

Summer 2021

Capitalization of the Global Green Economy: An Analysis of South Carolina's Current Foreign Direct Investment Efforts and Suggestions for Continued Sustainability

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Recommended Citation

William E. Hilger, Capitalization of the Global Green Economy: An Analysis of South Carolina's Current Foreign Direct Investment Efforts and Suggestions for Continued Sustainability, 72 S. C. L. REV. 1091 (2021).

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**CAPITALIZATION OF THE GLOBAL GREEN ECONOMY: AN ANALYSIS OF
SOUTH CAROLINA’S CURRENT FOREIGN DIRECT INVESTMENT EFFORTS
AND SUGGESTIONS FOR CONTINUED SUSTAINABILITY**

William E. Hilger*

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I. INTRODUCTION

As a national role model in its approach to attracting foreign direct investment (FDI), South Carolina depends on the global economy and relies on a sizable proportion of foreign corporations for its long-term economic welfare.¹ Since the colonial days, South Carolina has had a long history of

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1. See *Foreign Direct Investment (FDI): South Carolina*, SELECTUSA (Nov. 2020), <https://www.selectusa.gov/servlet/servlet.FileDownload?file=015t00000004psl> [<https://perma.cc/TZ2X-9ZVP>] [hereinafter *FDI Stats: South Carolina*].

success in the global market, recognizing opportunities and creating the conditions necessary for future success.² Given South Carolina's economic reliance on FDI, it is imperative the state maintain its international status as a premier destination for foreign businesses looking to access the United States.

Evidence suggests that the global economy is trending toward a Corporate Social Responsibility (CSR) understanding of corporate societal roles and that corporations are increasingly considering a broader range of stakeholders in their decision-making.³ Both large and small corporations face increasing pressure from consumers, competitors, government regulators, shareholders, and the global society to act in more "socially responsible" ways.⁴ As these pressures grow, it becomes increasingly clear that it is in corporations' long-term best interest to broaden the scope of stakeholder considerations in decision-making. This Note focuses on the manifestation of environmental sustainability in CSR—an issue especially critical to South Carolina's leading investors, which include German and other European businesses.⁵

In South Carolina, the relationships and infrastructure needed to continue successful inbound FDI in a changing global economy already exist. It is time for the state to recognize these trends and consider how best to incorporate them in its approach to attracting FDI. By recognizing the push toward environmentally sustainable business, South Carolina can capitalize on an opportunity to maintain and even increase its preeminence in the national inbound FDI market, ensuring a lasting, healthy state economy. To that end, this Note highlights changing global market conditions and suggests measures that South Carolina can implement to remain a premier destination for inbound FDI—positioning itself for generational success and economic development.

2. See R.C. Nash, *South Carolina and the Atlantic Economy in the Late Seventeenth and Eighteenth Centuries*, 45 ECON. HIST. REV. 677, 679–80 (1992) (discussing how the colonial settlers exploited slave labor and the local environment to successfully produce and export rice, naval stores, and indigo).

3. See DANIEL KINDERMAN & MARK LUTTER, MAX PLANCK INST. FOR THE STUDY OF SOC'YS, EXPLAINING THE GROWTH OF CSR WITHIN OECD COUNTRIES 1 (2018); Cynthia A. Williams, *Corporate Social Responsibility in an Era of Economic Globalization*, 35 U.C. DAVIS L. REV. 705, 716 (2002) (discussing the "stakeholder" view of CSR, which contends that corporations are obligated to consider the implications of their actions on employees, consumers, suppliers, the community, and the environment). Recent literature uses the term Environmental, Social, and Governance (ESG) to refer to the set of operational standards that socially conscious investors use in making investment decisions. See, e.g., James Chen, *Environmental, Social, and Governance (ESG) Criteria*, INVESTOPEDIA (Mar. 5, 2021), <https://www.investopedia.com/terms/e/environmental-social-and-governance-esg-criteria.asp> [https://perma.cc/83NT-BF6U]. Because ESG focuses on investment criteria, this Note refers to the concept as CSR but recognizes that the terms are almost interchangeable.

4. See KINDERMAN & LUTTER, *supra* note 3, at 1.

5. This is not to suggest environmental sustainability is the most important manifestation of CSR but merely that it is a critical issue to South Carolina's leading direct investor partners.

Part II discusses South Carolina's strategic approach to attracting inbound FDI, including its high-level governmental support, use of various legal incentives, and implementation of statewide programs to ensure a qualified workforce capable of meeting the needs of foreign businesses. After looking at the state's strategic approach and recognizing its success, Part III highlights the ways in which the global economy is becoming more environmentally sustainable and acknowledges the pressures placed on South Carolina's potential investors because of that change. Finally, Part IV offers suggestions for how South Carolina can support businesses responding to global pressures and, in the process, add to its arsenal of strategic FDI recruitment tactics.

II. SOUTH CAROLINA'S STRATEGIC APPROACH TO FOREIGN DIRECT INVESTMENT

FDI describes an "investment made to acquire a lasting interest in or effective control over an enterprise operating outside of the economy of the investor."⁶ A foreign direct investor is "an entity . . . resident in one economy that has acquired, either directly or indirectly, at least 10% of the voting power of a corporation . . . resident in another economy."⁷ A foreign direct investor may be an individual, government, or business enterprise of various forms.⁸ FDI does not necessarily represent a new investment but merely a financial transfer between an entity resident in one economy and its interests in another economy.⁹ Although this Note focuses on FDI in South Carolina, a brief overview of FDI in the United States is necessary to understand the significance it has on the national economy.

The United States is the world's largest FDI recipient.¹⁰ Due to the economic externalities of foreign-owned firms, majority-foreign-owned entities indirectly supported 5.9 million jobs in 2013 and directly supported

6. UNITED NATIONS, INDICATORS OF SUSTAINABLE DEVELOPMENT: GUIDELINES AND METHODOLOGIES 344 (3d ed. 2007), https://www.un.org/esa/sustdev/natlinfo/indicators/methodology_sheets.pdf [https://perma.cc/PP8G-4AV4].

7. ORG. FOR ECON. CO-OPERATION & DEV., OECD BENCHMARK DEFINITION OF FOREIGN DIRECT INVESTMENT 49 (4th ed. 2008), <https://www.oecd.org/daf/inv/investmentstatisticsandanalysis/40193734.pdf> [https://perma.cc/XF8C-Y86P].

8. *Id.* at 49–50.

9. See César Calderón et al., *Greenfield Foreign Direct Investment and Mergers and Acquisitions: Feedback and Macroeconomic Effects* 5 (World Bank Pol'y Rsch., Working Paper No. 3192, 2004), <https://openknowledge.worldbank.org/bitstream/handle/10986/13941/325780wps3192.pdf> [https://perma.cc/XAW7-GG89].

10. *Foreign Direct Investment (FDI): United States*, SELECTUSA, <https://www.selectusa.gov/servlet/servlet.FileDownload?file=015t00000003D9M> [https://perma.cc/EKV7-LJBR] [hereinafter *FDI Stats: United States*].

another 7.3 million jobs in 2017.¹¹ Additionally, majority-foreign-owned entities have invested \$62.6 billion in research and development¹² and have expanded U.S. exports by \$382.7 billion—nearly one-fourth of all U.S. goods exports.¹³ According to 2019 data, the United States' major direct investors by proportion of total investment are entities from Japan (14.5%), Canada (13%), and Germany (11.7%), with 52.8% of direct investment coming from Europe and 17.2% coming from Asia.¹⁴ That same year, the total inflow of foreign investment in the United States was \$261.4 billion.¹⁵ While the 2019 net inflow accounted for a mere 1.6% of America's gross domestic product¹⁶ (GDP), these figures and their impact on the national economy are still significant.

