

109TH CONGRESS  
1ST SESSION

# H. R. 746

To require Congress to impose limits on United States foreign debt.

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## IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 10, 2005

Mr. CARDIN (for himself, Mr. RANGEL, Mr. LEVIN, Mr. MCDERMOTT, Mr. LEWIS of Georgia, Mr. JEFFERSON, Mr. BECERRA, Mr. LARSON of Connecticut, Mr. NEAL of Massachusetts, and Mr. EMANUEL) introduced the following bill; which was referred to the Committee on Ways and Means

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## A BILL

To require Congress to impose limits on United States foreign debt.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Foreign Debt Ceiling  
5 Act of 2005”.

6 **SEC. 2. FOREIGN DEBT CEILING.**

7 (a) FINDINGS.—Congress makes the following find-  
8 ings:

1           (1) The United States has become the world's  
2 largest net debtor Nation, having run up massive  
3 trade deficits since the 1990s.

4           (2) At the end of 2002, the net United States  
5 foreign debt stood at \$2,553,000,000,000.

6           (3) The United States foreign debt position  
7 worsened in 2003, when the United States had a  
8 record trade deficit of \$489,000,000,000, equivalent  
9 to 4.4 percent of the United States GDP that year.

10          (4) The large and growing United States for-  
11 eign debt represents claims on United States assets  
12 by foreign nationals, which will eventually have to be  
13 repaid. If unchecked, the foreign debt could seriously  
14 undermine our children's future standard of living.

15          (5) Moreover, the growing accumulation of for-  
16 eign claims on United States assets, including over  
17 \$1,200,000,000,000 in United States Treasury secu-  
18 rities, makes the United States economy vulnerable  
19 to the whims of foreign investors.

20          (6) Congress presently places a ceiling on  
21 United States public debt, but does not place a ceil-  
22 ing on United States foreign debt.

23          (7) Just as Congress recognized the importance  
24 of placing a ceiling on the United States public debt,

1 it is appropriate that Congress place a limit on the  
2 United States foreign debt.

3 (b) ACTIONS TRIGGERED BY UNITED STATES FOR-  
4 EIGN DEBT.—

5 (1) IN GENERAL.—Not later than the 15th day  
6 of the second month after the date of enactment of  
7 this Act, and every 3 months thereafter, the United  
8 States Trade Representative shall determine if—

9 (A) the net United States foreign debt for  
10 the preceding 12-month period is more than 25  
11 percent of United States GDP for the same pe-  
12 riod; or

13 (B) the United States trade deficit for the  
14 preceding 12-month period is more than 5 per-  
15 cent of United States GDP for the same period.

16 (2) ACTION BY USTR.—Whenever an affirma-  
17 tive determination is made under paragraph (1) (A)  
18 or (B), the United States Trade Representative  
19 shall—

20 (A) within 15 days after making the deter-  
21 mination, convene an emergency meeting of the  
22 Trade Policy Review Group to develop a plan of  
23 action to reduce the United States trade deficit;  
24 and

1 (B) within 45 days after making the deter-  
2 mination, present to Congress a report detailing  
3 the Trade Policy Review Group's trade deficit  
4 reduction plan.

5 (c) MEASUREMENT OF FOREIGN DEBT.—

6 (1) STATISTICAL SOURCES.—For purposes of  
7 the calculations described in subsection (b)(1), the  
8 United States Trade Representative shall rely on the  
9 most recent period for which the following data,  
10 published by the Department of Commerce, is avail-  
11 able:

12 (A) In the case of United States foreign  
13 debt, the United States Trade Representative  
14 shall use the net international investment posi-  
15 tion of the United States, with direct invest-  
16 ment positions determined at market value, as  
17 compiled by the Bureau of Economic Analysis.

18 (B) In the case of the United States trade  
19 deficit, the United States Trade Representative  
20 shall use the goods and services trade deficit  
21 data compiled by the United States Census Bu-  
22 reau.

23 (C) In the case of the United States GDP,  
24 the United States Trade Representative shall

1 use the nominal gross domestic product data  
2 compiled by the Bureau of Economic Analysis.

3 (2) ADJUSTMENT.—The United States Trade  
4 Representative may adjust the data described in  
5 paragraph (1) to ensure that the determination is  
6 made for comparable time periods.

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