

## The Agribusiness Industry in South Carolina

South Carolina's agricultural industry has a long history, and has been a vital component of the Palmetto state's economy for hundreds of years. Referred to as the agribusiness industry, the agriculture and forestry industries represent one of the largest, if not the largest economic sectors in the state of South Carolina. Encompassing food processing companies, livestock and produce companies, and wood and forestry-related companies the agribusiness industry directly and indirectly employs over 200,000 people in the state of South Carolina and has an estimated annual economic impact of over \$33 billion. With an estimated annual impact of over \$17 billion, the state's forestry industry is South Carolina's largest manufacturing sector, directly employing over 36,000 individuals and providing support for another additional 50,000 jobs. A powerhouse in itself South Carolina's agricultural industry directly employs over 60,000 individuals, supports another 35,000 jobs, and has an estimated annual impact of over \$16 billion.

Exports from the agribusiness industry account for over \$1.4 billion annually, with forest products accounting for close to \$1 billion and agricultural commodities accounting for over \$480 million. Already home to a number of farms, food processing companies, and forestry-related companies, South Carolina continues to provide an ideal location for the agribusiness industry. With its business friendly climate, skilled workforce, available land and easily accessible resources, low cost of operation, and reliable infrastructure, South Carolina provides the right combination for continued success.

South Carolina's growing network of agribusiness-related companies and suppliers, distributed across the state, includes family owned and operated farms, large scale private farms, livestock producers, major food manufacturers and processors, and wood and timber related companies of all sizes. While manufacturing has lagged in many US states and across the Southeast, South Carolina's agribusiness industry has seen sustained growth, and with increased world population growth and the movement towards alternative energy sources is poised for further growth.

The following South Carolina firms represent just a few of the many agribusiness companies with a presence in the Palmetto state:



## Advantage South Carolina

Thanks to its world-class business environment, skilled and educated workforce, land resources, and transportation infrastructure South Carolina has succeeded in attracting substantial capital investment from around the world.

### Starbucks Roasting Plant- Gaston, SC



Several key competitive advantages distinguish South Carolina as a business location:

**Workforce, Training and Education** – As a right-to-work state with the second lowest unionization rate in the country, South Carolina businesses can rely on a stable, efficient workforce at competitive wage rates and free from work stoppages. Over the past decade, South Carolina boasts the 8<sup>th</sup> fastest growing labor force nationwide.

South Carolina is committed to growing and developing its world-class agribusiness industry and workforce. Clemson University's College of Agriculture, Forestry and Life Sciences offers many degree programs, both undergraduate and graduate, related to the agribusiness industry like agricultural education, agricultural business, forest resources management, and food packaging science. Clemson University also operates the Pee Dee Education Center where academic research is conducted on topics ranging from crop management to renewable energy helping to provide solutions for the agribusiness industry. Additionally South Carolina is home to 16 technical colleges, five of which offer degree programs in topics related to agribusiness. Public-private partnerships like the Palmetto Agribusiness Council and the NESAs Regional Agribusiness Alliance work alongside the SC Department of Agriculture and the South Carolina Forestry Association to lead the charge in promoting and developing agribusiness throughout South Carolina. In 2010 the South Carolina Department of Agriculture in conjunction with local alliances and public-private agribusiness organizations, announced a 50 by 20 strategic goal; combining the resources of South Carolina's many agribusiness-related agencies and organizations, entrepreneurs, and companies, the 50 by 20 initiative seeks to expand the

annual economic impact of the agribusiness sector by \$16 billion to \$50 billion through continued recruitment, marketing, and economic development.

**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.



**Land and Resources**— South Carolina agribusiness companies prosper in part due to the vast land resources available throughout the Palmetto state. South Carolina is home to 3.2 million acres of agricultural land, approximately 16% of the state’s land area, and 13.1 million acres of forestland, approximately 68% of the state’s land area. Nearly 425,000 acres, or 14%, of the state’s agricultural land lies idle, ready for development. Additionally South Carolina is home to productive soils and extensive water and wastewater infrastructure, making the state an advantageous location for agribusiness.

**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 12 percent less than the national average and is the 10<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 5.9 cents per kilowatt hour, the lowest in the Southeast. The average South Carolina industrial rate is among

the lowest in the nation and 11 percent less than the national average of 6.6 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 2011 was \$5.6 per thousand cubic feet, lower than North Carolina, Alabama, Georgia and Tennessee.

**Favorable Tax Climate and Incentives** – An independent research group, *The Tax Foundation*, ranked South Carolina the state with the 10<sup>th</sup> lowest corporate income tax in the United States in 2011. South Carolina offers the following tax advantages:

- No state property tax
- No local income tax
- No inventory tax
- No wholesale tax
- No unitary tax on worldwide profits
- Favorable corporate income tax structure and one of the lowest rates in the nation.

In addition, South Carolina offers a host of tax incentives to businesses choosing to locate or expand their manufacturing operations in the state:

- Job Development Tax Credits
- Economic Development Set-Aside Grants
- Corporate Headquarters Tax Credits
- Research and Development Tax Credits

### The Agribusiness Industry: A Growing Sector

Since 2006, companies in the agribusiness industry announced over \$ 2.5 billion in capital investment in South Carolina creating nearly 10,000 new jobs. The table below highlights a few of these recent announcements.

New and Expanding Agribusiness Companies South Carolina, 2006 - 2011		
Company	Jobs	Capital Investment
First Quality Enterprises	1,000	\$ 1 Billion
Starbucks	100	-
Amy’s Kitchen	700	\$ 63 Million
Atlantic Beverage, Inc.	300	\$ 10 Million
McCall Farms	80	\$ 10.6 Million
H.J Heniz Company	350	-
Au’some Candies	120	\$ 6 Million

# Agribusiness Opportunities in South Carolina