In the mid-1900s, South Carolina capitalized on mostly European investment to fuel what became a booming textile industry, earning Greenville the title of "Textile Capital of the World" in 1960.¹⁷ When South Carolina's textile industry began to decline in the latter half of the 1900s, Michelin, a French tire manufacturer, sparked the next wave of the state's economic development—the automotive industry.¹⁸ Encouraged by early success in South Carolina, Michelin established its North American headquarters in Greenville.¹⁹ The move helped South Carolina attract other major foreign automotive companies: BMW came in 1994, and Honda came in 1998.²⁰ Both companies made major investments of their own, creating thousands of

11. See *id.*; *Benefits of Foreign Direct Investment (FDI)*, SELECTUSA, <https://www.selectusa.gov/FDI-benefits> [<https://perma.cc/M38E-FJ6P>].

12. *FDI Stats: United States*, *supra* note 10.

13. *Benefits of Foreign Direct Investment (FDI)*, *supra* note 11.

14. See *FDI Stats: United States*, *supra* note 10.

15. See *id.*

16. *Foreign Direct Investment, Net Inflows (% of GDP) - United States*, WORLD BANK, <https://data.worldbank.org/indicator/BX.KLT.DINV.WD.GD.ZS?end=2019&locations=US&start=1970&view=chart> [<https://perma.cc/T5TN-M7MC>].

17. *Why South Carolina Will Continue to Be a Favorite for Foreign Investors*, COLLIERS INT'L (June 2016), <https://centralcarolinarealtors.com/wp-content/uploads/2016/07/Colliers-Foreign-Direct-Investment-Report.pdf> [<https://perma.cc/H3E5-HCQG>] [hereinafter *South Carolina and Foreign Investors*].

18. See DOUGLAS P. WOODWARD ET AL., *THE ECONOMIC IMPACT OF SOUTH CAROLINA'S AUTOMOTIVE CLUSTER 2* (2011), https://sc.edu/study/colleges_schools/moore/documents/division_of_research/auto_cluster.pdf [<https://perma.cc/CY3W-PRG7>]; *The Rise and Fall of Textiles in South Carolina*, THE STATE (Jan. 26, 2016), <https://www.thestate.com/news/special-reports/state-125/article56620593.html> [<https://perma.cc/6F7C-LCBM>].

19. See WOODWARD ET AL., *supra* note 18, at 2–3.

20. *Automotive Industry*, S.C. DEP'T OF COM., <https://www.sccommerce.com/industries/automotive-industry> [<https://perma.cc/5GQZ-MCXQ>].

manufacturing, research and development, and office jobs for South Carolinians.²¹

Today, South Carolina's annual impact in the automotive sector alone is over \$27 billion,²² making the state home to a wide range of major foreign automakers, automotive suppliers, and component manufacturing companies, such as BMW, Daimler, Mercedes-Benz, Bosch, Volvo, Honda, Bridgestone, Firestone, and Safelite AutoGlass.²³ Over the last twenty years, South Carolina's automotive industry has quadrupled in size, making it one of the ten fastest-growing labor forces in the nation—employing 72,000 individuals and accounting for nearly one-third of the U.S. market share in tire production and exportation.²⁴ The South Carolina Department of Commerce attributes much of this growth to BMW's manufacturing facility investments in Spartanburg.²⁵

South Carolina is a premier destination for foreign investment in the United States, and its success in the global market stretches beyond the automotive sector. As of September 2020, the state is home to more than 1,200 international companies from over forty countries²⁶ that employ over 158,500 South Carolinians.²⁷ These jobs exist across a variety of sectors and functions, including various manufacturing jobs, office jobs in corporate headquarters, research and development jobs, and distribution and warehouse jobs.²⁸ With over 8% of the labor force employed by foreign companies, South Carolina has the highest proportion of jobs created through FDI in the country, tied only with New Jersey.²⁹ From 2014 to 2019, South Carolina's FDI employment growth outpaced the state's overall employment growth by 7%,

21. See *South Carolina and Foreign Investors*, *supra* note 17; Morgan Korn, 25 Years Ago, BMW Opened Shop in South Carolina. The Economy Shifted into Overdrive, ABC NEWS (Dec. 13, 2019, 6:19 AM), <https://abcnews.go.com/Business/25-years-ago-bmw-opened-shop-south-carolina/story?id=67581133> [<https://perma.cc/FQ49-QTCK>].

22. *Automotive Industry*, *supra* note 20.

23. See *Industry Directory*, S.C. DEP'T OF COM., <https://www.sccommerce.com/sc-industry-directory/results> [<https://perma.cc/JZ69-F5QL>] (listing foreign companies in South Carolina).

24. *Automotive Industry*, *supra* note 20.

25. *Id.*

26. *South Carolina and Foreign Investors*, *supra* note 17.

27. *FDI Stats: South Carolina*, *supra* note 1.

28. See Henry Dargan McMaster, *South Carolina's World-Class Business Environment*, TRADE & INDUS. DEV. (Sept. 17, 2018), <https://www.tradeandindustrydev.com/region/south-carolina/south-carolina's-world-class-business-environment-14394> [<https://perma.cc/SMD2-UW8B>]; *FDI Stats: South Carolina*, *supra* note 1.

29. See Mark Arend, *The South's Magnet for Foreign Direct Investment*, SITE SELECTION MAG. (Mar. 2019), <https://siteselection.com/issues/2019/mar/south-carolina-the-souths-magnet-for-foreign-direct-investment.cfm> [<https://perma.cc/MBM8-MR3Q>].

with FDI employment up 21% as compared to overall private-sector employment that was up only 14%.³⁰

Since 2009, direct employment from FDI has increased by approximately 40% overall, with each direct FDI job yielding an average of four indirect FDI jobs.³¹ In 2020, South Carolina announced 449 new greenfield investment projects, primarily in the manufacturing and industrial sectors, with 29% of these projects stemming from Germany.³² Between 2011 and 2016, South Carolina recruited \$4.6 billion in direct German investment, which created over 10,000 new jobs in the state, increased the total number of direct jobs supported by German companies to over 25,000, and continued the state's deep economic ties with Germany.³³ This explosive growth and its economic impact has secured South Carolina's consistent recognition as the top state for FDI; so much so that, in 2016 and 2017, South Carolina earned fDi Intelligence's title of "fDi National Champion."³⁴

Through prioritizing FDI recruitment at the highest levels of state government, offering tax and other business incentives targeted toward the needs of potential investors, and ensuring a healthy supply of a qualified labor force, South Carolina recognizes the benefits that FDI can bring and has proactively achieved its reputation as a premier destination for it.

A. High-Level Internal Support

South Carolina's successful economic growth through FDI is no coincidence. The state's highest levels of government have prioritized FDI for many years.³⁵ Attracting FDI is the South Carolina Department of

30. See *id.*

31. See Gerald A. McDermott & Gabriel Gonzalez, *The Globalization Debate and Its Impact on South Carolina*, UNIV. OF S.C. (Spring 2019), https://www.sc.edu/study/colleges_schools/moore/about/press_room/news_and_announcements/2019/globalization_debate_impact_SC.php [https://perma.cc/L678-6L6V].

32. *FDI Stats: South Carolina*, *supra* note 1. In this context, a greenfield investment is an investment in which an entity establishes operations in a foreign country by constructing new facilities—for example, a manufacturing plant or national headquarters—from the ground up. *Greenfield Investment*, CORP. FIN. INST., <https://corporatefinanceinstitute.com/resources/knowledge/strategy/greenfield-investment/> [https://perma.cc/LUU8-9GAK].

33. Mike Fitts, *In South Carolina, Germany Is Considered a Partner, Not a Trade Rival*, U.S. NEWS & WORLD REP. (June 9, 2017, 12:01 AM), <https://www.usnews.com/news/best-states/articles/2017-06-09/in-south-carolina-germany-is-considered-a-partner-not-a-trade-rival> [https://perma.cc/KYE9-XU97].

34. See Cathy Mullan, *fDi National Championship 2017: The Winner*, FDI INTEL. (Feb. 16, 2017), <https://www.fdiintelligence.com/article/68355> [https://perma.cc/6FSM-5MRR].

