

**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 2000.¹ 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.²

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

¹ 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.

² 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.³

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.⁴

Attachments

³ 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 <http://www.treas.gov/press/releases/report3073.htm>

⁴ 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 <http://www.treas.gov/press/releases/report3073.htm>.

Table 1

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)

Fiscal Year Ended 9/30	Transactions with the IMF			Interest Calculations			Valuation		Total (Col. 7+8)	
	Transactions under U.S. Quota (Letter of Credit & Transfers of Reserve Assets) Cumulative		U.S. Loans to IMF (Under SFF, GAB, NAB) Cumulative	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 (Col. 4+5+6)	Valuation Changes on U.S. Reserve Position		
	Col. 1	Col. 2	Col. 3	Col. 4	Col. 5	Col. 6	Col. 7	Col. 8		Col. 9
2004										
Q1: Oct - Dec 03	-\$16,702	\$0	-\$16,702	-\$65	\$78	\$0	\$13	\$903	\$916	
Q2: Jan - Mar 04	-15,886	0	-15,886	-58	79	0	21	-78	-57	
Q3: Apr - June 04	-14,530	0	-14,530	-60	69	0	9	-220	-211	
Q4: July - Sept 04	-13,867	0	-13,867	-67	74	0	7	43	50	
Total				-\$249	\$300	\$0	\$50	\$648	\$698	
2005										
Q1: Oct - Dec 04	-\$12,882	\$0	-\$12,882	-\$73	\$82	\$0	\$9	\$1,026	\$1,035	
Q2: Jan - Mar 05	-9,119	0	-9,119	-\$53	\$88	\$0	\$35	-440	-405	
Q3: Apr - June 05	-9,677	0	-9,677	-\$59	\$71	\$0	\$12	-565	-553	
Q4: July - Sept 05	-7,772	0	-7,772	-\$51	\$75	\$0	\$24	-75	-51	
Total				-\$237	\$316	\$0	\$79	-\$54	\$25	
2006										
Q1: Oct - Dec 05	-2,660	0	-2,660	-\$41	\$69	\$0	\$29	-159	-130	
Q2: Jan - Mar 06	-1,947	0	-1,947	-\$18	\$58	\$0	\$41	69	110	
Q3: Apr - June 06	-2,296	0	-2,296	-\$14	\$40	\$0	\$26	179	205	
Q4: July - Sept 06	-1,023	0	-1,023	-\$12	\$42	\$0	\$30	18	48	
Total				-\$85	\$210	\$0	\$125	\$107	\$232	
2007										
Q1: Oct - Dec 06	658	0	658	\$0	\$36	\$0	\$36	100	136	
Q2: Jan - Mar 07	822	0	822	\$0	\$27	\$0	\$27	18	45	
Q3: Apr - June 07	-548	0	-548	-\$2	\$23	\$0	\$21	21	42	
Q4: July - Sept 07	1,395	0	1,395	-\$2	\$20	\$0	\$18	120	138	
Total				-\$4	\$107	\$0	\$103	\$259	\$362	

Note: Detail may not add to total due to rounding.

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)

Fiscal Year Ended 9/30	Net SDR Holdings			Interest Calculations			Valuation		Total (Col. 6 + 7) Col. 8
	Dollar Value of SDR Holdings	Dollar Value of Cumulative SDR Allocation	Net SDR Holdings (Col. 1 - 2)	Interest Income on Net SDR Holdings	Interest Expense Associated with Financing Cumulative U.S. SDR Transactions	Net Interest Income (Col. 4 + 5)	Valuation Changes		
	Col. 1	Col. 2	Col. 3	Col. 4	Col. 5	Col. 6	Col. 7		
2004									
Q1: Oct - Dec 03	\$12,638	\$7,281	\$5,357	\$20	-\$17	\$3	\$199	\$202	
Q2: Jan - Mar 04	12,645	7,228	5,417	21	-17	5	-39	-34	
Q3: Apr - June 04	12,659	7,184	5,475	21	-20	1	-33	-32	
Q4: July - Sept 04	12,782	7,197	5,585	24	-25	-1	10	10	
Total				\$87	-\$79	\$8	\$137	\$145	
2005									
Q1: 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	3	-163	-160	
Q3: Apr - June 05	11,243	7,137	4,106	26	-32	-6	-149	-155	
Q4: July - Sept 05	8,245	7,102	1,143	26	-10	16	-20	-4	
Total				\$114	-\$106	\$8	-\$14	-\$5	
2006									
Q1: Oct - Dec 05	\$8,210	\$7,003	\$1,207	\$11	-\$12	-\$1	-\$16	-\$17	
Q2: Jan - Mar 06	\$8,344	\$7,059	\$1,284	\$9	-\$15	-\$5	\$10	\$5	
Q3: Apr - June 06	\$8,618	\$7,248	\$1,369	\$11	-\$17	-\$6	\$34	\$29	
Q4: July - Sept 06	\$8,655	\$7,234	\$1,421	\$13	-\$18	-\$5	-\$3	-\$8	
Total				\$44	-\$62	-\$17	\$25	\$8	
2007									
Q1: Oct - Dec 06	\$8,870	\$7,371	\$1,499	\$14	-\$19	-\$5	\$27	\$22	
Q2: Jan - Mar 07	\$8,948	\$7,399	\$1,548	\$15	-\$20	-\$4	\$6	\$1	
Q3: Apr - June 07	\$9,018	\$7,426	\$1,592	\$16	-\$20	-\$4	\$6	\$2	
Q4: July - Sept 07	\$9,301	\$7,627	\$1,674	\$18	-\$19	-\$1	\$43	\$42	
Total				\$63	-\$77	-\$14	\$81	\$68	