

Ways to Overcome Existing Problems in the Development of International Leasing Services

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ABSTRACT

The article describes the economic content of international leasing, its types, and specific features. The importance of international leasing as one of the main factors ensuring capital movement is highlighted. The state of the international leasing market is analyzed by country. The main focus is on the types of risks that arise in the implementation of international leasing relations and their elimination. Also, the existing problems in the international leasing market were studied and scientific and practical proposals were given for their elimination.

KEYWORDS: *international leasing, types of international leasing, capital migration, risks, diversification, accumulation.*

Introduction

If there is a need for quality production assets in the real sector of the economy of many countries, the state is interested in the development of the production sector. International leasing is one of the mechanisms that ensure the formation of foreign capital in economic sectors, and its importance in the implementation of financial services is great. Leasing is a financial tool for the implementation of innovative technologies. At the initial stage of innovative development, leasing has a great influence on the effective organization and acceleration of the innovative activities of the manufacturer, lessor, and lessees, based on the financial benefit of its participants.

In the international financial system, every country supports the development of international leasing to stimulate economic growth. However, increasing competition in the international market, and differences in national legislation and taxation methods cause problems for the development of international leasing. This requires the relevance of this topic and the development of scientific and practical proposals to eliminate existing problems.

Literature analysis

International leasing relations are understood as the leasing of tangible assets by the lessor (leasing company) to foreign lessees for different periods. This type of leasing is used to promote the import-export of goods. The object of international leasing is equipment exported to the country of the lessee.

Foreign economist Jaqueline Mills studied the specific characteristics of leasing in Europe and the relationship with accounting of international leasing. The main focus is on the importance and tasks of the European Leasing Association, the state of the European leasing market, and the positive and negative aspects of international leasing [1].

The economic nature of international leasing and the importance of the international UNIDRUA convention in its implementation have been extensively covered by Warda Roshi. The scientist highlighted the characteristics of international leasing based on financial leasing in which three parties participate and suggested that the Convention is the main legal document in regulating the relations between them, relying on it, countries should use it as a basis for creating legislation regulating national leasing relations in their activities [2].

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Russian researcher V.V. In his research, Vesina approached international leasing in the Russian Federation as a mechanism for introducing foreign capital into national economic sectors, customs relations in importing foreign equipment into the country based on international leasing, and the main directions of state support for international leasing in the Russian Federation were reflected. In our opinion, such a definition of international leasing has a one-sided approach and is only covered from the point of view of the lessee [3].

Another Russian scientist, P.A. Kostyakov, researched the theoretical and practical importance of international leasing, which focused on the analysis of regulatory and legal documents regulating international leasing relations in the Russian Federation, classification of international leasing according to certain characteristics, financing, and investment of international leasing in the international market. pointed out that it is one of the tools. In addition, scientific proposals have been developed to reduce the negative impact of currency risks on international leasing operations [4].

Antikov Z.Kh. in the research conducted under the leadership of the main characteristics of international leasing relations, the leasing of the leased object from the foreign lessor for different periods and the fact that the subjects of the leasing contract are non-residents of the country were mentioned [5]. Based on this, he indicated that international leasing is implemented in three directions, namely:

- Export leasing. In this case, the lessee will be a foreign participant and the leased object will be taken out of the country on the basis of an export contract;
- Import leasing. In this case, the lessor is a foreign participant, and the leased object is delivered to the lessee's country under an import contract;
- Transit leasing. In this type of international leasing, the parties to the contract are located in different countries.

Among our local scientists, D.I. Ruzieva studied the existing problems in the implementation of international leasing and ideas on their elimination. As a result of the continued devaluation of the national currency in our republic, problems arise in the return of international leasing loans issued in foreign currencies, and the fact that long-term deposits have a small weight in the total volume of resources of commercial banks also hinders the increase in the volume of international leasing loans as the main problems studied by the economist [6].

Based on the above points, it can be noted that most economists, while studying international leasing, emphasized international leasing as a form of capital export-import due to the similarity of the causes of capital migration with the causes of export and import leasing operations. In our opinion, the following points regarding international leasing are relevant:

- international leasing is an important source of product sales in a situation where enterprises do not have the opportunity to purchase expensive high-tech equipment;
- international leasing is one of the most effective methods of acquiring assets in the presence of restrictions on import (export) or any restrictions on the movement of assets;
- international leasing is an opportunity to expand the range of financing methods in the conditions of restrictions on the movement of foreign capital.

Analysis and results

It is worth mentioning that in the 50s of the 20th century, entrepreneur Henry Schonfeld founded the company called "American Leasing Company" (ALK) and today it is recognized by many specialists in the USA as the first specialized company in the country. Its turnover in the early 2000s alone was 242.0 billion. Although it amounted to US dollars, the total volume of investment in fixed assets is 780.0 billion. equal to the US dollar. Also, about 30 percent of the equipment sets in the USA were

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carried out by enterprises through leasing operations.

