

Automotive

IN SOUTH CAROLINA

An Industry Report Published by the
South Carolina Department of Commerce

In High Gear

It's the driving force behind the success of major auto manufacturers and suppliers—South Carolina. Blessed with exceptional advantages, the state has already attracted two assembly plants and more than 200 suppliers. A right-to-work labor environment, low employment costs and an available labor supply are helping South Carolina's automotive manufacturers streamline costs and increase profits.

Auto-related companies have a presence in 41 of the Palmetto State's 46 counties. Among these manufac-

turers are international giants that deliver superior products to the world market. For very good reason, South Carolina is now one of three states that account for 36 percent of all US production by foreign automakers.

South Carolina Secretary of Commerce Charles S. Way, Jr. explains, "The undeniable strength of the automotive sector says clearly that when companies come to South Carolina, they profit in South Carolina. Once companies get here they grow. It's an environment conducive to making money."

**Pro-business—
it's more than an attitude.
It's an obsession.**

"When automotive companies get to South Carolina coming from more hostile environments, it's like a breath of fresh air. They're saying to state and local government 'you mean you want to help me?' They just can't believe the support."

*Mark Simmons, Managing Director
of the Central Carolina Economic
Development Alliance*

Automotive Advantages

- No labor shortage; work force is growing at 10 times the national average
- Lower costs
- A proven reputation for record-breaking startups
- State policies that encourage sustained competitiveness and profitability
- Labor laws to decrease costs and increase output
- A right-to-work labor environment; very low union activity to reduce costs
- Less time lost due to labor unrest
- Timesaving access to suppliers and manufacturers in the Southern Automotive Corridor

Built in South Carolina:

- BMW
- Honda-ATV
- Daimler Chrysler



For more South Carolina advantages:
www.TeamSC.com/pdf/autopub.pdf

Easy Access to Customers & Suppliers by Train, Truck & Ship
in the Southern Automotive Corridor, the nation, & the world!



The Port of Charleston

- Most efficient port in the nation
- Largest container port in the South
- Services 40 shipping lines to 150 countries

South Carolina's transportation system reduces delivery time and cuts storage costs:

5 interstates and
64,000 miles of
state highways

2 rail companies—
CSX & Norfolk-Southern

10 airports
reach one in under one hour
from anywhere in the state

3 ports—Charleston,
Georgetown & Port Royal

Gateway to the World Port

"We are still very dependent on our supplies coming out of Germany, so it's very important for us to be very close to a port. Being a 'just-in-time' supplier to the heavy truck industry, it's very important that your supplies are in-house when you need them. With the Port of Charleston, we have always been able to get supplies out of Europe within one or two days for overnight shipments."

Sabine Lang, President of Lang-Mekra North America

Your money goes further in South Carolina

- Lowest electric rates in the Southeast **3.7¢**
per kilowatt hour
- Lowest unionization rate in the US **1.8%**
- Highly competitive manufacturing wage rate **\$10.96**
- Lowest business income tax rate in the Southeast **5%**

A Less-Taxing Business Address

- No tax on intangibles
- No property taxes on inventory
- No local income taxes
- No unitary tax
- No wholesale tax
- No value-added tax
- No commercial occupancy taxes

"South Carolina has long been a favorite of auto companies thanks to its low unionization rate, low employment costs and high productivity rates."

Expansion Management magazine

Affordable land and plenty of it!

Hundreds of available sites for automotive @

www.TeamSC.com/av_sites.html

Workers Ready to Produce from "Day One"

Rated #1 by Expansion Management magazine

People trained to do exactly what you want them to do.

South Carolina's Center for Accelerated Technology Training (CATT) enables companies to start up quicker, operate more efficiently and experience success faster. CATT's mission is to provide specifically trained, highly motivated employees for all South Carolina companies.

