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Subject: Media Call: Patricia Moody, Fortune Magazine
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Call Details: Ashton will connect NH to Patricia Moody: (978) 526-7348

Re: Walmart Supplier Companies

We already have three Walmart supplier companies *operational* in South Carolina:

- Element Electronics (\$7.5 million investment / 500 jobs)
- Kent International (\$4.3 million investment / 175 jobs)
- Enor Corporation (151 jobs)

A fourth Walmart-connected company, Giti Tire, will build its first North American manufacturing facility on a greenfield site in Chester County. (\$560 million / 1,700 jobs)

Submitted Q&A

1. What is SC doing to help with workforce requirements?

- Our approach to workforce development in South Carolina is that if a company is going to make the investment of their capital to do business in our state, then **we in turn will make the investment in our people.**
- South Carolina's workforce training programs are considered **among the best in the nation.**
- They are a model of success because we have **adapted workforce training to suit the needs of the industry** we have here, and we will continue to modify our offerings in a manufacturing environment that is increasingly automated and rooted in robotics and computer systems.
- The anchor of our workforce efforts is our technical college system – which includes 16 technical schools located across the state.
- Leveraging these technical schools, South Carolina has two primary workforce training programs: **readySC** and **Apprenticeship Carolina.**
- readySC is a tremendous recruitment tool. The state commits to working directly with a company on a customized training program that fits their individual needs, and we develop and implement this program **at no cost to the company.**

- **Last year alone, South Carolina trained 4,700 workers through readySC** in programs geared specifically to the company's needs. Since the program was founded in 1961, more than 280,000 workers have been trained this way.
- The companies enrolled with readySC are extremely diverse. Companies like The Keer Group (Chinese textile manufacturer), The Ritedose Corporation (pharmaceutical manufacturer) and E-surance (insurance call center) are taking advantage of this service.
- readySC has trained over 5,000 tire workers as well – and trained to that company's specifications, whether a Japanese (Bridgestone), French (Michelin) or German (Continental) tire company.
- **Apprenticeship Carolina has grown seven-fold in seven years**, from 90 to more than 640 registered programs.
- Each month, the program adds approximately 120 new apprentices and registers one or more programs per week.
- **The number of apprentices is nearly 10,000, up from a mere 777 in 2007.**

2. Going forward, do you see other government/industry collaborations that will help grow more suppliers - first, second, third tier - in this very competitive, high-volume manufacturing space?

- Our collaboration with Walmart to recruit their suppliers is very much in line with our efforts to recruit suppliers in two of the state's core industries: **automotive and aerospace**.
- **BMW** has been producing vehicles in our state for 20 years, and the Spartanburg County facility will become the highest-volume plant in the automaker's global system by 2016.
 - Today, there are around 8,000 workers at the BMW site.
 - BMW has an economic impact of over \$16.6 billion on the state of South Carolina, according to a recent report by the University of South Carolina.
- **Boeing** has been the hub of our state's growing aerospace sector since 2009, with more than 7,500 workers (direct and contract) at that site today.
- As a result of these "anchor tenants," South Carolina has had great success in recruiting top suppliers in these sectors.

- You will see South Carolina represented at global trade shows geared toward these industries because of their importance to the state's economy.
- Today there are **more than 250 automotive-related companies and suppliers** in the state.
- We have **more than 200 aerospace and aviation companies** in the state already, and we expect that number to continue to grow.
- A recent example of a major aerospace supplier that is coming to South Carolina is the announcement by **Toray Industries**, a Japanese manufacturer of carbon fiber, which will build its first consolidated carbon fiber plant in North America in our state (Spartanburg County).
- This is a \$1 billion investment, creating 500 jobs, in the very complex manufacturing sector of composites. This company is a major supplier to Boeing and the largest producer of carbon fiber in the world.

3. At this point in SC's growth in industrialization, how do you compare SC to other industry centers, such as Tennessee, Ohio, etc. What makes SC different from other possible re-shoring sites?