35. Adis Maria Vila, *The Role of States in Attracting Foreign Direct Investment: A Case Study of Florida, South Carolina, Indiana, and Pennsylvania*, 16 LAW & BUS. REV. AMS. 259, 269 (2010).

Commerce's responsibility.³⁶ Beginning in the 1960s, the state has enjoyed a string of almost consecutive pro-business and pro-FDI governors who have appointed high-level officials to focus on FDI, to ensure that it remains a priority, and to safeguard potential foreign investors' access to senior decision makers.³⁷ Additionally, the state's governors have played an instrumental role in leading trade missions and recruiting trips abroad; in uniting state economic clusters, trade associations, universities, businesses, and state agencies around the common goal of welcoming FDI; and in providing resources for foreign businesses adapting to life in South Carolina.³⁸

The Department of Commerce's European office was originally established in Brussels in the mid-1970s, but it later relocated to Germany to serve the growing interests of German firms.³⁹ Today, the Department has offices in Germany, China, Japan, Korea, and India.⁴⁰ These offices provide potential investors with a local contact in addition to their contact on the ground in South Carolina.⁴¹ They also offer advisory and support services on site selection, introduction to the business landscape, access to technical workforce training programs, information on industry sectors and operating costs, and trade assistance, among other services.⁴² With support from South Carolina's highest government officials and with offices generating interest and providing support abroad, the state makes a conscious effort to ease the transition for foreign investors.

From the perspective of foreign companies looking to expand operations to South Carolina, the state's reputation for attracting, and partnering with, major multinational corporations to ensure mutual success is as effective a recruitment tool as any. For example, at a 2016 automotive summit in Greenville, BMW executives shared how, during its twenty-one years in South Carolina, BMW has capitalized on the assets and resources available in the state to integrate its five-million-part supply chain, employ over 8,000 individuals, produce 1,400 cars each day, and ship to over 140 countries.⁴³ As a result, South Carolina is now *the* largest automotive exporter in the United States. The success of one major company in the state created a domino effect

36. *See id.*

37. *See Vila, supra* note 35, at 269–70.

38. *See id.* at 270.

39. *Global Network*, S.C. DEP'T OF COM., <https://www.sccommerce.com/about/global-network> [<https://perma.cc/6A8N-9RS7>].

40. *See id.*

41. *Id.*

42. *Id.*

43. *Collaborative Culture of South Carolina's Growing Automotive Sector*, CHARLESTON REG'L DEV. ALL., <https://www.crda.org/news/collaborative-culture-of-south-carolinas-growing-automotive-sector/> [<https://perma.cc/YE37-Y8NM>].

for other companies seeking returns in its market.⁴⁴ At the same summit, then-Governor Nikki Haley declared, “BMW was Volvo’s biggest recruiter.”⁴⁵

B. Targeted Business Incentives

South Carolina has enacted numerous pro-business policies that incentivize and reward job creation and investment in the state.⁴⁶ With a 5% corporate income tax rate, South Carolina is one of eight states with a corporate tax rate at 5% or below, trailing only behind North Carolina for the lowest rate in the region.⁴⁷ Additionally, South Carolina businesses are taxed solely on the in-state portion of their revenues⁴⁸ and may receive sales tax exemptions on proceeds from the sale of tangible personal property outside the state.⁴⁹ Ultimately, businesses moving to South Carolina benefit from a low corporate tax rate, a business-friendly method of determining income subject to the state’s 5% tax rate, and a variety of other methods that further reduce their tax liability.⁵⁰

In addition to the business-friendly corporate tax environment, South Carolina offers tax exemptions and credits to incentivize activities that stimulate its economy, such as continuing job creation, establishing a corporate headquarters, and investing in research and development facilities.⁵¹ For example, with the Job Tax Credit, a qualifying new or expanding company may eliminate up to 50% of its corporate tax liability for a specified number of years by creating and maintaining a monthly average of ten new jobs in manufacturing, processing, warehousing and distribution, research and development, agribusiness operations, or corporate office functions.⁵² Businesses with fewer than ninety-nine employees worldwide may take

44. *Id.*

45. *Id.*

46. See S.C. DEP’T OF COM., BUSINESS INCENTIVES 3 (2020), https://www.sccommerce.com/sites/default/files/2020-02/BusinessIncentivesBooklet_Jan2020_Web.pdf [<https://perma.cc/8F52-DQ4P>].

47. Janelle Cammenga, *State Corporate Income Tax Rates and Brackets for 2021*, TAX FOUND. (Feb. 3, 2021), <https://files.taxfoundation.org/20210202165820/State-Corporate-Income-Tax-Rates-and-Brackets-for-2021.pdf> [<https://perma.cc/933M-4UZF>]; see also S.C. DEP’T OF COM., *supra* note 46, at 4–5 (providing examples of pro-business tax incentives).

48. *Corporate Income Tax & Incentives*, S.C. DEP’T OF COM., <https://www.sccommerce.com/de/node/44> [<https://perma.cc/BE8Q-NAVJ>].

49. *Sales & Use Tax Incentives*, S.C. DEP’T OF COM., <https://www.sccommerce.com/de/node/46> [<https://perma.cc/EP9K-RRWV>].

50. *Corporate Income Tax & Incentives*, *supra* note 48.

51. See *id.*

52. S.C. CODE ANN. § 12-6-3360(A), (C)(1) (2014 & Supp. 2020); S.C. DEP’T OF REVENUE, SOUTH CAROLINA TAX INCENTIVES FOR ECONOMIC DEVELOPMENT 26 (2020), https://dor.sc.gov/resources-site/lawandpolicy/Documents/SCITIED_Complete.pdf [<https://perma.cc/WV52-5W4E>].

advantage of the Small Business Jobs Tax Credit, which is essentially identical to the Job Tax Credit but with a lower job creation requirement.⁵³

Additionally, the Job Tax Credit has a graduated incentive structure for job creation in South Carolina's economically distressed counties,⁵⁴ offering a larger annual credit to companies creating jobs that pay one-and-a-half to two-and-a-half times the state or county per capita income, whichever is lower.⁵⁵ These credits incentivize businesses to choose South Carolina when expanding to the United States, in many cases providing them with a quicker return on investment in exchange for sustainable job creation—an activity they would need to undertake regardless of added tax benefits.

Similarly, South Carolina entirely eliminates a qualifying company's state corporate tax liability for a period of either ten or fifteen years if at least 90% of that company's total investment is in a county where the unemployment rate is twice the state average and if the investment creates at least 100 new jobs.⁵⁶ The length of the tax moratorium depends on the amount of jobs created, with companies creating 100 new jobs in a five-year period qualifying for a ten-year moratorium and companies creating 200 new jobs in a five-year period qualifying for a fifteen-year moratorium.⁵⁷

In addition to incentivizing job creation, South Carolina offers tax credits and exemptions that make it easier and more cost effective for businesses to establish a corporate headquarters, build a facility for that headquarters, invest in manufacturing equipment, and establish a certified data facility.⁵⁸ South Carolina also uses similar credits and exemptions to entice businesses to increase their research and development capacity, their volume of imports or exports through state ports, and their purchases of local agricultural products.⁵⁹

C. *Workforce Preparation*

The supply of a capable workforce with requisite training or education is a key consideration for any company looking to invest in a new area, and that “company must be comfortable in its ability to attract, retain, and afford the people required for its successful operations.”⁶⁰ Understanding this reality and

53. See § 12-6-3360(C)(2)(b); S.C. DEP'T OF REVENUE, *supra* note 52.

54. See *Corporate Income Tax & Incentives*, *supra* note 48.

55. § 12-6-3360(M)(13)(b).

