## REPORT TO CONGRESS ON FINANCIAL IMPLICATIONS OF U.S. PARTICIPATION IN THE INTERNATIONAL MONETARY FUND

## Q1 - Q4 FY2007

This report has been prepared in compliance with Section 504(b) of Appendix E, Title V of the Consolidated Appropriations Act for FY 2000. The report focuses exclusively on the financial implications of U.S. participation in the International Monetary Fund (IMF) and does not attempt to quantify the broad and substantial economic benefits to the United States and the global economy resulting from U.S. participation in the IMF.

As required, the report provides financial information on the net interest income and valuation changes associated with U.S. participation in the IMF. The broader context for the financial implications of U.S. participation in the IMF and the methodology used in deriving these figures has been laid out in previous reports. The methodology is also summarized briefly in the footnotes attached to the tables. Reports under Section 504(b) are prepared quarterly and made available to the public on the Treasury website: http://www.treas.gov/press/reports.html.

This report provides quarterly data for the full fiscal year of 2007. It provides information on U.S. participation in the IMF's General Department as well as information related to U.S. holdings of Special Drawing Rights (SDRs) as part of its international reserves and the financial implications of U.S. participation in the SDR Department of the IMF.<sup>2</sup>

Data on the net interest income and valuation changes related to U.S. participation in the IMF's General Department during the first to fourth quarters of fiscal year 2007 are provided in Table 1. For comparison purposes, the previous three fiscal years of data are also provided.

Similarly, data for net interest income and valuation changes related to U.S. participation in the SDR Department of the IMF during the first to fourth quarters of fiscal year 2007 are provided in Table 2. For comparison purposes, previously-reported data for the last three fiscal years are also provided.

The table footnotes explain the columns shown and provide pertinent information and assumptions used in the calculations.

As shown in Table 1, for the first to fourth quarters of fiscal year 2007, the financial implications of U.S. participation in the General Department reflected a net interest income effect of \$103

<sup>&</sup>lt;sup>1</sup> Section 504(b) of Appendix E, Title V of the Consolidated Appropriations Act for FY 2000, Public Law 106-113, 113 Stat. 1501A-317, requires that the Secretary of the Treasury prepare and transmit to the appropriate committees of the Congress a quarterly report on United States participation in the International Monetary Fund (IMF), detailing the costs or benefits to the United States as well as valuation gains or losses on the United States' reserve position in the IMF.

<sup>&</sup>lt;sup>2</sup> The SDR is an international reserve asset created by the IMF. The SDR is used as a unit of account by the IMF and other international organizations. Its value is determined as a weighted average of a basket of currencies -- the dollar, euro, pound sterling and yen. The SDR carries a market-based interest rate determined on the basis of a weighted average of interest rates on short-term instruments in the markets of the currencies included in the SDR valuation basket.

million. The valuation change in the U.S. Reserve Position for the first to fourth quarters of fiscal year 2007 was \$259 million.<sup>3</sup>

As shown in Table 2, for the first to fourth quarters of fiscal year 2007, the net interest income effect of U.S. participation in the SDR Department was negative \$14 million. The valuation change on U.S. SDR holdings for the first to fourth quarters of fiscal year 2007 was \$81 million.<sup>4</sup>

Attachments

<sup>&</sup>lt;sup>3</sup> For an explanation of the methodology used in deriving these figures, see the section on "Calculating the Financial Implications of U.S. Participation in the General Department" in the report prepared for the fourth quarter of fiscal year 2000, submitted in December 2000 and available at <a href="http://www.treas.gov/press/releases/report3073.htm">http://www.treas.gov/press/releases/report3073.htm</a>
<sup>4</sup> For an explanation of the methodology used in deriving these figures, see the section on "Calculating the Financial Implications of U.S. Participation in the SDR Department" in the report prepared for the fourth quarter of fiscal year 2000, submitted in December 2000 and available at <a href="http://www.treas.gov/press/releases/report3073.htm">http://www.treas.gov/press/releases/report3073.htm</a>.