- I would say that our approach to business is different in that we **truly partner with our companies** and provide the kind of **soup-to-nuts support** that is with them from the day they announce that they're coming to the state, to the day that they hire their first worker, to the day they open their doors for business, and well beyond that point.
- As a state, we're **fully engaged in business support services**, actively helping major industrial clients find quality workers, assisting in matchmaking with vendors and suppliers from within our small business community, etc.
- But perhaps our greatest advantages and differentiators – specifically for manufacturing reshoring – can be summed up in two areas: **our people** and **our logistics network**.
- On the **workforce** front, we're a proud right-to-work state. Union activity remains low, with a 4.6 percent rate overall (the **third lowest overall unionization rate in the country**).
- Our workforce development programs are among the best in the nation (please see above).
- And overall, South Carolinians are known for being tenacious people with a 'can do' spirit.
- In terms of **logistics**, we have the tremendous advantage of being a coastal state with deep-water seaport facilities.

- In total, **over \$2 billion in port-related infrastructure projects** are either planned or underway in this state (new port terminal, inland port, road improvements, new rail facility on Navy Base, Charleston Harbor Deepening).
- Most manufacturers rely on **global access to a supplier network**, and for getting their product to foreign markets as exports.
- You can also look at where the most growth is taking place in the U.S., and the Southeast region is growing by leaps and bounds.
- For companies like these Walmart suppliers, this is a **growing consumption market for the goods they are producing**.
- In fact, a report earlier this week named South Carolina as the **2nd most popular state for inbound moves last year**.
- All of these factors contribute to South Carolina's global reputation as a place where manufacturing works.

4. Mr. Kamler and I have talked about the upcoming challenges for Kent going high-volume in the US with American suppliers. Is the SC government involved in helping businesses like Mr. Kamler's to look at automation and other technology challenges that build competitive advantage?

- Most advancements in these areas happen through innovation at the corporate level, versus what government can bring to bear.
- What we can do best is **maintain a competitive business environment** – a low cost of doing business, an issue-free workforce environment and as little red tape as possible – to let businesses do what they do best: **innovate**.
- But there are **places where the state can plug in to help our companies solve real-world issues**.
- As a state, we are boosting our services to business in the **research fields**.
- We have a program called **SmartState**, which is the partnership between the State of South Carolina and the three research universities: Clemson, MUSC and USC, creating Centers of Economic Excellence focused in six industry sectors.
- Through SmartState, there are presently 40 endowed chairs in South Carolina leading 50 Centers of Economic Excellence.
- Six sectors of focus:

- Advanced Materials & Nanotechnology (3 endowed chairs)
- Automotive & Transportation (4)
- Biomedical (19)
- Future Fuels (4)
- Information Science (2)
- Pharmaceutical (8)

5. In high-volume, lower-margin businesses, government regulations, taxes, etc., can put an additional burden on new or re-shoring industries. Can you speak to this question?

- This Administration has been **focused on cutting red tape and getting out of the way of businesses.**
- My approach as Governor has been that **costing a business time or money is unacceptable.**
- Through our regulatory agencies, we have cut the kinds of delays in permitting and red tape that will hold up a business from becoming operational – but we don't cut corners environmentally, we just turn them quickly.
- We have the advantage of being a **small state that can get things done quickly.**
- On some of the big, complex projects we've recruited (like Continental Tire or Giti Tire or Toray Industries), our Commerce Department will assign a liaison to that company who will be with them throughout the preparation and start-up phase.
- This person will ensure that permitting and licensing moves forward, so a company can get up and running as quickly as possible.
- As one example, **Continental Tire in Sumter was able to start producing tires three months ahead of schedule.**
- It is that commitment to helping our businesses be successful that has become South Carolina's calling card – and what has propelled our reputation as a manufacturing powerhouse.
- In fact, we lead the Southeast region in manufacturing job growth.
 - *Justification: SC manufacturing job growth up 13.06% since January 2011, ahead of NC, GA, TN, AL, FL, VA and MS, in figures reported by the US Bureau of Labor Statistics.*

Rankings related to regulation and tax environment:

- South Carolina ranked **3rd place** on a ranking of **Top States for Doing Business in 2014**, according to **Area Development** magazine's recent survey of site consultants. States were ranked in 17 categories based on the number of times they were named as a "top-5" choice by the responding consultants. South Carolina was the consultants' top choice in overall cost of doing business, 2nd in Incentive Programs, 2nd in Cooperative State Government, 2nd in Labor Climate, 3rd in Business Environment, 4th in Speed of Permitting, and 5th in Access to Capital. Source: Area Development, October 2014.
- South Carolina came in as one of the ten best states for business on **Chief Executive magazine's annual poll of CEOs**, ranking 5th. About 500 business leaders rated states on taxation and regulation, workforce quality and quality of life. Source: Chief Executive, May 2014.