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Going Up?

New projects making Kevlar, tires and elevators put a bounce into South Carolina's economy.



DuPont has just opened its \$500-million, 135-employee Cooper River Kevlar plant in Berkeley County, S.C., north of Charleston.

Photo courtesy of DuPont

By Adam Bruns

The sun rose on October 6 over Charleston, S.C., just like it does every day, a little after seven o'clock in the morning. By the time it set at nearly seven that night, everything had come up sevens for South Carolina, and the state's project portfolio was a billion dollars richer.

That's because that propitious day saw the opening of DuPont's new \$500-million, 200,000-sq.-ft. (18,580-sq.-m.) Cooper River Kevlar plant, just north of Charleston, as well as the announcement that Continental Tire the Americas (CTA) will construct a \$500-million plant in Sumter County, just east of Columbia, that will employ more than 1,600 people. CTA will also invest \$4 million and add 80 jobs at its headquarters in Lancaster County, just south of Charlotte, where the company already employs nearly 350.

DuPont's global production of Kevlar will immediately increase by 25 percent because of the new plant. That increase could reach 40 percent over the next two years.

"As the global population grows, there will be even more critical need for protection materials to keep people



Among Kevlar's multiple end-user markets are fiber-optic cable and tires, such as the Goodyear Wrangler MT/R tires pictured here. The new Kevlar plant that opened Oct. 6 may find a suitable customer in the forthcoming Continental Tire plant announced the same day at another South Carolina location just up the highway in Sumter County.

Photos courtesy of DuPont

safe and to protect the environment, structures and critical processes," said Thomas G. Powell, president, DuPont Protection Technologies, which had sales of \$3.4 billion in 2010. "After more than 40 years, the proven performance of Kevlar continues to create significant new opportunities where the combination of lightweight strength and other unique properties enable new designs, increase reliability and save more lives."

The project will create 135 jobs at the company, which recently invested \$50 million in its Spruance Kevlar plant in Richmond, Va., where commercial production of the aramid fiber first began in 1971. DuPont also makes Kevlar at a facility in Maydown, Northern Ireland, and at a DuPont joint venture, DuPont-Toray Company, located in Tokai, Japan. In addition, DuPont has R&D facilities and customer applications centers for Kevlar in Shanghai; Hyderabad, India; Paulina, Brazil; Meyrin, Switzerland; Richmond and in its hometown of Wilmington, Del.

Initial production at Cooper River will focus on three Kevlar technology platforms that support growing applications in sectors as diverse as ballistics, other personal protective equipment (see "NFL quarterbacks"), aerospace, tires, fiber-optic cables, oil and gas and automotive.

The project was originally announced in December 2007 with a planned start-up date in 2010. Asked about the delay, William Weber, vice president of DuPont Protection Technologies, North America, says via email, "We did have a delay, but the project continued, though at a slower pace due to the economic conditions in '08-'09."

At the same time, DuPont was pursuing an industrial espionage case over trade secrets related to Kevlar against Korean concern Kolon, a case that was just decided earlier this month in DuPont's favor by the U.S. District Court for the Eastern District of Virginia in Richmond, a decision carrying with it an award of \$919 million. Kolon is appealing the verdict.

As documented by IndustryWeek earlier this year, the company picked Berkeley County from among 40 possible sites worldwide, and chose it based on work force quality, good relationships with the county and state and "the ability to protect 'very sensitive and very advanced' technology used to produce new generations of Kevlar."

Asked if the legal case against Kolon influence in any way the Cooper River project's timeline or physical design with regard to security and trade secret protection, DuPont's Tom Powell says, "The legal case had nothing to do with the timeline or the plant itself. The two are totally unrelated."

That said, while media covered the ribbon-cutting at the site, they were kept away from key operational areas of the plant. That's in keeping with business as usual at DuPont.

"We have high standards for protection of trade secrets and proprietary information at all DuPont sites, and Cooper River was constructed to those same standards," explains Powell. "DuPont has a very active and rigorous trade secret protection program that we have implemented at all our offices and plant sites. For years we've had restrictions on access to our sites and those same standards are applied globally."