In the current environment, lessors in most developed countries, especially in the United States, are divided into three main groups: independent leasing companies, banks (leasing companies under them), and specialized (affiliated) companies (companies under equipment manufacturers). Independent leasing companies account for approximately half of the turnover in the leasing network, i.e. 50-52 percent, 27 percent for banks 19 percent for affiliated companies, and 2 percent for other market participants [7].

At the initial stage of the innovative development of the economy, leasing remains one of the most profitable financial instruments. One of the reasons for the rapid development of leasing is tax benefits, that is, 10 percent of the value of innovative investments is excluded from the tax payment amount. Applying such experience in our country can lead to the development of leasing operations and renewal of the main capital of enterprises.

Currently, the majority of existing leasing companies are established by large technology manufacturers, and the rest are established by large commercial banks. It is noteworthy that by the USA legislation, commercial banks are prohibited from carrying out certain types of financial operations, so leasing services are not provided directly by banks. Leasing companies are separate from banks. In addition, major USA insurance companies also carry out leasing operations. Under USA tax law, private individuals are also entitled to purchase and lease equipment on their income. We think that it will be useful to study such experience and use it to improve our laws.

Despite the downturn in the global economy as a result of the pandemic, European leasing companies are still investing large amounts of money through leasing. Every year, 30% of new investments in the European leasing market are made by the leading Western countries. The volume of real estate leasing operations in Germany, France, and Italy makes up 60% of the total European leasing market. Most of the leasing services belong to the network of machine building and private services. In Austria, the share of leasing in the machinery industry is 50 percent, in Italy it is 54 percent. In the field of private services, the share of leasing reached 62% in Great Britain, and more than 50% in Germany and Norway. European leasing companies have joined the Eurolizing Association, which serves the interests of lessors in 25 European countries. In addition, in the countries of the Eurasian Economic Union, leasing companies have joined associations [8].

The largest leasing companies in the international leasing market are Enterprise Holdings Inc., Berkshire Hathaway Inc., McDonald's, Daimler AG, LeasePlan Corporation NV, General Electric Company, United Rentals Inc., Koninklijke Ahold Delhaize NV, Tokyo Century and Ford Motor companies.

In the global leasing market, although a decrease was observed during the pandemic (1362.38 billion US dollars in 2019, and 1338.19 billion US dollars in 2020), in general, the market size increased by 125% during the period 2005-2020 [9]. The three continents of North America, Europe and Asia are leading the market. During the last years, the growth in the leasing market is mainly due to the contribution of Asian countries, namely China, Taiwan and South Korea (Table 1). According to the report of the China Banking Association, in 2021, although the pandemic has affected the entire country's economy, the financial leasing sector has achieved stable growth [10].

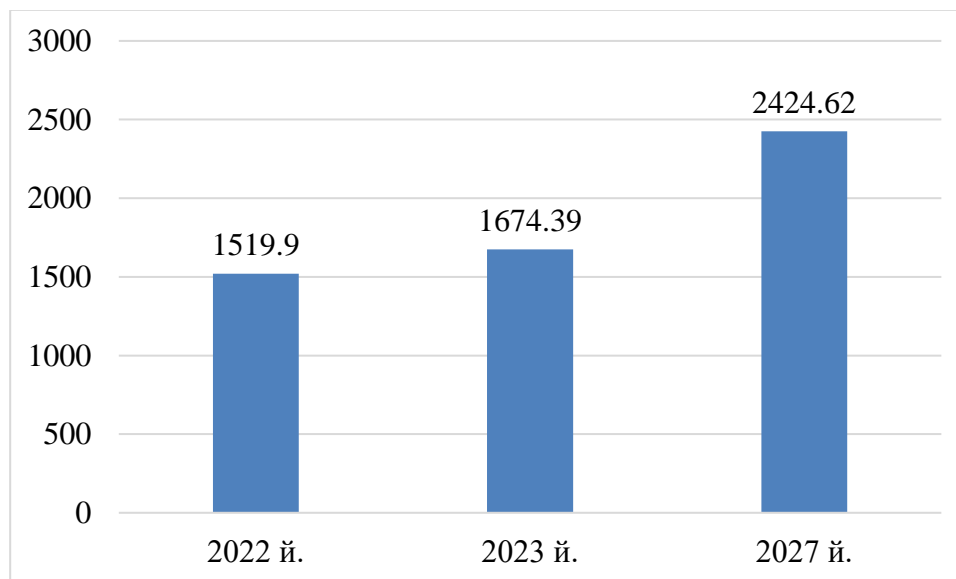
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Table 1 The volume and growth of international leasing by region (2019-2020) [11]

