

ENVIRONMENTAL CAR LEASING

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Nowadays, the necessity of sustainable development is recognized worldwide. One of the main ways for implementation of it is greening of different life spheres. However, it appears to be difficult long-term task due to limited amounts of money needed. Different investing and credit mechanisms, such as leasing, might provide a solution.

We refer to leasing which ensure reduction or elimination of environmental footprint as green or environmental lease. There are such directions of green leasing in Ukraine:

- technology and equipment lease, which maintain moderate natural resources utilization;
- technology and equipment for control, cleaning and recycling of pollution-intensive derived products;
- ecofriendly car leasing;
- green building leasing;
- others.

Ecofriendly car leasing is one of top priority.

Most cars produce greenhouse gases, primarily CO₂. CO₂ emissions are the largest contributor to global warming and climate change. The amount of CO₂ produced by a car depends on type and the amount of fuel the car consumes.

In Ukraine there are three main fuels used in vehicles - unleaded petrol, diesel and Liquid Petroleum Gas (LPG). Of these, petrol is the most expensive per litre, followed by diesel and, the least expensive, LPG. From the table below LPG appears to be the clear leader when it comes to CO₂ emissions.

Fuel type	CO ₂ emissions
Petrol	2.3 kg/L
LPG	1.6 kg/L
Diesel	2.7 kg/L

Fig. 1. CO₂ emissions by fuel type

However, vehicles running on LPG require more litres of fuel per km than their petrol equivalents. Then diesel engines are generally more economical than petrol engines, thus producing less CO₂ emissions. Petrol engines generally produce more CO₂ emissions than their diesel counterparts due to lower efficiency.

There are two major factors that contribute to a vehicle's fuel consumption: engine efficiency and weight.

The weight of a car directly affects the amount of fuel it needs. Lighter cars on the whole consume less fuel than their super sized counterparts. Therefore, selecting smaller vehicles with lighter parts and less materials can decrease a vehicle's impact on the environment.

Although not available in Ukraine, there are number of alternative-fuel vehicles waiting in the wings. Their producers promise significant cuts in or the elimination of fossil fuel consumption and/or greenhouse gas emissions. Of course, they are not cheap, but owing to leasing mechanism ecofriendly cars can be affordable.

30% of Europe's demand for new cars is controlled by the Lease sector. This kind of buying power directly correlates with the European Union's goal to emit no more than 130gr/km of CO₂ for new cars sold in 2015. In response to it Netherlands Society for Nature and Environment has initiated the Cleaner Car Contracts program, which is aimed at mobilising Europe's largest lease companies and fleet owners to accelerate the introduction of fuel-efficient cars [1].

This kind of buying power, if applied to more ambitious goals what is legally required by EU law, can greatly speed up the much needed fuel-efficiency improvement of car fleets.

But what prevents Ukrainian drivers from buying more eco-friendly cars through lease?

According to [2] there are such common misapprehensions about car leasing in Ukraine:

1) leasing is more expensive than a credit, whereas in fact loan and lease-payments appear to be absolutely comparable, taking into account expenditures connected with registration, insurance, tech inspection, transportation tax and other expenses to do with lease or credit;

2) the car is not in ownership of lessee. In reality, according to financial lease terms, after all payments in a part of recoupment of lease object cost are paid off a car might pass into ownership of lessee;

3) in case of bankruptcy of leasing company lessee will forfeit a car, when in point of fact, leasing company cannot be closed until all commitments under contracts, including transfer of cars to clients, are met.

Therefore, one of the main reason for low demand for ecoleasing is unaware of possibilities and advantages of leasing services. Thus, leasing companies should stimulate the demand for eco-friendly cars. But not only leasing companies might do that. Government and environmental organizations must take active part in it as well. Through adopting laws, which stimulate ecoleasing development, and investing money in scientific research into finding ways of CO₂ emissions reduction, government will do really contribute to improvement of ecological situation and speed up the process of environmental leasing popularization.

References

1. Cleaner Car Contracts - <http://www.cleanercarcontracts.eu/>

2. Ukrainian Lessors Assosiation, publications - <http://www.leasing.org.ua/ua/publications/?pid=2775>