"The lawsuit stemmed from Kolon's hiring of former DuPont employees from our Spruance site and from a joint venture in Japan in order to gain access to DuPont's trade secrets for making Kevlar," he continues. "The U.S. jury found that Kolon had improperly acquired and used DuPont's confidential and trade secret information in large part by hiring the former DuPont employees as consultants. In doing so, Kolon attempted to bypass legitimate research and development and develop its business using stolen proprietary information to improve its own products and processes."

Continental Intrigue

Among the strong prospects identified by DuPont as Kevlar sales opportunities is the \$90-billion global tire business. Might the new plant find some new business just up the road in Sumter County, where CTA's new tire plant will pump out 5 million tires a year by 2017 and aims to reach 8 million tires a year by 2021?

DuPont spokesperson Cathy Andriadis says the company rarely reveals customer names, though it has in the past served the needs of Boeing, whose new plant is ramping up just down the road in North Charleston. Several Continental Tire products containing Kevlar are prominent on the Web, most of them intended for bicycles and motorcycles. However, most citations are unclear as to whether their use of the word "Kevlar" is referring to the patented DuPont technology or is more generic in nature in referring to an aramid fiber. "Kevlar" is not found in a search of the Continental Web site, though a Continental brochure, without naming a brand, cites aramid fiber bead reinforcement on passenger tire products.

Continental's new greenfield plant comes on the heels of its recent expansion in Mt. Vernon, Ill. CTA has seen a nearly 20-percent increase in total volume for the passenger and light truck tire business in the Americas region in the past two years.

"Increasing demand for Continental and General brand passenger and light truck tires in the U.S., as well as the improved business results for CTA, has made this significant investment possible," said Nikolai Setzer, member of Continental's Executive Board and head of Continental's global tire business, on October 6. "On behalf of the 160,000 employees of Continental, I would like to offer our sincere thanks to Governor [Nikki] Haley, the state of South Carolina, the South Carolina Ports Authority and Sumter County."

"South Carolina offered us the most compelling business climate that allows us to create these well-paying jobs with competitive benefits for the people of this great state," said Jochen Etzel, CEO of Continental Tire the Americas.

"Today's announcement further strengthens South Carolina's membership in the automotive club," said South Carolina Secretary of Commerce Bobby Hitt. "This is also the fourth announcement this year involving the recruitment of 500 or more jobs." The company aims to create the 1,600-plus jobs by 2020.

The tire plant's hundreds of jobs could very well have landed in North Carolina, but for some internal political and ethical wrangling. As recounted in multiple reports by the Associated Press, the land North Carolina was proposing for the project — at the Mid-Atlantic Logistics Center in Brunswick County — belongs to a

Democratic state legislator and political donors who had given more than \$52,000 to Gov. Beverly Perdue's campaigns. In addition, the law firm hired by CTA to work on project negotiations employs Perdue's son as a lawyer and site selection consultant.

Republican Senate leader Phil Berger labeled in "pay-to-play politics," while Perdue countered that Berger "is making reckless accusations in order to evade responsibility for his own decision, a decision that cost North Carolina 1,300 jobs." The North Carolina incentive package totaled nearly \$100 million. Among the details in the AP account was the assertion, backed by documentation, that CTA demanded a \$45-million cash payment, in the form of a "forgivable loan," as part of its desired incentive package.

Back in South Carolina, the new 1-million-sq.-ft. (92,900-sq.-m.) manufacturing facility will be located on 330 acres (134 hectares) just off U.S. Highway 521 in Sumter County.

"Somehow the word 'big' just doesn't seem big enough," said Sumter Development Board Chairman Greg A. Thompson. "In a matter of a few short years, this new facility will go from an idea to one of the largest economic drivers in our community. At more than \$500 million, it's the largest industrial investment the county has ever seen."