56. See *Corporate Income Tax & Incentives*, *supra* note 48.

57. *Id.*

58. See S.C. DEP'T OF COM., *supra* note 46, at 6–8, 14.

59. See *id.* at 5–8, 23.

60. Larry Gigerich, *Key Business Issues to Consider When Making an International Location Decision*, AREA DEV. (2015), <https://www.areadevelopment.com/LocationUSA/2015->

its importance to the local economy, South Carolina has emphasized workforce readiness since at least the 1960s, when Governor Fritz Hollings's commitment to technical colleges allowed those colleges to retrain workers who were unemployed due to the textile industry's exodus from the area.⁶¹

Today, South Carolina offers a wide variety of workforce readiness and training programs that are geared toward ensuring South Carolinians have access to the training and education necessary to succeed in the most in-demand jobs.⁶² Like other economic development measures, this is accomplished through mutual buy-in and collaboration between South Carolina's residents, industries, and state and local governments. The state offers business programs and tax incentives to reward investments in employee training and education programs, helping to ensure a strong workforce and workforce pipeline. The two most prominent examples of these efforts are the readySC and Apprenticeship Carolina programs, both led by the South Carolina Technical College System.

1. *ReadySC*

ReadySC is a workforce training program intended to "promote economic development in South Carolina by providing customized recruiting and training solutions to companies bringing new jobs to the state through relocation or expansion."⁶³ Over 304,000 individuals have been trained through readySC since 1961, making it "one of the oldest and most experienced workforce training programs" in the country and providing a technically skilled workforce to businesses across a variety of industries.⁶⁴ To partner with readySC, a business must create or plan to create enough permanent jobs with health insurance benefits and competitive wages in an area where a technically skilled workforce is necessary.⁶⁵

ReadySC partners with South Carolina businesses to determine their desired skills, knowledge, abilities, workplace culture, and working environment and then designs and executes a custom training program to meet

US-inward-investment-guide/international-location-decision-issues-to-consider-2727261.shtml [https://perma.cc/Z48C-NAD8].

61. See Vila, *supra* note 35, at 270.

62. *Workforce Training*, S.C. DEP'T OF COM., <https://www.sccommerce.com/incentives/south-carolina-workforce-training> [https://perma.cc/JX2E-FYC3].

63. *Our Mission*, READYSC, <https://www.readysc.org/about.html> [https://perma.cc/6S6L-MX2W].

64. *Rankings and Stats*, READYSC, <https://www.readysc.org/rankings-and-stats.html> [https://perma.cc/45EE-SBQP]; *Our Mission*, *supra* note 63.

65. See *Our Services*, READYSC, <https://www.readysc.org/our-services.html> [https://perma.cc/A26T-8GDA].

those needs.⁶⁶ The program takes a project-management approach to working with businesses by recruiting local talent, finding the right instructors and facilities, and developing a highly customized training solution that includes technical skills training, employee orientations, and transfer of knowledge strategies.⁶⁷ ReadySC does all of this while weaving in team culture and Five-S⁶⁸ or Good Manufacturing Practice regulations.⁶⁹ Delivery options include classroom training, computer-based training, hands-on simulation, digital recreation of working environments or processes, and one-on-one mentoring.⁷⁰ ReadySC works with all of South Carolina's technical colleges to develop tailored recruiting and training programs at no additional cost to qualifying businesses.⁷¹

2. *Apprenticeship Carolina*

Another initiative that South Carolina has earned national recognition for is Apprenticeship Carolina. Founded in 2007, Apprenticeship Carolina partners with employers across South Carolina to create and strengthen career pathways that enrich and enhance the state's existing and future workforce while creating a positive economic impact for local businesses, communities, and citizens.⁷² Apprenticeship Carolina was created to address the shortage of skilled workers and to implement effective methods for training the future workforce.⁷³ At its creation, South Carolina had only ninety companies

66. *Id.*

67. *See id.*

68. Five-S is a quality-control method derived from five Japanese terms beginning with "S." *What Are the Five S's (5S) of Lean*, ASQ, <https://asq.org/quality-resources/lean/five-s-tutorial> [<https://perma.cc/B3UB-5SBS>]. The approach builds a quality work environment "both physically and mentally" by ensuring the workplace "is clean, uncluttered, safe, and well organized to help reduce waste and optimize productivity." *Id.*

69. Similar to Five-S, Good Manufacturing Practice regulations are promulgated by the U.S. Food and Drug Administration and require certain business "take proactive steps to ensure that their products are safe, pure, and effective." *What Is GMP?*, ISPE, <https://ispe.org/initiatives/regulatory-resources/gmp/what-is-gmp> [<https://perma.cc/56HA-6FZ2>].

70. *Our Services*, *supra* note 65.

71. *Workforce Training*, *supra* note 62.

72. Thad Moore, *S.C. Wins Federal Grant to Grow High School Apprenticeship Program*, POST & COURIER (Sept. 14, 2020), https://www.postandcourier.com/business/s-c-wins-federal-grant-to-grow-high-school-apprenticeship-program/article_0ef7a3c4-9f8c-11e6-a435-1b035d0a19dd.html [<https://perma.cc/3E25-S22A>]; *see About Us*, APPRENTICESHIP CAROLINA, <https://www.apprenticeshipcarolina.com/about.html> [<https://perma.cc/87SD-YPFL>].

73. Uri Berliner, *In South Carolina, a Program That Makes Apprenticeships Work*, NPR (Nov. 6, 2014, 3:24 AM), <https://www.npr.org/2014/11/06/361136336/in-south-carolina-a-program-that-makes-apprenticeships-work> [<https://perma.cc/S62U-HLXF>].

employing 777 apprentices.⁷⁴ To date, Apprenticeship Carolina has provided opportunities for more than 34,000 apprentices in over 1,000 registered apprenticeship programs, earning the U.S. Department of Labor's recognition as "a national model for apprenticeship expansion and for collaboration among state agencies engaged in workforce development."⁷⁵ Ultimately, the program's explosive growth can be credited to South Carolina expanding it beyond traditional building trades and creating pathways into a variety of prominent fields. The annual \$1,000 per apprentice tax break offered to participating businesses also undoubtedly contributes to the program's prominence.⁷⁶

Apprenticeship Carolina is not entirely an original idea. The program is modeled after the *Ausbildung* program,⁷⁷ a widely popular and successful alternative or precursor to a traditional bachelor's degree program in the German education system.⁷⁸ Both Apprenticeship Carolina and German *Ausbildung* programs illustrate a successful collaboration that balances and meets the needs of program participants, the government, and the marketplace.

Today, apprentices in Germany have a choice of over 350 occupations that combine on-the-job training with vocational schooling.⁷⁹ Within the modern system, apprentices pair with local companies for paid work three to four days a week, gaining hands-on opportunities to develop skills for their future careers.⁸⁰ Companies have a dedicated program head who guarantees apprentices are taught relevant skills according to their apprenticeship plan and, usually, ensures they rotate between a variety of teams and job functions to maximize exposure.⁸¹ In addition to work experience, apprentices attend professional school once or twice a week where they are exposed to theoretical concepts related to their chosen vocation along with general subjects, such as

74. *Id.*

75. *By the Numbers*, APPRENTICESHIP CAROLINA, <http://www.apprenticeshipcarolina.com/by-the-numbers.html> [https://perma.cc/2XHV-Q88X] (emphasis omitted).

76. See Berliner, *supra* note 73.

77. See *Where Factory Apprenticeship Is Latest Model from Germany*, APPRENTICESHIP CAROLINA (Nov. 2013), <http://www.apprenticeshipcarolina.com/press/where-factory-apprenticeship-is-latest-model-from-germany.html> [https://perma.cc/JBE5-DJK5].

78. See *So Läuft Deine Ausbildung Ab* [This Is How Your Apprenticeship Goes], BUNDESMINISTERIUM FÜR BILDUNG UND FORSCHUNG [FED. MINISTRY OF EDUC. & RSCH.], <https://www.praktisch-unschlagbar.de/de/so-laeuft-deine-ausbildung-ab-1712.html> [https://perma.cc/V324-S44R].

79. See Bryana Banashefski, *Apprenticeship in the United States: South Carolina's Success* 30 (May 2014) (Senior Capstone Project, American University), <https://dra.american.edu/islandora/object/auislandora%3A11367/datastream/PDF/view> [https://perma.cc/KNP27BF5].