CATT operates through the South Carolina Technical College System, which has become a model for the

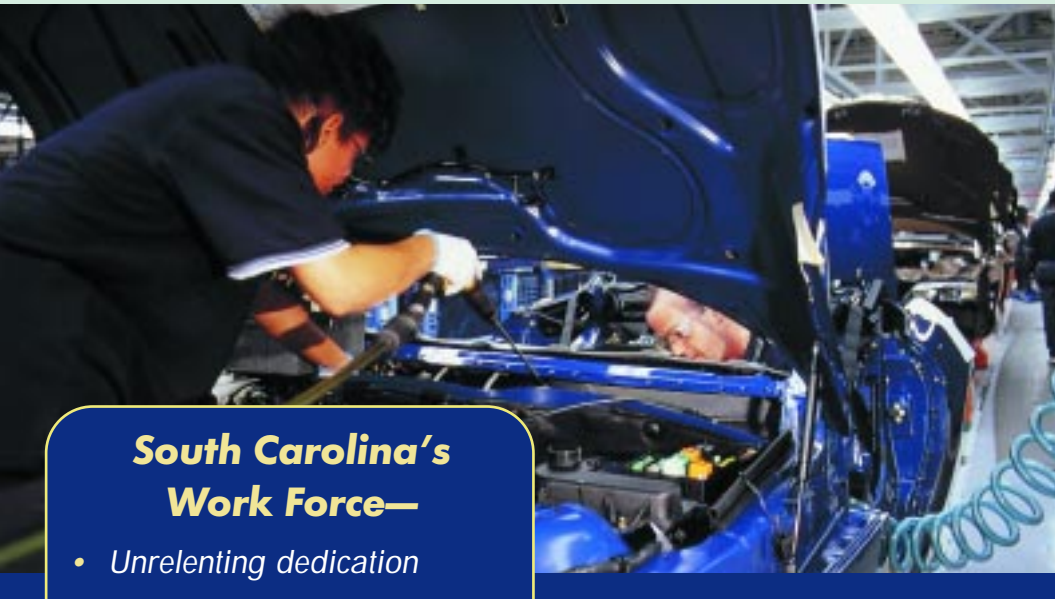
nation. CATT services include screening, trainee evaluation and assessment, and pre-employment training—all at no cost to qualified companies. The program is customized; every component totally driven by a company's needs. Along with new hires for the initial facility startup, CATT is also available to train workers every time a company adds jobs.

By creating a hands-on learning experience, CATT can condense a

program to meet a company's startup timeline. Prospective employees attend class with no pay or promise of a job. As a result, the program attracts self-motivated individuals who are able to produce from "Day One."

Curriculum to address critical needs for automotive companies:

- Statistical Process Control
- CNC Machine Tool Operations
- Computer Skills
- Welding
- Electronics
- Just-in-Time Concepts
- Soft skills such as teamwork, communication and problem solving



South Carolina's Work Force—

- Unrelenting dedication
- Uncompromising quality
- Undeniable availability

No Shortage of Qualified Workers

- BMW—80,000 applications for 2,000 positions
- Bridgestone/Firestone—3,000 applications for 250 positions
- Williams Technologies—1,800 applications for 380 positions

CATT has trained 250,000 workers for more than 1,600 companies, including more than 19,000 workers for auto-related companies such as BMW, Bosch, Michelin, Dana, Honda and many others.

At no cost to South Carolina Companies, CATT offers:

- Pre-employment training
- Providing qualified instructors and training sites
- Recruiting and screening trainees
- Securing necessary equipment and supplies
- Post-employment training

No matter where a company locates in South Carolina, it will be surrounded by 16 technical colleges and 33 four-year colleges offering 400 degree programs.

SUPPLIERS

Bosch

Delphi

Lear

Magna
Intern'l

Michelin

More than
200 others



*For Suppliers, South Carolina has
9 Major Auto Plants Within 500 Miles*

An environment that delivers bottom-line benefits—that's what more than 200 automotive suppliers have found in South Carolina.

A major attraction for these companies is the state's strategic location. South Carolina is central, convenient and easily accessible to the large and ever-growing Southern Automotive Corridor. Proximity to manufacturers, along with South Carolina's comprehensive transportation system, gives suppliers the competitive edge for just-in-time delivery.

Another advantage is the availability of raw materials that are so vital to production. South Carolina is home to many of the world's top producers including:

- Nearly 300 plastics companies
- Capacitor companies that create 20% of the nation's supply
- Over 100 companies that cast, forge and extrude aluminum
- Nearly 50 metal stamping and forging companies
- 35 steel production facilities and foundries

Automotive-Related Industries in South Carolina

■ 6 of the world's top 10 original equipment manufacturers (OEMs) in parts sales have chosen South Carolina

■ 3 of the world's largest tire manufacturers have South Carolina facilities:

- **Michelin**
- **Goodyear**
- **Bridgestone/Firestone**

■ The Palmetto State's automotive industry and associated supplier base is growing at nearly ten times the national rate, according to Automotive Engineering magazine.