The Sumter County Coordinating Council approved a \$31-million grant for purchase of and improvements to the site. The project was also awarded a \$4 million federally funded Community Development Block Grant through Sumter County to offset costs associated with road and public infrastructure improvements.

Meanwhile, CTA's headquarters investment way up in Lancaster County will provide for a 16,000-sq.-ft. (1,486-sq.-m.) addition, bringing the total size of the building to 91,000 sq. ft. (8,455 sq. m.).

Getting In On the Ground Floor

If that growing HQ needs some new elevators, there's yet another new manufacturing plant coming to the Palmetto State that might be happy to oblige.

On September 15, Los Angeles-based REIT Hackman Capital announced that Otis Elevator Co., a business of Connecticut-based United Technologies, purchased the Florence Industrial Center property owned by its affiliate in Florence. The 423,581-sq.-ft. (39,351-sq.-m.) Class-A industrial facility, once occupied by Maytag, is situated on 49 acres (20 hectares) and also includes 35 acres of vacant land with Interstate frontage.

"Adjacent to Interstate 95 and in close proximity to deep-water seaports, Florence Industrial Center offers Otis a prime Southeastern location and first-rate building amenities for manufacturing and distribution," said Michael Hackman, founder and CEO of Hackman Capital. The release also mentioned that Otis itself "has not yet shared specific details," though it shared details all its own: "Jobs will come from Otis operations in other U.S. cities, and in Mexico, according to Florence County Economic Development Corporation officials, who anticipate a formal announcement from Otis later this month," said Hackman.

Perhaps stoked — if not a trifle provoked — by the Hackman release, Otis got around to releasing its own announcement the very next day, saying the project would consolidate much of the company's North American new equipment operations and bring more than 360 jobs to South Carolina.

"Our new facility in South Carolina will become Otis' manufacturing center of excellence for the U.S. and Canada," said Didier Michaud-Daniel, president of Otis, whose next most recent elevator manufacturing expansion was in Bangalore, India.

The Florence facility will produce all new energy-efficient elevators that have not been produced anywhere else in North America. The site will feature a 150-ft. test tower, and will include manufacturing, engineering, a contract logistics center and field support operations. "The co-location of these functions, currently situated

in four different cities, will reduce lead times improving both speed to market and the customer experience," said the company.

Hackman Capital said it had renovated and completely rebranded the property in June of 2009, after selling and removing approximately 100 pieces of specialized Maytag equipment. It then offered deal details that Otis did not:

"Otis completed a fee-in-lieu-of (FILO) payment agreement with Florence County, in an economic development project known as Project Rosebud, last month, in which the county agreed to dramatically reduce Otis' property taxes over the next 30 years," the Hackman release stated. "For its part, the company is contracted to bring at least 360 jobs with an average wage of \$25 per hour to the site and invest a minimum of \$40 million in capital. If the company doesn't meet those benchmarks in the prescribed amount of time the local incentives agreement will be wholly or partially cancelled.

"Beyond the tax rate reduction, an additional incentive offers Otis a \$1,000 cash grant from the county for every Florence County resident who is employed at the site for at least three years up until December 31, 2016," the release continued. "That grant for up to 400 employees means a potential local grant of \$400,000. The average salary of the employees counted must also be \$25/hour, although that can include bonuses."

The complex is expected to begin operations during the second quarter of 2012.



Otis Elevator is consolidating manufacturing and other functions from four North American sites with a \$40-million, 360-job investment at this former Maytag facility in Florence, S.C.

Photo courtesy of Hackman Capital

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Adam Bruns has served as managing editor of Site Selection magazine since February 2002. In the course of reporting hundreds of stories for Site Selection, Adam has visited companies and communities around the globe. A St. Louis native who grew up in the Kansas City suburbs, Adam is a 1986 alumnus of Knox College, and resided in Chicago; Midcoast Maine; Savannah, Georgia; and Lexington, Kentucky, before settling in the Greater Atlanta community of Peachtree Corners, where he lives with his wife and daughter.



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