80. See *So Läuft Deine Ausbildung Ab*, *supra* note 78.

81. See *id.*

English, sports, or politics.⁸² Apprentices are responsible for ensuring they meet both the company's and the professional school's graduation requirements,⁸³ and upon completion of the program, most apprentices either accept a full-time position with the company or continue their education at a university.

Major German companies, like BMW and Bosch, have carried the concept of an *Ausbildung* program with them to South Carolina.⁸⁴ Once it picked up momentum with other foreign-owned South Carolina companies, American companies began to follow suit.⁸⁵ But Americans have more to learn from their German counterparts, particularly when it comes to collaboration and communication between universities, technical schools, and corporations. South Carolina companies recognize this opportunity and have already begun capitalizing on it. For example, United Tool and Mold (UTM)—a globally active company headquartered in South Carolina that is a leading “provider of engineering changes and repair services for the plastic injection and blow molding industries”⁸⁶—has established an apprenticeship model based on the German system.⁸⁷ Borrowing the German idea of starting apprenticeships early, UTM recruits apprentices after their junior year of high school and offers a paid opportunity to combine on-the-job training with classwork.⁸⁸ UTM's program, as well as similar apprenticeship programs across South Carolina, has earned recognition from the federal government, with former Labor Secretary Thomas Perez noting that “apprentice[ships] are opportunities for young people to punch their ticket to the middle class and for employers to get that critical pipeline of skilled labor.”⁸⁹

Although launched nearly fifty years apart, both readySC and Apprenticeship Carolina were born of necessity—a mismatch between workforce qualifications and market demand.⁹⁰ In just thirteen years, Apprenticeship Carolina has proven its value to South Carolina's economy and workforce, and the program's exponential growth bodes well for the future. Readiness programs support local economic growth, provide businesses with a healthy supply of qualified workers, and offer South

82. See *id.*

83. See *id.*

84. See Berliner, *supra* note 73.

85. See *id.*

86. *About Us*, UTM, <https://www.utmnc.com/our-company/company-profile> [<https://perma.cc/8FUK-4TDU>].

87. See Berliner, *supra* note 73.

88. *Id.*

89. *Id.*

90. See *Our Mission*, *supra* note 63 (stating readySC's mission “to prepare South Carolina's workforce to meet [companies'] needs”); *About Us*, *supra* note 72 (describing Apprenticeship Carolina's goal to “enrich and enhance South Carolina's existing and future workforce”).

Carolínians meaningful employment opportunities with a chance to climb the socioeconomic ladder.⁹¹ South Carolina's deep economic ties and collaborative relationship with Germany, paired with its willingness to learn, adapt, and accommodate, have reaped short- and long-term economic benefits for the state and its citizens.

All this suggests that South Carolina's strategy of spurring economic growth and stability through engagement with the global economy is as deeply rooted in the state's identity as the palmetto tree. South Carolina has proven its ability to recognize global economic trends and create ideal conditions for companies looking to access the United States or nearby markets. As global business conditions continue to change in the twenty-first century, South Carolina must devote its attention to continuing this legacy.

III. SHIFTING PRIORITIES IN THE GLOBAL ECONOMY

In 1987, the United Nations World Commission on Environment and Development proposed environmental sustainability as ideal for the global economy, defining sustainability as development that "meets the needs of the present [generation] without compromising the ability of future generations to meet their own needs."⁹² Achieving sustainability requires the reconciliation of environmental, social, and economic demands.⁹³ While this expression of ideals carries minimal direct legal significance, it signifies a concerted global effort to address these concerns in the business community.

In their pursuit of sustainability, countries have codified regulations on issues of environmental concern, such as the United Kingdom's Climate Change Act in 2008, France's *Loi de Transition Énergétique pour la Croissance Verte* in 2015, Sweden's *Klimat Lag* in 2017, and Germany's

91. See Banashefski, *supra* note 79, at 7 ("Apprenticeship training can be beneficial to private companies and the economy as a whole. It can improve productivity in private companies through creating a strongly trained employee base . . ."); see also *supra* text accompanying note 89. Additional statewide efforts to ensure a qualified workforce include the South Carolina Department of Employment and Workforce's certified training programs—such as Job Ready U., a soft skills training curriculum—and other various work-ready certification initiatives. See *Training Programs*, S.C. DEP'T OF EMP. & WORKFORCE, <https://www.dew.sc.gov/training-programs> [<https://perma.cc/4QAV-D6YQ>]; *Job Ready U.*, S.C. DEP'T OF EMP. & WORKFORCE, <https://www.dew.sc.gov/tools-resources/skill-training-initiatives/job-ready-u> [<https://perma.cc/5Y39-LGWU>]. Finally, South Carolina offers direct funding and tax incentives to businesses that invest in training or retraining employees in ways that will lead to significant upgrades in skills or wages and result in better retention opportunities. See *Workforce Training*, *supra* note 62.

92. WORLD COMM'N ON ENV'T & DEV., REPORT OF THE WORLD COMMISSION ON ENVIRONMENT AND DEVELOPMENT: OUR COMMON FUTURE pt. I, para. 27 (1987).

93. See, e.g., U.N. GAOR, 60th Sess., 8th plen. mtg. ¶ 10 (Sept. 16, 2005).

Climate Action Law and Climate Action Programme 2030 in 2019.⁹⁴ In addition to pressure from national and state regulators, shareholder constituencies, consumers, and competitors are calling for increased accountability on the environmental consequences of corporate practices.

Of particular interest to South Carolina is Germany's attitude toward environmental sustainability, especially in the business community as German businesses are South Carolina's leading investors. One telling example of the current attitude is that, in 2019, forty-two German businesses and two investment working groups called for a mandatory human rights and environmental due diligence law, stating: "It would ensure everyone is held to the same standard and no company is able to evade its responsibilities without consequences or make profits at the expense of people and nature. This is what employees, customers, investors, and the public expect from us"⁹⁵ While this is only one example, it suggests a shift toward increased accountability in the German business community—something of which South Carolina should remain acutely aware.

On the investor and shareholder constituency side, a recent interview of seventy senior executives from some of the world's largest global firms, asset managers, asset owners, and pension funds expressed that environmental, social, and governance (ESG) issues were "almost universally" on the forefront of their minds.⁹⁶ Most investment leaders discussed steps their firms were taking to incorporate sustainability issues, such as climate risk models and environmental reporting, into their investing criteria.⁹⁷ In recent years, shareholder activism has increased, during which corporate shareholders use threats of litigation, their rights as shareholders, media pressure, and other tactics to bring about desired corporate change.⁹⁸ Corporations have realized that making efforts toward global stewardship can increase their value—both

94. See Kerstine Appunn & Julian Wettengel, *Germany's Climate Action Law*, CLEAN ENERGY WIRE (Aug. 12, 2020, 2:15 PM), <https://www.cleanenergywire.org/factsheets/germany-s-climate-action-law-begins-take-shape> [https://perma.cc/TR45-F823] (tracing the history of federal climate change policy implementation and action amongst European countries).

95. Opinion, *German Businesses Call for Legal Duty of Care for Human Rights and the Environment*, BUS. & HUM. RTS. RES. CTR.: BLOG (Dec. 9, 2019), <https://www.business-humanrights.org/en/blog/german-businesses-call-for-legal-duty-of-care-for-human-rights-and-the-environment/> [https://perma.cc/2QYK-4TK4].