Honda Makes History



It's a Fact...

Automotive success happens faster in South Carolina. We have the numbers to prove it.

Lowest unionization in the nation for manufacturing 1.8%-0.07% in the automotive sector

Virtually **no work stoppage** 0.01%

Lowest payroll costs in the Southeast

#1 Ranked work force training by Expansion Management magazine

#1 Most productive work force in the Southeast

Lowest corporate income tax in the Southeast only 5%

A transportation system that puts you **within 500 miles of over 1000 assemblers and suppliers; within 300 miles of 12 car, truck and all-terrain vehicle assembly plants**

Lowest industrial power costs in the Southeast at 3.7 cents per kilowatt hour

Industrial construction costs 25% below the national average

For more South Carolina advantages, log on to:

www.TeamSC.com

In 1997, Honda history was made in South Carolina. After selecting a 500-acre site in Florence County for its first exclusive All Terrain Vehicle (ATV) plant, the automotive giant accomplished the fastest ramp up in company history.

In South Carolina's pro-business environment, Honda of South Carolina Manufacturing (HSC) was able to build a 280,000-square-foot facility, hire and train 200 associates, and begin mass production of its ATVs in eight short months. Today, HSC has increased its production volume by an astounding 400%. It has more than doubled its initial investment and employs 1,500 associates.

South Carolina was selected based on Honda's basic philosophy that its products should be manufactured where they're sold. Approximately 50% of ATV customers are in the Southeastern US, so a Palmetto State location saves shipping time and costs. Other site selection criteria included South Carolina's outstanding worker availability, strong work ethic and the already-in-place infrastructure to speed startup.

"Our competitors can buy the same equipment, use the same suppliers, and even build a plant exactly like ours. But the quality of the work force determines success. Our South Carolina workers are enthusiastic, innovative and involved. For example, associates in our packing area streamlined that process by building a ramp that allows the ATVs to be ridden directly onto the packing skid. I always say I have 1,500 engineers working here."

Bill Kalp, Senior Vice President
Honda of South Carolina
Manufacturing, Inc.

News Flash

Honda recently chose South Carolina for a new \$20 million engine manufacturing operation to support its existing ATV plant in Florence County.



Government is your ally in South Carolina.

"South Carolina government cares about industry no matter what size. Although we only employ 35 people, every need has been looked after and taken into consideration as if we were a large manufacturing plant."

Patricia Hubner, Vice President of Hubner Manufacturing Corp.

BMW Builds “Ultimate Driving Machines” in South Carolina

Before choosing Spartanburg County for its only North American assembly facility, BMW, like any good German car company, approached the site selection process with the rigor you would expect. After a three and a half year process, during which it investigated 250 locations worldwide, the company made the strategic decision to build “Ultimate Driving Machines” for the global market in South Carolina.

Today, the company has found a home in the Palmetto State, investing more than \$1.4 billion and employing more than 4,000 people. BMW Manufacturing Corp. in South Carolina

is now the exclusive producer of the German automobile maker’s highly popular Z3 Roadster as well as the M Roadster, the Z3 Coupe, the M Coupe and the X5 Sports Activity Vehicle.

Considering how important the “Made in Germany” image is to BMW, the number one issue the company faced was: Could it find a skilled labor force to provide the premium quality on which the company had build its impeccable reputation?

As Vice President for Community and Corporate Relations, Carl Flesher explains, “The secret to our success in South Carolina is the people. My chairman would tell you that he came

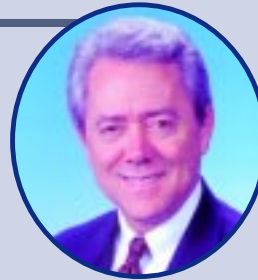
here incognito for about six months and drove through neighborhoods, he went into restaurants and went to the movies and he said, ‘I spent time looking into people’s faces trying to find out: could we build BMW products here?’ And he came to the conclusion that with the obvious sense of pride and the friendliness, we could. Our success has proven that.”

