

To: Heinz Zourek
Director General, DG Enterprise and Industry
By email: entr-cip-consultation@ec.europa.eu

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FUTURE EU COMPETITIVENESS AND INNOVATION PROGRAMME: THE ROLE LEASING PLAYS IN SUPPORTING EUROPEAN BUSINESS

Leaseurope, the voice of the European leasing and automotive rental industry, welcomes the opportunity to provide input to the European Commission's consultation on a possible successor programme to the Competitiveness and Innovation Framework Programme (CIP) 2007-2013.

Businesses of any size need to be able to invest to remain innovative and competitive in the marketplace and leasing is ideally placed to assist in this. The companies represented via our member associations granted new leasing volumes of over €209 billion in 2009, of which 88% were for leases of all types of equipment and vehicles¹. European lessors are responsible for financing approximately 20% of total equipment investment in Europe².

Leasing is a key external funding source and has played an important role in supporting businesses throughout the recession. Evidence from the latest ECB survey³ on the access to finance of SMEs in the Euro Area shows that during the first half of 2010 there was a significant rise in the use of asset finance⁴ by SMEs, with an increase in utilisation rates from 27% to 34%, putting asset finance on par with the use of more traditional bank loans. For larger firms the increase was even more important during the same period with the use of asset finance overtaking that of all other forms of external financing.

Moreover, in some cases, leasing can be the only source of funds available to a business and often provides the possibility for an entity to finance up to 100% of the purchase price of an asset, without having to offer any supplementary guarantees. This means that lessors are often able to step in when other types of lenders cannot, for example, in a start-up situation, because they retain ownership of the leased asset throughout the lease contract. They therefore benefit from a degree of security that other lenders do not have. As such leasing is in a position to support SMEs with high growth potential, something the Commission is keen to promote. Additionally leasing allows lessees to better manage their working capital by spreading payments over the life of the asset and enables them to use equipment without having to worry about considerations linked to ownership, such as second hand asset values or the disposal of the asset when it is no longer used.

1 Leaseurope's 2009 Annual Survey of the European Leasing Market

2 Source: Leaseurope estimate based on data reported in its 2009 Annual Enquiry. Investment figures taken from Eurostat.

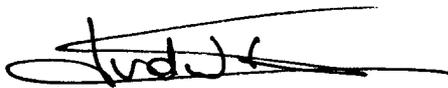
3 [Survey on the Access to Finance of SMEs in the Euro Area](#), ECB, October 2010

4 Leasing, hire purchase and factoring

Leasing also gives businesses the opportunity to renew their assets which ensures they remain competitive by benefiting from the latest available technologies. This also promotes the use of green energy and energy efficiency, by allowing the lessee to access newer and more energy efficient technology and equipment.

The current EU CIP recognises the important role SMEs play in the European economy. Leaseurope would strongly support that future programmes continue to acknowledge this role and that the necessary support is made available to these businesses, particularly to ensure that when they require external finance to be able to grow, develop and compete they are able to access it. In this context, we consider that the future programmes should continue to encompass measures that facilitate the provision of leasing thereby contributing to SME development. Importantly, future support, be it in the form of guarantees or other instruments such as those currently provided by the European Investment Fund, should continue to be as accessible to leasing providers as they are to other types lenders. The inclusion of leasing in support programmes will help the EU achieve the goals of facilitating SMEs' access to finance, fostering competitiveness and innovation in sectors with major development potential, stimulating a wider uptake of innovative ICT-based services and the promotion of energy efficiency.

Leaseurope remains at the disposal of the Commission services for any further information they may require on the issues raised in this response. Please feel free to contact Sarah Shipley (s.shipley@leaseurope.org +32 2 778 05 62) for additional queries.



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About Leaseurope

As a Federation, Leaseurope brings together 45 member associations in 32 European countries representing the leasing, long term and/or short term automotive rental industries. In 2009, these associations represented more than 1 300 leasing firms and more than 780 short term rental companies. The scope of products covered by Leaseurope's members ranges from hire purchase to finance leases and operating leases of all asset types (automotive, equipment and real estate) and also includes the rental of cars, vans and trucks. Leaseurope represents approximately 93% of the total European leasing market. The firms represented via its member associations granted new leasing volumes of over €209 billion in 2009, with the average equipment lease being worth €27,300.

Further information on Leaseurope and its members can be found at www.leaseurope.org.