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German lessors are leaders in renewables

Germany is well positioned to continue to lead both the eurozone and Europe out of recession. The Ifo Economic Institute's Business Climate indicator for industry and trade is already above the level of the 2006/07 boom. Firms see the current situation and the outlook for the next six months positively.

The economic upswing is gathering momentum; industry is likely to remain a driving force; and there is improving demand for capital goods.

Leasing opportunities are favourable, and they are attracting overseas interest, as well there being a domestic revival. International manufacturers and lessors increasingly see Germany as a prime investment location, with its new business potential; and they see it as the springboard into Europe, with its excellent networks across the continent.

This year will probably see some restructuring of the funding world, bringing an extended range of funding sources, including investors. The well-documented accounting changes will continue to dominate the agenda, whilst Basel III, with its focus on capital and funding, should become a prominent theme throughout the year for the banking sector.

Although there is a long transition period (the new rules are not fully phased in for several years), compliance with new processes and reporting must be largely complete before



■ Michael Vander: Germany will drive European growth

the end of 2012. The Basel Committee on Banking Supervision is expected to have delivered a Christmas gift of the Basel III rules text, along with a summary of the results of its comprehensive quantitative impact study.

Lessors are increasingly being requested to provide, arrange or manage comprehensive value-added services. The demand for these initiatives is emanating from end users and manufacturers and is an important opportunity to increase additional fee income. These services might be advisory, product development or third-party.

Examples are: installation; maintenance; insurance; asset guarantees including extension; asset management with improved residual value calculation; performance guarantees; online performance tracking; legal work; and project partnering such as with public

authorities or power supply companies. The renewable energies industry is an excellent example of this driver of change.

Germany is leading the global renewable energy revolution, and major investments are driving growth. Renewable technology made in Germany is a prime example of an industry where demands are being placed on asset financiers to orchestrate a package of services to help run the business as vendors and customers seek innovative solutions. Germany is leading the charge in renewable energy policy. Investment means not only a commitment to a sustainable economy, but also a profitable capital investment opportunity.

The leasing industry is ideally placed to take charge of renewables projects because of its one-stop shop expertise and service and management credentials. Lessors undertake valuations; they request paperwork and guarantees; they ensure that assets are well maintained; they seek performance reports; they want legal opinions.

The drivers of change in renewables will undoubtedly promote a more proactive vendor leasing industry that is seeking a competitive advantage.

Other countries will look to Germany and the unfolding and pioneering business opportunities, and leasing's response to a changing market will serve as a role model.