In addition to the quality work force, BMW also attributes its success to a state government that listens and is willing to provide the infrastructure businesses need to be successful.

SUCCESS STORY

An interview with Carl Flesher, BMW Vice President for Corporate and Community Relations.

“The Secret To Our Success Here Is The People”



Carl Flesher

Q What exactly was BMW Manufacturing looking for in a site?

A When BMW made the decision to come to the United States, the single biggest risk we faced was a new work force. We wanted workers who would have an understanding of what a BMW was from “Day One” and be able to build vehicles to meet our customers needs. When we walked out across the world looking for that, there was only one state that gave us what we were looking for, and it was South Carolina.

Q How important was the work force training provided by South Carolina?

A We not only found quality individuals to build BMWs in South Carolina, but also discovered a very unique training program: The Center for Accelerated Technology Training (CATT), which began in the 1960s and was very mature when we arrived. It helped us recruit and train a work force; and ultimately minimized the risk with a green work force building BMWs. Think about the risk we were taking with a new work force that had never built BMWs—but the state’s technical education system not only helped us train them, it helped us recruit them.

Q What sold BMW on South Carolina?

A The state offered all of the factors we needed for success. The training program, already here. The Port of Charleston, already here. An interstate system that criss-crosses the state so we can deliver cars made here to anywhere in the country, already here. A pro-business environment, here. A work force able to build BMWs, already here.

“South Carolina helped

BMW achieve the fastest start-up in the history of automobile manufacturing—23 months from turning the first shovel of dirt to the first car rolling off the line. No one has ever touched that record. And we don’t think they ever will.”



Enjoy life!

200 miles of Atlantic Coast beaches; foothills of the Appalachian Mountains; South Carolina offers culture, history and outdoor fun—not to mention 400 of the world's most challenging golf courses!

- A moderate climate year-round to speed production
- An enjoyable lifestyle quality to attract and retain top talent
- So affordable that mid-level managers can live an executive lifestyle



Today, South Carolina is proud to play host to two professional golf events:

- WorldComm Classic / The Heritage of Golf, Hilton Head
- Asahi Ryokuken International Championship, an LPGA event North Augusta

Quality of life is one of the main reasons why Siemens and Navistar selected South Carolina as home for an automotive joint venture.

“South Carolina provides an excellent quality of life that has proven important for attracting and retaining the exceptional work force we need to perfect and produce leading-edge products.”

George Perry, *President and CEO of Siemens Automotive Corporation*



Area Development magazine touts TeamSC.com as a “giant among industry Web sites.” You’ll find:

- a searchable database of sites and buildings;
- a hotlink to details of South Carolina’s work force training program;
- extensive community profiles.

Visit TeamSC.com

27 Years, 5 Expansions

Why did automotive powerhouse Bosch choose South Carolina for its US manufacturing? In addition to an exceptional quality of life, its Charleston location offered an international airport, the nation’s most efficient container port, a well-integrated rail system, and excellent weather conditions.

These attributes, combined with a favorable labor market comprised of workers who are dedicated, loyal, and easy to train, “made our decision easy” according to Bosch’s Human Resources Administrative Coordinator Sherrie Houge.

Casting another vote of confidence in the state’s pro-business climate,

Bosch recently chose South Carolina for another expansion. Its newest endeavor: the diesel product, Common Rail and the fuel injection system referred to as EV14. These new product lines will add hundreds of jobs to the company’s South Carolina work force, already 3,500 strong.

Bosch’s new ventures require employees that bring significant technical skills to the table. “Having such diversity of industry within South Carolina brings workers with experience in all types of technical fields,” said Houge. “We have seen great success in recruiting highly skilled, highly technical employees from right here in South Carolina.”