96. Robert G. Eccles & Svetlana Klimenko, *The Investor Revolution*, HARV. BUS. REV., May–June 2019, at 106, 106.

97. See *id.*

98. See James Chen, *Shareholder Activist*, INVESTOPEDIA (Dec. 5, 2020), <https://www.investopedia.com/terms/s/shareholderactivist.asp> [https://perma.cc/C6HX-DAA G].

financially and socially—in the eyes of consumers and shareholders.⁹⁹ This realization has increasingly pressured companies to respond to competitors with consumer-valued environmental initiatives of their own.¹⁰⁰

Regardless of their true motivation, businesses around the world are beginning to act in more socially conscious ways.¹⁰¹ Companies have realized that, by adopting sustainable practices, they can portray a more positive image, save money, and benefit from tax credits and other incentives.¹⁰² These days, business and environmental sustainability are interdependent.¹⁰³ Businesses that wish to thrive in the future global economy must go beyond simply using buzzword marketing; they must incorporate environmentally sustainable practices into their daily operations.¹⁰⁴ The successful emergence of American businesses built on emphasizing environmental sustainability lends credence to these claims.¹⁰⁵

Even more telling, however, is that traditional giants of American business have also increasingly placed environmental sustainability at the forefront of their plans. One example is Amazon's 2019 announcement that it will power its operations with 100% renewable energy by 2025, make 50% of all shipments net-zero carbon by 2030, reach net-zero carbon by 2040, invest \$2 billion in carbon-use reduction technologies, and fund \$100 million investments in reforestation projects.¹⁰⁶ Likewise, Ford has made efforts to reduce global waste, aspiring to use 100% locally sourced renewable energy for all global manufacturing plants by 2035 and to achieve total carbon neutrality by 2050.¹⁰⁷

99. 2 MITCHELL FRANKLIN ET AL., OPENSTAX, PRINCIPLES OF ACCOUNTING: MANAGERIAL ACCOUNTING 664 (2019), https://d3bxy9euw4e147.cloudfront.net/oscms-prodcm5/media/documents/ManagerialAccounting-OP_x3x7rSO.pdf [<https://perma.cc/TQ2T-NSD9>].

100. *See id.* at 666–67.

101. *See id.* at 665.

102. *See* Tracy King Sharp & Victoria Tucker, *Sustainability and Economic Development: Synonymous in Today's World*, J. MULTISTATE TAX'N & INCENTIVES, June 2013, at 18, 48.

103. Margaret K. Haywood, *Sustainability in Action: Moving a Trend into Practice*, COLO. LAW., Oct. 2011, at 17, 17.

104. *Id.*

105. *See, e.g.,* Patagonia's Mission Statement, PATAGONIA, <https://www.patagonia.com.au/pages/our-mission> [<https://perma.cc/88EA-E9AG>] (declaring "We're In Business To Save Our Home Planet"); *About Tesla*, TESLA, <https://www.tesla.com/about> [<https://perma.cc/99E9-J2ZE>] (declaring Tesla's mission "to accelerate the world's transition to sustainable energy").

106. AMAZON, ALL IN: STAYING THE COURSE ON OUR COMMITMENT TO SUSTAINABILITY 7 (2020), <https://sustainability.aboutamazon.com/pdfBuilderDownload?name=sustainability-all-in-december-2020> [<https://perma.cc/EZ5T-6W5Z>].

107. *Protecting Our Planet*, FORD SUSTAINABILITY 2020, <https://corporate.ford.com/microsites/sustainability-report-2020/protecting-our-planet.html> [<https://perma.cc/BSJ4-GH6Y>].

While these are just a few examples of globally recognizable corporations shifting their strategies to prioritize environmental issues, one would be hard pressed to find a major American or European corporation that does not prominently position these initiatives in their promotional materials. Many corporations are substantially invested in limiting the negative environmental externalities caused by their business practices.¹⁰⁸ Although this Note focuses on environmental sustainability, the same logic applies for other “socially responsible” initiatives. While there are legitimate reasons to doubt the sincerity of these corporate initiatives and write them off as mere marketing fodder, it would be a mistake to ignore the global trend of businesses increasingly engaging in socially responsible initiatives and looking for ways to maximize their return on investment in the process.

Recognizing this wide-scale priority shift and remaining attentive to the needs of the state’s major investors is an important first step in ensuring continued success in the inbound FDI market. Critical elements of South Carolina’s success in this market and subsequent economic development are its collaborative ties with European—and specifically German—businesses.¹⁰⁹ South Carolina has emphasized the importance of these relationships by strategically partnering with German businesses to achieve mutual success.¹¹⁰ Continuing this partnership is in the best interests of South Carolina and German businesses looking to obtain a foothold in, or expand to, the United States.

Currently, South Carolina is home to over 200 German businesses that support over 40,000 jobs.¹¹¹ Economist Douglas P. Woodward has cautioned that, while the state is great at attracting investors, it must become more innovative to continue prospering.¹¹² To anticipate the future needs of strategic partners and ensure that it remains a premier destination, South Carolina should be attentive to the German business environment, culture, and activity, especially in light of increasing competition from other states recruiting FDI.

108. See FRANKLIN ET AL., *supra* note 99, at 686 (stating that 93% of the world’s 250 largest revenue-producing companies released corporate responsibility reports).

109. See *supra* text accompanying notes 32–34.

110. See *supra* text accompanying notes 32–34.

111. Cindy Landrum, *The Partnership Between the Palmetto State and Germany Remains Strong Despite Trade Uncertainty*, GREENVILLE BUS. MAG. (Jan. 3, 2020), <http://www.greenvillebusinessmag.com/2020/01/03/294054/the-partnership-between-the-palmetto-state-and-germany-remains-strong-despite-trade-uncertainty> [https://perma.cc/WGG8-KD WJ].

112. *Id.* Dr. Woodward studies BMW’s economic impact on South Carolina’s economy at the University of South Carolina. *Id.*

Environmental sustainability has become a vital part of German life, which contributes to the way business is understood in German culture.¹¹³ In 2002, Germany adopted a National Sustainable Development Strategy, announcing that sustainability would be a guiding principle for national policies.¹¹⁴ The strategy included concrete targets and progress metrics for regular evaluation in addition to initiatives on biodiversity, climate change, and energy and resource efficiency.¹¹⁵ In its Energy Concept, which pledged to transform Germany into one of the “greenest economies in the world” by 2050, the country planned to increase its share of renewable energy sources to more than 80% while cutting greenhouse gas emissions by at least 80%.¹¹⁶

Through decades of targeted policy and tax system design at the German and European Union level, environmental protection and resource conservation policies have been mainstreamed into all areas of economic activity in Germany.¹¹⁷ By 2012, Germany achieved one of the highest levels of resource productivity among countries in the Organisation for Economic Co-Operation and Development (OECD) for reducing greenhouse gas emissions and maintaining a growing GDP throughout the 2000s.¹¹⁸ Today, Germany has a dominant market share in various green technologies, and a substantial share of its workforce is employed in the environmental sector.¹¹⁹ The country has effectively proven that economic development and environmental sustainability are not a zero-sum game.¹²⁰

Through a combination of personal convictions, governmental regulation, and aggressive environmental sustainability goals, Germany has begun factoring environmental considerations into nearly all economic decisions.¹²¹ As future consumers, political leaders, and business leaders develop against this backdrop, the emphasis will likely increase in the future. Notably, South Carolina’s historical relationship with German businesses suggests they bring

113. See Ralph Buehler et al., *How Germany Became Europe’s Green Leader: A Look at Four Decades of Sustainable Policymaking*, THE SOLUTIONS J. (Feb. 22, 2011), <https://www.thesolutionsjournal.com/article/how-germany-became-europes-green-leader-a-look-at-four-decades-of-sustainable-policymaking/> [https://perma.cc/YZT4-YVTN].

114. *Green Growth in Action: Germany*, OECD, <https://www.oecd.org/greengrowth/greengrowthinactiongermany.htm> [https://perma.cc/HQ5-25X8].

115. *Id.*

116. *Id.*; Buehler et al., *supra* note 113; see also *Germany’s Energiewende – The Easy Guide*, CLEAN ENERGY WIRE, <https://www.cleanenergywire.org/easyguide> [https://perma.cc/5KGS-VDQT] (explaining that “Energiewende” or “Energy Transition” is Germany’s planned transition to a low-carbon, nuclear-free economy by 2050).

117. See Buehler et al., *supra* note 113.

118. *Green Growth in Action: Germany*, *supra* note 114; see also *Where: Global Reach*, OECD, <https://www.oecd.org/about/members-and-partners/> [https://perma.cc/QY4Y-3MX8] (listing Germany among member nations of the OECD).