Net Interest Income and Valuation Changes Related to U.S. Participation in the IMF

-- General Department --U.S. Fiscal Year, Quarterly (millions of U.S. Dollars)

edit (Under SFF, GAB, Total U.S. rve NAB) Transactions with Tansactions wi		Transac	Transactions with the IM	IMF		Interest C	Interest Calculations		Valuation	Total
S0         -516,702         -566         S78         S0         S13         S003         Col. 4         Col. 8         Col. 9         Col. 8         Col. 8 <th< th=""><th>₽ Q %</th><th>ansactions under U.S. nota (Letter of Credit Transfers of Reserve Assets) Cumulative</th><th></th><th>Total U.S. Transactions with the IMF/1 (Col 1+2)</th><th>Interest Expense Associated with Financing U.S. Transactions with the IMF</th><th>Remuneration Received by U.S. from IMF &amp; Refund of Burden Sharing</th><th>Interest Received by U.S. from IMF under SFF, GAB, and NAB</th><th>Net Interest Income</th><th>Valuation Changes on U.S. Reserve Position</th><th>Total</th></th<>	₽ Q %	ansactions under U.S. nota (Letter of Credit Transfers of Reserve Assets) Cumulative		Total U.S. Transactions with the IMF/1 (Col 1+2)	Interest Expense Associated with Financing U.S. Transactions with the IMF	Remuneration Received by U.S. from IMF & Refund of Burden Sharing	Interest Received by U.S. from IMF under SFF, GAB, and NAB	Net Interest Income	Valuation Changes on U.S. Reserve Position	Total
50         -516,702         -565         578         80         813         5903         Col. 8         Col. 9         Col. 7         Col. 7 <th< td=""><td></td><td>Col. 1</td><td>Col. 2</td><td>Col. 3</td><td>Col. 4</td><td>200</td><td></td><td>(Col. 4+5+6)</td><td></td><td>(Col 7+8)</td></th<>		Col. 1	Col. 2	Col. 3	Col. 4	200		(Col. 4+5+6)		(Col 7+8)
50         -516,702         -586         -58         79         80         813         \$903           0         -15,886         -58         79         0         21         -78           0         -14,530         -60         69         0         9         -78           1-13,867         -67         69         0         9         -78           50         -51,282         530         582         50         568           50         -9,119         -553         588         50         535         568           0         -9,179         -553         588         50         534         566           0         -9,177         -553         588         50         524         -75           0         -9,077         -553         531         50         534         -75           0         -9,077         -553         531         50         534         -75           0         -2,086         -541         559         50         534         -75           0         -2,296         -541         540         50         536         179           0         -2,296						College	Col.6	Col. 7	Col. 8	Col. 9
0         -15,886         -50         578         8.0         8.1         5903           0         -14,586         -60         69         9         -7         43           0         -13,867         -67         69         9         -7         43           50         -13,867         -67         530         50         568         50           50         -5,19         -533         588         50         533         440         81           0         -9,177         -559         571         50         512         -565         51           0         -9,677         -559         571         50         524         50         514         565           0         -9,677         -553         581         50         524         -75         -75           0         -2,677         -518         589         50         524         -75         -75           0         -1,947         -514         540         50         524         50         119         -159           0         -1,947         -514         540         50         524         50         526         119 <t< td=""><td></td><td>-\$16,702</td><td>\$0</td><td>-\$16.702</td><td>4 7 G</td><td></td><td></td><td></td><td></td><td></td></t<>		-\$16,702	\$0	-\$16.702	4 7 G					
0         -14,530         -60         69         7         -78           13,867         -67         69         9         -78         -720           51,282         -57         74         0         7         43           50         -5,119         -553         882         50         89         51,026         51,026           0         -9,119         -553         871         50         873         440         51,026         52,44         51,026         52,44         52,		-15,886	0	-15,886	-56¢- 58	\$78 79	\$0	\$13	\$903	\$916
S0         -513867         -67         74         0         7         -220           S0         -512882         -5349         S30         S90         S50         S648         S1           0         -9,119         -533         588         80         80         812         51026         51,026 </td <td></td> <td>-14,550</td> <td>0 0</td> <td>-14,530</td> <td>09-</td> <td>69</td> <td>000</td> <td>21</td> <td>-78</td> <td>-57</td>		-14,550	0 0	-14,530	09-	69	000	21	-78	-57
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-54 \$107 \$0 51.0			Þ	1,395	-\$2	\$20	Q <b>\$</b>	\$21	21	42
	o tot	Note: Detail may not add to total due to rounding			-\$4	\$107	08	6103	071	138