No	Annual volume (billion USD)	Annual volume (billion USD)	Growth (%) in 2019-2020	Share of the international leasing market in 2019 (%)	Share of the international leasing market in 2020 (%)	Changes in market share in 2019-2020
1	North America	475.4	-6.7	37.4	35.5	-1.9
2	Europe	414.4	-7.5	32.9	31.0	-1.9
3	Asia	402.1	13.0	26.1	30.0	3.9
4	Australia	26.4	-3.4	2.0	2.0	0.0
5	J. America	16.3	10.5	1.0	1.1	0.1
6	Africa	4.5	-39.9	0.6	0.3	-0.2
	Total	1338.19				

The international leasing market will reach 1519.9 billion in 2022. 1674.39 billion in 2023 based on the annual growth rate of 10.2 percent from the US dollar. amounted to US dollars. The unstable political situation observed in the world, economic sanctions are causing a sharp increase in the price of raw materials in various countries, and interruptions in the product supply chain. This has caused the inflation of goods and services and has been showing its effect on the world market. In 2027, the international leasing market will reach 2424.62 billion based on an average annual growth rate of 9.7 percent. It is projected to be USD (Chart 1). In 2022, the Asia-Pacific region was the most active region in the leasing market, followed by North America.

Diagram 1 the international leasing market (billion USD) [12]



South Korea is also gaining importance in the formation of leasing operations. According to the legislation of the country, if the period of use of the equipment is not more than 5 years, then the leasing contract should not be less than 60% of the term, the right to purchase the equipment is not mandatory, besides, one of the main economic tasks of the government is to support the small and medium business sector. In addition, special guidelines for directing at least 35 percent of total leasing operations to small and medium-sized businesses apply to special leasing companies in the country.

In our country, one of the important steps in the development of leasing operations over the past years was the determination of tax and customs benefits in the legislation. Currently, leasing is considered a dynamically developing type of investment activity. The average annual growth of

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leasing transactions is 20.0%, in particular, the volume of new leasing transactions at the end of 2022 increased by 20.1% or 522.3 billion soums compared to the same period last year, and 3 trillion. 115 billion we can see that it was soum [13].

Innovation and its development are at the root of the level of development of any country and increase the efficiency of enterprises in them. It is no exaggeration to say that leasing services are at the heart of the implementation of innovative ideas, while innovative development in the country relies on science. In such a situation, attracting financial resources related to the direction of leasing to enterprises, ensuring its growth is the most important financial tool for achieving the goals of modernization and renewal in the current conditions.

In addition to the above-mentioned positive aspects of the implementation of international leasing, certain shortcomings and problems in its implementation should also be noted. As one of the main problems, we should mention the following risks that arise in the implementation of international leasing:

- risk associated with the occurrence of additional tax payments;
- credit risk;
- risk associated with the implementation of a specific project;
- political risks;
- risk associated with the supply of raw materials and materials;
- the risk associated with the realization of the product;
- currency risk.

In our opinion, to eliminate these types of risks, to reduce their negative impact, it is necessary to distribute risks among the participants of the international leasing contract, diversify risks, limit the lessee, and insure financial and currency risks. Among these measures, currency risk management is important. In an international lease, the lessor can fully bear the currency risk on a tax basis. If the tax credit is provided in the national currency of the country to which the lessor belongs, it will try to subsidize the lease payments. Therefore, the lessor always tries to make international lease payments in the national currency of the country to which it belongs. Usually, the lessee tries to insure against the currency risk because it receives the proceeds in its domestic currency, and therefore the above requirement does not have a favorable effect on the lessee. For this reason, the international lease agreement must specify specific measures to eliminate such inconsistency.

Conclusion

In short, not knowing the role of leasing services in the economic development of the country can be an obstacle to the development of financial relations. Although most scientists do not see leasing as a category close to innovation, in practice, the introduction and movement of new technologies without leasing will be ineffective.

In general, international leasing is a more broadly understood term, and it is a financial instrument that serves to accelerate the practical use of innovations. International leasing is a technology enabler that ensures the success of new technologies in the market.

In order to develop international leasing operations, first of all, it is necessary to observe the following:

- improvement of the legal framework to improve the effectiveness of court proceedings on international leasing relations, to prevent ambiguities in the relations between the parties, to reduce possible risks;

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- accumulation of a large amount of funds at the disposal of leasing companies for the implementation of large-scale investment projects;
- to guarantee the performance of obligations of the buyer (lessee) of the equipment on the basis of international leasing ;
- eliminate as much as possible differences in accounting reporting and taxation legislation based on the national regimes of each country, etc.

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