119. Buehler et al., *supra* note 113.

120. See *id.*

121. See *id.*

fundamental business practices to the United States. This is reflected in the use of marketing efforts and initiatives focused on sustainability, as well as in the wide use of apprenticeship programs across South Carolina.¹²² In response, South Carolina leaders should expect that corporate decision makers of future German partners will be strongly motivated by environmental sustainability. After recognizing the significance of environmental sustainability in all aspects of German life, South Carolina must look for mutually beneficial ways to support and incentivize corporate sustainability practices.

IV. SUGGESTIONS FOR CONTINUED SUSTAINABILITY

A. Importance of Emphasizing Environmental Sustainability Efforts

States and counties that aggressively adopt sustainable practices and understand the role of sustainability in corporate America can attract more foreign companies, resulting in job growth and investment.¹²³ To achieve this, states and counties must represent themselves as sustainability-minded and partner with companies that pursue sustainability initiatives. After all, corporate commitment to environmental sustainability has significant implications for economic development.¹²⁴ Companies that recognize sustainability initiatives are here to stay have an opportunity to “position themselves as sustainable organizations [now and earn] a sizable competitive advantage in the future.”¹²⁵

The case for incorporating sustainability initiatives appears to be focused primarily on an investment horizon that realizes long-term returns.¹²⁶ Yet a compelling case can be made for increasing operational energy efficiency and, in doing so, realizing short-term gains.¹²⁷ For example, a study conducted on behalf of the U.S. Department of Defense concluded that incorporating

122. See, e.g., *supra* text accompanying notes 84–85; *Group-Wide Environmental Protection*, BMW GRP., <https://www.bmwgroup.com/en/responsibility/group-wide-environmental-protection.html> [<https://perma.cc/GSZ7-XZCL>]; *Carbon Neutrality by 2020*, BOSCH, <https://www.bosch.com/company/sustainability/environment/> [<https://perma.cc/U3G5-E8MZ>]; *Corporate Responsibility: Environment*, ALDI, <https://corporate.aldi.us/en/corporate-responsibility/environment/> [<https://perma.cc/FT9D-BT6S>].

123. See Sharp & Tucker, *supra* note 102, at 20 (suggesting sustainability is significantly impacting the corporate world and changing how companies make decisions about expansion and relocation).

124. See *id.* at 23.

125. *Id.* at 48.

126. See Rebecca Henderson, *Making the Business Case for Environmental Sustainability*, in *LEADING SUSTAINABLE CHANGE: AN ORGANIZATIONAL PERSPECTIVE* 22, 23–24 (Rebecca Henderson et al. eds., 2015).

127. See *id.* at 24.

“green” or “high performance” design and construction principles in new buildings increased total building costs by less than 1% but, over the life of the building, reduced energy costs by up to 30% and water use by up to 11%.¹²⁸ Along these lines, Wal-Mart claims to have reduced waste by more than 80%, saving \$231 million.¹²⁹ Companies that invest in sustainability initiatives early may also establish a first-mover advantage, allowing them to build brand image or create beneficial relationships as the global business community increases its environmental emphasis.¹³⁰ This same logic extends to states and localities, which can enjoy a first-mover advantage by building their reputation as a sustainability-minded destination and thus assisting in their efforts to attract FDI, especially with partners that emphasize environmental sustainability.¹³¹

To that end, sustainability considerations are beginning to play a significant role in where corporations decide to expand or relocate.¹³² In a corporate sustainability survey conducted by CoreNet Global, 90% of participants stated sustainability is a primary consideration when making a location decision.¹³³ Moreover, “almost 90% of the [surveyed] corporate real estate executives . . . [suggested] that green building certifications and energy labels are considered [in this decision], and 50% also said they would be willing to pay more for certified green building.”¹³⁴ As a concrete example, German solar firm Sonnen recently located its U.S. manufacturing presence in Georgia, largely because of the state’s focus on innovation in clean energy and its ability to connect the firm with industry researchers.¹³⁵ Likewise, Danish wind energy equipment manufacturer Vestas chose Pueblo, Colorado, for its first U.S. manufacturing facility, citing the town’s “mandate[] that 30% of power must come from renewable sources by 2020” as one of its primary justifications for choosing Pueblo.¹³⁶

Considering these responses, a statewide emphasis on supporting environmental sustainability initiatives will enrich South Carolina’s attractiveness to potential investors and improve the short- and long-term bottom-line of businesses, thus positively impacting the state economy. Given

128. *See id.* at 28–29.

129. *Id.* at 29.

130. *Id.* at 25–27.

131. *See infra* text accompanying notes 113–120 (discussing the importance of environmental concerns in Germany’s economic thinking).

132. Sharp & Tucker, *supra* note 102, at 20.

133. *Id.* at 25.

134. *Id.*

135. *New Clean Energy Report Places Georgia in Good Position*, GA. USA (May 16, 2016), <https://www.georgia.org/2016/05/16/new-clean-energy-report-places-georgia-in-good-position> [<https://perma.cc/LAB4-3Y6P>].

136. Sharp & Tucker, *supra* note 102, at 27.

its economic ties to European—and specifically German—companies, South Carolina must leverage its existing regulatory environment by enticing infrastructure, collaborative relationships, and research capacities to put programs, policies, and incentives in place that guarantee sustainability initiatives are promoted in a mutually beneficial way.

B. South Carolina's Current Approach to Incentivizing Sustainable Practices

In 1992, South Carolina recognized the importance of renewable energy and began discussing its transition to renewable energy sources.¹³⁷ That year, the legislature passed the South Carolina Energy Efficiency Act,¹³⁸ which established the South Carolina State Energy Plan to “maximize . . . reliability, environmental quality, energy conservation, and energy efficiency while minimizing the cost of energy throughout the state.”¹³⁹ Although the energy office is still in the planning stage—working to transform policy ideas into practical solutions¹⁴⁰—this signifies a step in the right direction.

Another indication that South Carolina recognizes the importance of environmental sustainability in the corporate context is its “green initiative” business credit system.¹⁴¹ Similar to the tax and business incentives used to reward job growth and other economic activity, South Carolina offers a series of potential tax credits that reward green initiatives by new and existing businesses.¹⁴² The majority of these incentives involve renewable energy, thus encouraging businesses to make the switch to solar or other renewable energy sources.¹⁴³ With the Solar Energy Tax Credit, for example, the state provides a credit against income taxes that is equal to 25% of the cost of purchasing and installing a certified solar energy system,¹⁴⁴ reducing the initial financial burden for companies willing to invest in installing these systems. Similarly, South Carolina offers a credit worth 25% of the cost of purchasing, constructing, and installing a facility to companies developing new facilities for renewable fuels.¹⁴⁵

137. See S. 1273, 1991–1992 Gen. Assemb., 109th Sess. (S.C. 1992).

138. See *id.*

139. S.C. ENERGY OFF., OFF. OF REGUL. STAFF, ENERGY IN ACTION: SOUTH CAROLINA STATE ENERGY PLAN 10 (2016), <http://www.energy.sc.gov/files/Energy%20Plan%2003.02.2018.pdf> [<https://perma.cc/A7VF-DJCQ>].

140. See ENERGY OFF., OFF. OF REGUL. STAFF, ENERGY IN ACTION: 2016 SOUTH CAROLINA STATE ENERGY PLAN, <http://www.energy.sc.gov/files/view/EP%20One%20Pager%2002%2028%202017.pdf> [<https://perma.cc/VN7Z-WY7J>].

141. See *Corporate Income Tax & Incentives*, *supra* note 48.

142. See *id.*

143. See *id.*

144. S.C. CODE ANN. § 12-6-3587(A) (2014 & Supp. 2020).

145. § 12-6-3610(A)(1).

