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FOREIGN EXPERIENCE IN USING LEASING AS A METHOD OF INVESTMENT ACTIVITY

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ABSTRACT

In today's global economy, companies face a constant need to access the necessary assets to successfully operate and grow their businesses. However, the acquisition of such assets, be it equipment, vehicles, or real estate, can be financially burdensome for companies. In this situation, leasing, as a financial instrument, becomes an attractive method of investment activity, allowing companies to gain access to the necessary assets without significant capital investments.

Foreign experience in using leasing as a method of investment activity demonstrates its widespread use and successful results in various countries and regions. For example, in the United States, leasing is a common financial instrument used by companies of all sizes and sectors of the economy. Many enterprises, especially small and medium ones, use leasing to finance the acquisition of necessary assets. Leasing companies provide financing for the purchase of assets and lease them to clients for a specified period of time, allowing companies to avoid significant capital expenditures and save free cash for other operations and investments.¹

One of the main advantages of leasing is flexibility. Companies can adapt their assets to changing needs and technology requirements without committing to the long-term commitment associated with purchasing assets. They

¹ Scott, D. M. (2020). The Social and Intellectual Origins of 13thism. Fire!!!, 5(2), 2–39.
<https://www.jstor.org/stable/10.5323/48573836>

can easily upgrade their equipment or expand their operations by leasing new assets. In addition, leasing allows companies to avoid the risks associated with owning assets, such as obsolescence, decline in value, or loss of demand for specific products.²

KEYWORDS

Leasing, investment activity, foreign experience, United States, European countries, Asia.

INTRODUCTION

In the United States, leasing is actively used among both large corporations and small and medium-sized enterprises. This is due to several factors, including the flexibility of leasing, improved liquidity for companies, and easier access to needed assets.

One of the most common forms of leasing in the US is an operating lease, where a company leases assets for a specified period of time. This allows companies to use assets without the need to purchase them and make significant capital investments. Operating leasing is especially popular in industries where equipment and technology quickly become obsolete, such as information technology, medical equipment, and motor vehicles.

Another form of leasing that is widespread in the US is financial leasing. In this case, the company leases assets for a long period of time with the option to buy them back at the end of the lease term. Financial

leasing allows companies to use assets for the long term while receiving tax advantages and improving their financial position.

In addition, there is a specialized industry of leasing companies in the US that provide financing for leasing assets. These companies specialize in assessing the creditworthiness of borrowers, developing leasing schemes, and providing flexible financial terms. These leasing companies play an important role in the development of the US leasing market and provide access to financing for a wide range of companies.

Generally, the American experience of using leasing as a method of investment activity confirms its effectiveness and importance for companies of various industries and sizes. Leasing allows companies to

² Mackles, G. F., & Blumenreich, R. G. (2000). Capital Recovery and Leasing. *The Tax Lawyer*, 53(4), 1005–1014. <http://www.jstor.org/stable/20772185>

access the assets they need while maintaining financial flexibility and improving their operational efficiency³.

European countries also have considerable experience in leasing as an investment activity method. Leasing is a common and widely used financial instrument in many European countries.

For example, Great Britain is one of Europe's leading countries in the leasing field. Here leasing is widely used among large corporations and small and medium-sized enterprises. Leasing companies provide financing for the acquisition of a wide range of assets, including equipment, vehicles, and real estate. An important factor in the success of leasing in the UK is the tax relief that companies receive from leasing, which makes it financially attractive.

Germany is also one of the leading European leasing markets. Here, leasing is widely used in various sectors of the economy, including the automotive, industrial, and information technology industries. German companies actively use leasing to finance equipment and technologies, as well as to modernize their assets. Leasing companies offer flexible financing terms and specialized leasing solutions that meet the needs of companies.

France also has a developed leasing market. Here, leasing is used in many sectors of the economy, including manufacturing, transport, and construction. French companies often use leasing to finance the purchase of technological equipment and vehicles. Leasing in France also allows companies to quickly upgrade their assets to meet changing market demands.

In general, leasing experience in European countries confirms its role as an effective method of investment activity. Leasing provides companies with access to the assets they need without significant capital investment, facilitates asset management, and allows companies to adapt to changing market conditions. Specialized leasing companies that offer financial services and leasing advice to meet companies' financing and investment needs support the development of the leasing market in European countries.⁴

Asian countries also have significant experience in leasing as an investment activity method. In various regions of Asia, leasing is actively used in various sectors of the economy and is an important tool for companies of all sizes.

³ Cornell, P. (2018). CONCLUSION. In *Strategic Oil Product Stockholding: International Experience and American Prospects* (pp. 31–31). Atlantic Council. <http://www.jstor.org/stable/resrep16787.9>

⁴ Isabella, M. (2023). Civil Wars: ARMIES, GUERRILLA WARFARE AND MOBILISATION IN THE RURAL WORLD. In *Southern Europe in the Age of Revolutions* (pp. 139–189). Princeton University Press. <https://doi.org/10.2307/j.ctv32fs525.9>

China is one of the most active leasing markets in Asia. Here, leasing is used in a wide range of industries, including manufacturing, transport, construction, and medicine. Chinese companies use leasing to finance the purchase of equipment, machinery, vehicles, and other assets. In addition, China has developed specialized leasing companies that offer a variety of leasing services and support the development of the leasing market.⁵

In Japan, leasing is also widespread and is actively used in various sectors of the economy. Japanese companies use leasing to finance equipment, vehicles, information technology, and other assets. Leasing in Japan allows companies to upgrade their equipment and technology as well as manage their operating costs.

Leasing is also a popular investment activity in South Korea. Here, leasing is actively used in various industries, including manufacturing, transport, information technology, and real estate. Korean companies use leasing to finance the purchase of equipment, vehicles, office space, and other assets. Leasing companies in South Korea offer a variety of financial services and customized leasing schemes.

The experience of using leasing in Asia shows its effectiveness and importance for business development and investment. Leasing allows companies to access the assets they need, and improve their financial flexibility and operational efficiency. The development of specialized leasing companies and the creation of a favorable legal and tax environment contribute to the development of the leasing market in Asia.⁶

CONCLUSION

In conclusion, the foreign experience of using leasing as a method of investment activity confirms its importance and effectiveness in various regions of the world. In the US, as well as in Europe and Asia, leasing is a common financial instrument that allows companies to access the assets they need without the need for large capital investments.

Thanks to the development of specialized leasing companies, the creation of a favorable legal and tax environment, as well as the constant development of innovations and new leasing models, this method of investment activity continues to develop rapidly throughout the world.

In general, foreign experience in the use of leasing demonstrates its role as an effective tool for

⁵ Wang, J., Chen, M., & Klein, P. G. (2015). China's Dairy United: A New Model for Milk Production. *American Journal of Agricultural Economics*, 97(2), 618–627. <http://www.jstor.org/stable/24476504>

⁶ Zhao, Z. J., & Cao, C. (2012). History and Literature Review. In *Land Transfer Fees for Urban*

Infrastructure Development in China (p. Page 2-Page 3). Lincoln Institute of Land Policy. <http://www.jstor.org/stable/resrep18401.4>

investment and financing. Leasing allows companies to flexibly manage their assets, improve their financial flexibility and efficiency, and reduce the risks associated with owning assets. As a result, leasing continues to be a popular and attractive choice for companies around the world.

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