

## A sovereign wealth fund for Lux?



*Carlo Thelen, Pierre Gramagna & Muriel Bouchet*

In its most recent bulletin "Actualities et Tendances" the Luxembourg Chamber of Commerce examined the subject of sovereign funds and asks, "Why not a sovereign wealth fund for Luxembourg?" There has been much talk of sovereign wealth funds very recently, however they have been around since the 1950s. In the last few years their total size worldwide has increased dramatically. According to a report recently published by Morgan Stanley their total assets are like to pass from 3,000 billion USD to reach in the region of 12000 billion USD between now and 2015.

The Luxembourg Chamber of Commerce carried out an analysis of the 22 biggest SWFs across the globe. Chairman, Pierre Gramagna was joined by Carlo Thelen and Muriel Bouchet at a recent press conference to present the main results of the analysis and explain why they feel the time is right for a Luxembourg SWF.

The Chamber of Commerce study revealed that some of the major SWFs were even stronger than their country's GDP. "In the United Arab Emirates for example the assets held by three separate funds add up to some 493% of GDP," explained Thelen: "Similarly Norway has two funds which represent some 244% of GDP." According to the report by Morgan Stanley, "At present, SWFs derived from oil and gas exports account for some two-thirds of total SWFs. But by 2015, we believe that these two groups will be roughly the same."

size – at around US\$6 trillion each, with China's Hui Li Company being the single-largest SWF." The IMF also expects to see a greater diversity in the types of economies setting up funds and the Chamber of Commerce expects that, "SWFs will play a greater economic role in small countries which, as a result of their diminutive size, are more sensitive to macro-economic volatility," explained Gramagna Bouchet continued that, "Much of the Luxembourg's government are also fluctuating. Things like wealth tax and some types of VAT. . . As one of the objectives of a SWF is to lend stability to the economy, he feels the time is right for Luxembourg to consider its own fund." Further details as an when they emerge...