In addition to incentivizing businesses to increase reliance on renewable energy, South Carolina also aims to ease the financial burden on companies invested in developing renewable energy infrastructure. For example, the state will assist a business in purchasing and installing equipment that is used to create energy for commercial use from a fuel consisting of at least 90% biomass resource.¹⁴⁶ The assistance takes the form of a credit against income taxes and corporate license fees that is worth 25% of the costs incurred in purchasing and installing the equipment, making the investment more financially feasible.¹⁴⁷ Moreover, qualifying companies can earn a nonrefundable income tax credit equal to 10% of qualifying expenditures if they manufacture renewable energy systems or components, invest at least \$500 million in new plants and equipment, and meet certain job and wage requirements.¹⁴⁸

These tax credits indicate South Carolina's concentrated effort on encouraging the private sector to increase its reliance on renewable energy sources. This use of credit incentives makes it easier for individual business to invest in renewable energy technology and effectively subsidizes some of the costs for those that invest in improving the state's renewable energy infrastructure. Ultimately, by offering short-term returns, the state lessens upfront investment burdens.

In addition to offering renewable energy tax credits, South Carolina also rewards companies for renovating or revitalizing an abandoned building for income-producing purposes and for investing at least \$300 million in a recycling facility that manufactures products composed of at least 50% post-consumer waste material.¹⁴⁹ While these credit incentives, in conjunction with the State Energy Plan, are certainly a step in the right direction, perhaps the importance of incentivizing sustainable business activity and generating renewable energy sources can be a catalyst for additional efforts and financing geared toward achieving these goals.

C. Measures for Increasing Commitment to Support Environmental Sustainability

There are several steps South Carolina should take to better encourage and support corporate environmental sustainability. Adding to the list of green tax initiatives that South Carolina already offers is a straightforward way to increase the state's attractiveness to potential investors. Doing so may require budget maneuvering, but it will not require substantial new investment. Viable

146. § 12-6-3620(A).

147. *Id.*

148. *Corporate Income Tax & Incentives*, *supra* note 48.

149. *See Corporate Income Tax & Incentives*, *supra* note 48.

considerations include rewarding companies for using alternative fuels to power their vehicles or for investing in systems that capture items from their waste stream for recycling.

Other incentives should encourage companies to increase their reliance on locally sourced materials, much like the existing tax credit for increased purchases of local agricultural products,¹⁵⁰ while extending the incentive to other locally produced raw materials or inputs. Similarly, South Carolina should reward companies that reduce carbon emissions in their operations or supply chains. These are merely suggestions for adding to the state's green initiative credit portfolio; the options for incentivizing environmentally sustainable business practices are limitless. An increased offering of sustainability-minded tax credits would make it easier for in-state businesses to engage in environmentally sustainable practices, would increase the state's attractiveness to potential foreign direct investors, and would better signal the state's commitment to addressing these global issues.

In addition to tax credits and other direct incentives, South Carolina should consider adopting other measures that encourage and support sustainability initiatives. One possibility is for the state to adopt a program like Georgia did, providing free information and consultations to help companies incorporate environmentally sustainable practices.¹⁵¹ Whether it be through the state government or simply through a nonprofit start-up, South Carolina should consider providing free information, advice, and resources to businesses looking to incorporate these practices. Even if the state stops short of offering free consultations, it should market information demonstrating the financial returns and other benefits, tax credits, and support that sustainability initiatives bring while also suggesting best practices for decreasing environmental impact. Either way, increasing the local business community's awareness of the benefits of incorporating sustainability practices greatly services the business community, especially small businesses.

Another simple yet impactful initiative the state should undertake is hosting annual conferences to discuss relevant issues in the field. Conferences would increase the local business community's awareness, give businesses an opportunity to exchange best practices and learn from each other, and provide

150. § 12-6-3378(A)(1).

151. See Sharp & Tucker, *supra* note 102, at 28 (describing how the Georgia Department of Natural Resources' Sustainability Division partners with businesses and organizations to provide free guidance on how to implement sustainable business practices, such as conserving natural resources, using or reusing renewable materials, eliminating chemical discharge, and learning best practices from other Georgia companies); *Energy*, GA. USA, <https://www.georgia.org/industries/energy> [<https://perma.cc/B8SR-R83R>] (describing the Center of Innovation for Energy Technology's support portfolio including connecting energy businesses with potential funding, university research, and Georgia resources as well as free commercialization and business consulting).

both businesses and individuals with a meaningful networking opportunity. Such conferences could address new innovations or practices, discuss case studies of major corporations, and concentrate on the issues most relevant to South Carolina. This would give the state a first-mover advantage, emphasizing corporate sustainability and providing promotional materials for businesses to improve their image in the marketplace.¹⁵²

Likewise, environmental sustainability efforts should be incorporated into the curriculum of existing career preparation programs, such as Apprenticeship Carolina.¹⁵³ The state should also offer environmental sustainability workforce training packages through readySC and similar programs. By increasing corporate awareness of current and future sustainability efforts, South Carolina would improve its workforce value, encourage future investment, and spur an increased recognition of beneficial cost-cutting measures that are good for the environment and give companies promotional material. Another prevalent way to show South Carolina's commitment to environmental sustainability is to adopt programs, much like the Georgia Peach Green Building Rating System,¹⁵⁴ that certify companies at various levels of "sustainable" and then market that certification to the public.

Finally, the easiest and most cost-effective method to better signal South Carolina's commitment to the environment is to improve marketing efforts that promote the state's existing tax incentives and credit packages. While the Department of Commerce's recruiting materials give considerable attention to business tax credits for economic activity, the green credit program is tucked away, giving the impression that it is an afterthought.¹⁵⁵ Increasing corporate awareness of these credits—whether through formal or informal communications—would assist oblivious in-state businesses and would better signal that the state is willing to accommodate potential investors' needs for a successful transition to the United States.

Recognizing that a full cost-benefit analysis is beyond the scope of this Note, there are compelling anecdotal arguments—many of which have been articulated throughout—that suggest responsibly implementing the recommended incentives and programs could bring significant economic

152. See *supra* text accompanying notes 123–130.

153. See, e.g., *Greenforce Initiative in North Carolina*, NAT'L WILDLIFE FED'N, <https://www.nwf.org/Greenforce-Initiative/Regions/North-Carolina> [<https://perma.cc/NU7Y-M9XB>] (describing efforts to redesign the North Carolina Community College System's applied technologies curricula to prepare students for emerging green careers).

154. See *Peach Program*, GA. STATE FIN. & INV. COMM'N, <https://gsfic.georgia.gov/peach-program> [<https://perma.cc/U6H6-3DX9>] (outlining the system that rates construction projects of state-owned or state-managed buildings for energy efficiency and Sustainable Construction Standards to encourage optimized energy performance).

155. See *Corporate Income Tax & Incentives*, *supra* note 48.

benefits to South Carolina. Whether it be through simple measures aimed at increasing the state's commitment to environmental sustainability or through more targeted, capital-intensive programs, an increased emphasis on environmental considerations would help ensure that South Carolina remains an attractive destination for FDI.

V. CONCLUSION

Success in FDI is critical to South Carolina's economy, development, and future. Because the state is heavily reliant on the influence, jobs, and capital investment provided by foreign firms, it should proactively prepare for changes in the global economy. This requires recognizing the changing needs and desires of key investment partners and implementing measures to address their needs in a mutually beneficial way. As a national leader in attracting and maintaining FDI, South Carolina is poised for success in the rapidly changing global marketplace and has the potential to capitalize on future FDI trends.

Adopting sustainability policies, establishing sustainability goals, and incentivizing sustainable business practices will improve South Carolina's attractiveness, ensuring the state maintains long-term viability in the inbound FDI market. As international companies face increasing pressure to take responsibility for the environmental impact of their operations, South Carolina can utilize existing relationships and FDI recruitment infrastructure to spearhead efforts that address these pressures. With millennials—who are more acutely aware of environmental issues than earlier generations—becoming consumers and government, industry, and corporate leaders, society's focus on environmental sustainability will likely increase with time. Success in this arena would give South Carolina a first-mover advantage over other states and position it for long-term economic boom in the inbound FDI market. Nonetheless, enduring success in this market is essential to a healthy state economy, and South Carolina must take great care to remain in a healthy economic position.