>The University of Tennessee-Knoxville offers both graduate and undergraduate degrees in agriculture and biosystems, agriculture science, chemical, civil, electrical and computer, physics, industrial, materials, mechanical and aerospace and nuclear engineering.</p>
 <p>South Carolina Colleges & Universities Offering Degrees In Engineering</p> <p>Charleston Southern University The Citadel Claflin College Clemson University Francis Marion University South Carolina State University University of South Carolina-Aiken Columbia</p>	 <p>North Carolina Colleges & Universities Offering Degrees In Engineering</p> <p>Montreat College North Carolina A&T University North Carolina Central University North Carolina State University Pfeiffer University St. Augustine's College Shaw University University of North Carolina-Chapel Hill University of North Carolina-Charlotte Wake Forest University</p>	 <p>Georgia Colleges & Universities Offering Degrees In Engineering</p> <p>Abraham Baldwin College Andrew College Atlanta Metro College Brewton-Parker College Clark Atlanta University Columbus State University Covenant College Darton College Ft. Valley State University Gainesville College Georgia Southern University Georgia Southwestern State University Georgia State University Institute of Paper Science Technology LaGrange College Macon State College Mercer University Middle Georgia College Morehouse College Reinhardt College Savannah State University Spelman College Valdosta State University</p>

AN UNSURPASSED BUSINESS CLIMATE

South Carolina Fosters Prosperity and Expansion

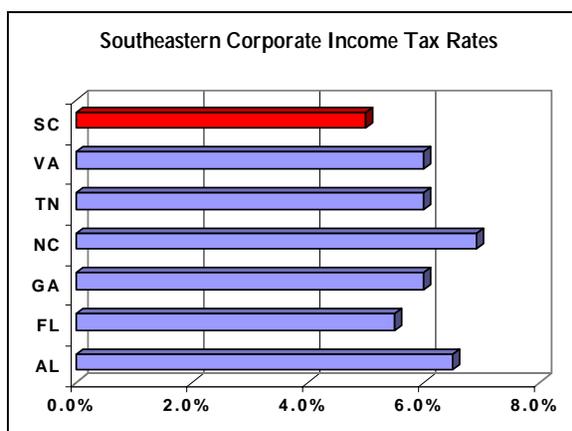
South Carolina understands that companies, not the government, invest capital and create jobs. It is our responsibility to work with industry to create a climate that fosters prosperity and expansion. From the initial contact through planning, construction, start-up, and continued business growth, the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

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 available financial incentives, as well as the regulatory climate in the state. 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.

Business Tax Structure and Financial Incentives

South Carolina's probusiness attitude is reflected by a stable business tax structure and an unparalleled list of tax credits and investment incentives. This probusiness environment is evident by the fact that government leaders in South Carolina have

- Maintained a 5 percent corporate income tax rate—South Carolina has the lowest income tax rate in the Southeastern United States.
- Prevented a general tax increase—South Carolina has the eighth 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.
- Maintained 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 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:** Taxes on real property (land and buildings) and personal property (machinery and equipment) 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 per year 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 for manufacturers. 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 has a 5 percent state tax on sales and use. 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 reward firms for investing in South Carolina and reduce tax liability include the following:

- Corporate income tax credits for new job creation, research and development activities, corporate headquarters facilities, and providing child care benefits;
- Corporate income tax credits for investments in new production machinery in the 27 counties affected by the closure of federal facilities (considered *Economic Impact Zones*);
- No property 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);

- No sales tax on manufacturing equipment, fuels used in the production process, research and development equipment, or packaging materials;
- No value added taxes; and
- No wholesale sales tax.

Regulatory Climate

In many areas, chemical producers are subject to heavy regulation, including health, safety, and environmental protection. However, South Carolina offers chemical 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 (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; yet South Carolina has continued to enjoy good air quality and an adequate supply of clean drinking water over the years.

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 the 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 companies grow.

- ***International Trade Development*** 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 international success. The available services include buyer/supplier networking, on-site sales representation, dissemination of trade leads, and coordination of trade shows and missions.
- ***Recycling Market Development*** 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.