Table 2

## Net Interest and Valuation Changes Related to U.S. Participation in the IMF

-- SDR Department --

U.S. Fiscal Year, Quarterly (millions of U.S. Dollars)

		Vet SDR Holdings		In	Interest Calculations	ıns	Valuation	Total
Fiscal Year Ended 9/30	Dollar Value of SDR Holdings	Dollar Value of Cumulative SDR Allocation	Net SDR Holdings	Interest Income on Net SDR Holdings	Interest Expense Associated with Financing Cumulative U.S. SDR Transactions	Net Interest Income	Valuation Changes	Total
	1 10		(Col. 1 - 2)			(Col. 4 + 5)		(Col. 6 + 7)
•	C01. I	Col. 2	Col. 3	Col. 4	Col. 5	Col. 6	Col. 7	Col. 8
2004								
Q1: Oct - Dec 03	\$12,638	\$7,281	\$5,357	\$20	-\$17	83	6100	5003
Q2: Jan - Mar 04	12,645	7,228	5,417	21	-17	; v	6610	2076
Q3: Apr - June 04	12,659	7,184	5,475	2.1	-20	) <del>-</del>	65-	-34
Q4: July - Sept 04	12,782	7,197	5,585	24	-25	7 -	-55	-32
Total			•	487	620	0.0	01	10
2005					•	9	913/	\$145
5007	000							
QI: Oct - Dec 04	\$13,628	\$7,609	\$6,019	\$29	-\$34	-\$5	\$319	\$315
Q2: Jan - Mar 05	11,565	7,402	4,162	33	-29	т	-163	160
Q3: Apr - June 05	11,243	7,137	4,106	26	-32	۽ ج	-140	166
Q4: July - Sept 05	8,245	7,102	1,143	26	-10	91	20	-133
Total				\$114	-\$106	0.5	-20	4
				LY10	0016-	×	-\$14	-85
2006								
Q1: Oct - Dec 05	\$8,210	\$7,003	\$1,207	\$11	-\$12	S	418	617
Q2: Jan - Mar 06	\$8,344	\$7,059	\$1,284	6\$	-\$15	-\$5	015	/19-
Q3: Apr - June 06	\$8,618	\$7,248	\$1,369	\$11	-\$17	98-	\$34	003
Q4: July - Sept 06	\$8,655	\$7,234	\$1,421	\$13	-\$18	-\$5	. 53	83
i otal				\$44	-\$62	-\$17	\$25	88
2007								
Q1: Oct - Dec 06	\$8,870	\$7,371	\$1,499	\$14	-810	33	9	6
Q2: Jan - Mar 07	\$8,948	\$7,399	\$1.548	\$13	670	9	176	275
O3: Apr - June 07	\$9.018	907.23	61 500	010	076-	-\$4	26	<u>~</u>
O4: July - Sent 07	59.301	07+,70	51,392	\$16	-\$20	-\$4	9\$	\$2
Total	100,/4	170,16	\$1,0/4	\$18	-\$19	-\$1	\$43	\$42
1000				863	-\$77	-\$14	\$81	89\$