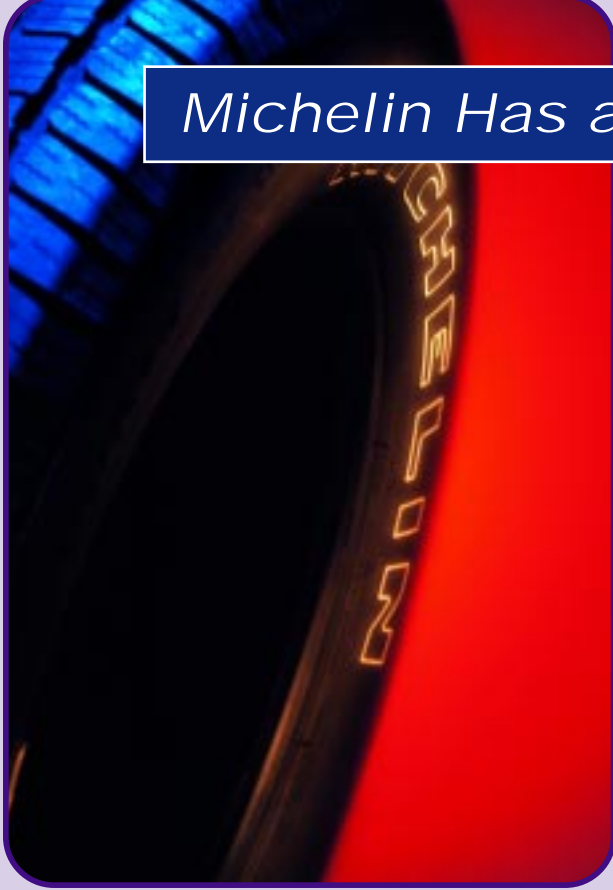
Once again, Tier-One Supplier Robert Bosch Corporation Chooses South Carolina

“A major selling point for Robert Bosch was the enthusiasm of state and local officials. There’s a real can-do attitude that Bosch found refreshing when we first located here. It doesn’t matter that we have been here now for more than 25 years. We still get the same response.”

Danny Hyman, *Vice President Manufacturing of Robert Bosch Corporation*

Robert Bosch Corporation designs and produces precision automotive components and systems and sells these products to vehicle and power train manufacturers. These include devices for gasoline and diesel injection, airbag components, antilock braking systems (ABS) and conventional brake systems, as well as small motors, electrical and electronic equipment.

Michelin Has a Lot Riding on South Carolina



pre-employment training program provided by the Center for Accelerated Technology Training operated by the state. “South Carolina’s businesses have the strong support of the technical schools that will customize their programs to meet your needs and work with you in any way they can,” Fanning says. “Nobody had built tires in South Carolina before Michelin came; we had to teach them. The work force is very trainable.”

water, interstates, sewer capacity, air transportation, available land with easy access to roads and highways, technical schools, electricity, oil and gas. All the infrastructure needs you could imagine are here.”

Cooperation of government agencies from all levels has been key for Michelin in South Carolina as well, Fanning says. “What you find in South Carolina is that all government agencies (state and local) are willing to work with you to meet your goals and objectives. There is a seamless relationship between the local county and the state that is very positive and cooperative. It’s teamwork, with the same goal. Michelin has seen this from the early days through its expansions.”

With more than 9,000 employees in six counties, including manufacturing facilities and its North American Headquarters, global tire manufacturer Michelin has faith in what South Carolina has to offer.

“South Carolina has the best combination of all that a business needs,” says Michael Fanning, Vice President for Corporate Communications. “A dedicated work force, a worker training program second to none, excellent market access, the right infrastructure and a business climate that lets you know South Carolina is on your team.”

The strength of the work ethic in South Carolina has proven itself over and over for Michelin Tire Corp., Fanning says. “People show up for work and give a full day’s work.”

Getting trained workers is no problem for Michelin and other automotive companies thanks to the unique

Getting those tires around the world from South Carolina is easy, Fanning notes, with access to the Port of Charleston and major airports such as Greenville-Spartanburg International Airport in the Upstate. “The Port of Charleston is key for Michelin,” Fanning notes. “We are the largest importer through the port, so it is essential to our operation. It is extremely efficient, very strategic.”

Other transportation and infrastructure needs are met in South Carolina, too, he says. “We found everything we need here in South Carolina: available



“One of the reasons we decided to put our \$900 million plus expansion in South Carolina was the experience we’d had here for more than 25 years. We tell anyone who asks that if we had to make the investment decision again today that we made back in 1973 and again back in the mid 80s and again in 1995 and 1999, that we would make the same decision, to put our investment here in South Carolina.”

Michael Fanning, Vice President of Community Relations & Government Affairs
Michelin first located in South Carolina in 1975, and has since added six facilities including the company’s North American headquarters.