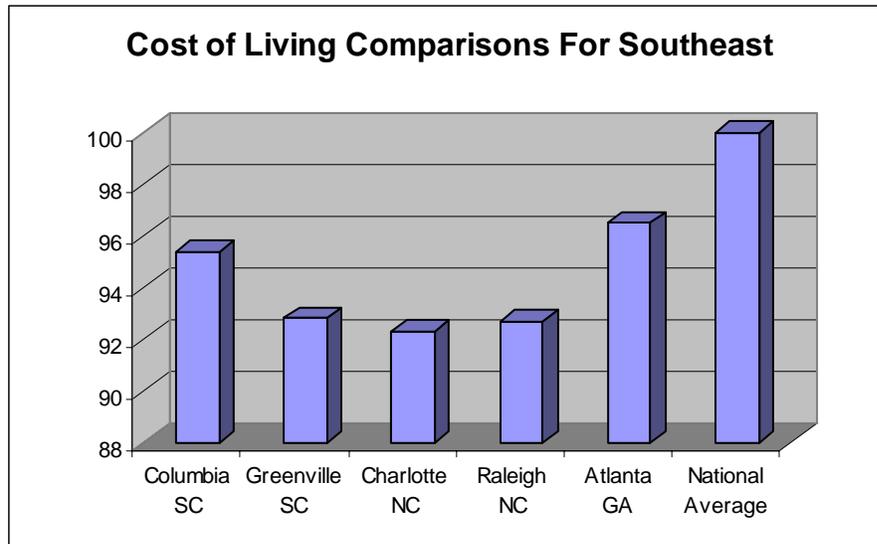
SUPERIOR QUALITY OF LIFE

South Carolina's quality of life makes recruiting and retaining top-level talent an easy task. As part of its excellent quality of life, the state offers chemical companies a low cost of living so that the company and its employees receive more for their dollar. The cultural diversity that South Carolina's residents bring to the state is complemented by a host of leisure activities, including arts, entertainment, and recreation, which are available year-round due to the state's mild climate.

In addition, South Carolina's education system compares well with its Southeastern neighbors. In fact, the Columbia and Charleston areas boast nine colleges and universities each, Greenville is home to six colleges and universities, and Rock Hill's proximity to the Charlotte area offers even more opportunities for higher education.

Low Cost of Living

South Carolina cities offer a low cost of living and a good deal for the money. The graph to the right is a comparison taken from the ACCRA Index.



Source: ACCRA Cost of Living Index, 4th Quarter, 2004.

Environment and Climate

Due to its southeastern location and varied terrain, South Carolina has a number of different climates, ranging from temperate to sub-tropical; yet, all are mild and conducive to year-round outdoor activity. There are four distinct seasons, but warm weather

prevails through most of the year. Average temperatures range from the 40's in the winter to the 80's in the summer. There is very little frozen precipitation during the winter months, which rarely accumulates to an extent which results in business closures and travel delays. South Carolina's temperate climate is not only a benefit in terms of quality of life, but also allows for year-round construction activity, an uninterrupted flow of transportation, and worker availability.

Leisure: Recreation, Arts, and Entertainment



A host of leisure activities – including arts, entertainment, and recreation – define the many dimensions of South Carolina. The state's varied landscape is a backdrop for diverse activities. Over 330 championship golf courses, including seven ranked among the top 100 courses in the United States, are located in South Carolina.

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 invites year-round, outdoor activities.

South Carolina's water resources offer recreational activities from kayaking and rafting on whitewater rivers to fishing and boating on lakes, from blue water sailing to deep-sea fishing. In addition to the Atlantic coast, 830 square miles of the state are covered by water, including 10 main 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 power for hydroelectric plants. Lake Murray 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.

Arts and Culture

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 events 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.

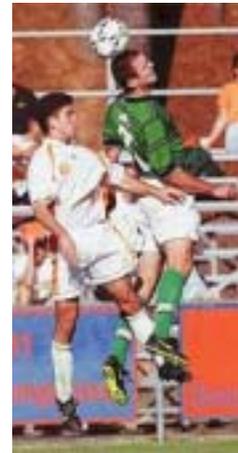
In addition to Spoleto, numerous other local festivals occur across the state throughout the year, presenting such international artists and events as the London Philharmonic Orchestra, Royal Winnipeg Ballet, Vienna Boys' Choir, David Parson's Dance Company, *Les Miserables*, and Shakespeare Festivals. 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.

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