

## The Automotive Industry

South Carolina's network of 250 automotive-related companies and suppliers, including industry leaders like BMW, Michelin, Robert Bosch, represents a major sector of the state's economy and has been crucial in fueling South Carolina's economic development. Representing over 5 percent of the State's employment base, the automotive sector is an integral part of South Carolina's economy. As a result, a wide range of companies supporting all aspects of automotive manufacturing – from assemblers, parts suppliers, and raw material producers – are based in South Carolina. Overall, South Carolina's automotive cluster engenders a total economic impact of over \$27 billion.

The best example of the growth of the state's auto industry is BMW's 2014 announcement of the planned \$800 million expansion of their assembly plant in Greer, South Carolina. The new manufacturing line for the BMW X7 model will increase employment at the plant to more than 8,000. Since beginning operation in 1992, BMW has produced over 2.6 million vehicles in South Carolina and has invested over \$6.3 billion dollars.

From Original Equipment Manufacturers (OEMs) to both Tier One and Tier Two suppliers providing systems, sub-systems, components and materials, South Carolina's automotive industry is vast. Additionally, South Carolina is recognized as a leader in manufacturing in the United States; ranking among the top ten states in automotive manufacturing strength by *Business Facilities* magazine July/August 2014.

### Automotive Manufacturing Firms in South Carolina



### Advantage South Carolina

South Carolina is located on the U.S. East Coast, halfway between New York City and Miami. Thanks to its world-class business environment, skilled workforce, transportation infrastructure and close proximity to many major automotive firms, South Carolina has succeeded in attracting substantial capital investment from around the world.



Several key competitive advantages distinguish South Carolina as business location:

**Transportation Infrastructure** – Served by 5 interstate highways, an efficient port with numerous worldwide shipping connections and the capability to support post-Panamax vessels, two Class One rail carriers and three major airports, South Carolina offers manufacturers numerous means of reaching customers and suppliers around the world.

**Low Cost of Doing Business** – South Carolina businesses thrive thanks to lower operating and capital costs, including nearly all aspects of managing a business, from employee wages to utilities, construction and taxes. The cost of living in South Carolina is nearly 10 percent less than the national average and is the 14<sup>th</sup> lowest in

the nation. The average salary in South Carolina ranks the 8<sup>th</sup> lowest in the nation and 2<sup>nd</sup> lowest in the Southeast region. Construction costs in South Carolina are the 6<sup>th</sup> lowest in the United States and the 4<sup>th</sup> lowest in the Southeast. Business-friendly regulations and smart investments in energy infrastructure give South Carolina the region's most affordable power costs. Industrial power costs in the state average only 6.35 cents per kilowatt hour. The average South Carolina industrial rate is among the lowest in the nation and 11 percent less than the national average of 7.10 cents per kilowatt hour. Compared with other southeastern states, South Carolina offers very low rates for natural gas to industrial users. The average price to industrial users in 2014 is \$6.37 per thousand cubic feet, lower than Florida, Georgia, North Carolina, and Tennessee.

## BMW Plant – Greer, South Carolina



**Workforce, Training and Education** – With a labor force of over 2.1 million people, South Carolina businesses can rely on a stable, highly-skilled, and efficient workforce at competitive wage rates. Among the 50 states, South Carolina boasts one of the top ten fastest growing labor forces nationwide and as right to work state businesses in South Carolina can operate free from disruptive work stoppages.

South Carolina is committed to growing and developing its world-class automotive industry workforce. Clemson University in Greenville, SC is home to the Clemson University International Center for Automotive Research (CU-ICAR) - an advanced technology research campus where academia, industry and government organizations collaborate. CU-ICAR's public/private partnership directly fuels the knowledge base critical to South Carolina and the automotive industry. Additionally, eight of South Carolina's technical colleges offer an associate's degree in Automotive Technology to support South Carolina's growing automotive industry. Furthermore, a host of other technical college courses are offered with related curriculum focusing on manufacturing, electronics, engineering and logistics throughout the state of South Carolina.

**Favorable Tax Climate and Incentives** – An independent research group, *The Tax Foundation*, ranked South Carolina the state with the 10th lowest corporate income tax in the United States in 2014. South Carolina does not levy state property tax; local income tax; inventory tax; sales tax on manufacturing machinery, industrial power or materials for finished products; wholesale tax; or unitary tax on worldwide profits.

In addition, South Carolina offers a host of tax incentives to businesses choosing to locate or expand their manufacturing operations in the state, including Job Development Tax Credits, Economic Development Set-Aside Grants, Corporate Headquarters Tax Credits, and Research & Development Tax Credits.

## The Automotive Industry: A Growing Sector

Since January 2011, companies in the automotive industry have announced over \$4 billion in capital investment in South Carolina creating nearly 8,000 new jobs. The table below highlights a few of these recent announcements.

New and Expanding Automotive Plants South Carolina, 2011 - 2013		
Company	New Jobs	New Capital Investment
BMW Manufacturing	800	\$1,000,000,000
BMW Manufacturing	1,000	\$900,000,000
Bridgestone Americas	550	\$894,300,000
Continental Tire the Americas	1,620	\$500,000,000
Bridgestone Americas	178	\$211,400,000
ZF Transmissions	450	\$175,000,000
Bridgestone Americas	122	\$135,000,000
JTEKT Automotive	175	\$130,000,000
JTEKT Automotive	100	\$120,000,000
ZF Transmissions	300	\$80,000,000
Gestamp	100	\$57,026,000
Drive Automotive Industries	60	\$50,000,000
Tognum America	20	\$35,000,000