

Article

IS THE TURKEY WEALTH FUND AN OPPORTUNITY OR THREAT?



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Recognised as global innovation and financial potential in international financial markets with assets of \$7.45 trillion, national wealth funds have recently become one of the most important financial instruments and had the ability to stamp out the structure of national economies.

The fact that national wealth funds have achieved a significant volume allows them to have an influence on the economic conditions of the investor countries and the investment country in macro-economic and micro-economic dimensions.

The economic and political conditions in the developed and developing countries that are still struggling with the devastating effects of the global financial crisis have allowed the national wealth funds to come into prominence.

The existing wealth protection and enhancement mission for future generations have been undertaken by the national wealth funds that are generally established by emerging market economies of the developing countries.

The Turkish wealth fund was established as Turkey Wealth Fund Management Joint Stock Company on August 26 2016 by the Prime Ministry of the Republic of Turkey for the purposes of contributing to the diversity and depth of the financial instruments in capital markets, providing the domestic government owned assets to the economy, participating in large-scale investments, supplying foreign capital, and creating sustainable prosperity for future generations.

According to the Turkish Cabinet Decree dated February 5 2017, 2.3 million metered-squared of property in the tourism regions (such as Antalya, Muğla and Izmir) belonging to the Treasury has been transferred to the wealth fund. Accordingly, the Turkey wealth fund has become a considerable market player in Turkish and international markets with its own equity of \$40 billion and an asset value of \$140 billion.

The Turkey wealth fund will undertake an important mission in financing giant projects and will provide funding for projects in the strategic sectors such as highways, bridge projects, high-speed railways, military defence industry, healthcare sector, urban regeneration projects and specific nuclear power stations that will break energy external dependency.

If governed properly, the Turkey wealth fund will be the driving power for the development of Turkey. Without increasing public debts, funding for infrastructural projects such as highways, Canal Istanbul, and nuclear power stations will be ensured through the wealth fund. Additionally, national companies operating in certain fields such as defence, aviation and software will be supported on capital and projects to become a global player.

Also, it is expected that the Turkey wealth fund will be a key player in the international markets by participating as a trusted partner of multinationals.

As a result, the Turkey wealth fund will diversify the country's wealth by providing prosperity for future generations.

Besides, it will have a conciliative role between the countries in the global market and contribute to the increase of Turkey's domestic savings, as well as liberate the countries' economies that are under the threats of global and financial crises and support the growth and development of Turkey.

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