

109TH CONGRESS
1ST SESSION

S. 355

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

IN THE SENATE OF THE UNITED STATES

FEBRUARY 10, 2005

Mr. DORGAN (for himself and Mrs. CLINTON) introduced the following bill;
which was read twice and referred to the Committee on Foreign Relations

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:

9 (1) The United States has become the world’s
10 largest net debtor Nation, having run up massive
11 trade deficits since the 1990s.

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

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

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

12 (5) Moreover, the growing accumulation of for-
13 eign claims on United States assets, including over
14 \$1,200,000,000,000 in United States Treasury secu-
15 rities, makes the United States economy vulnerable
16 to the whims of foreign investors.

17 (6) Congress presently places a ceiling on
18 United States public debt, but does not place a ceil-
19 ing on United States foreign debt.

20 (7) Just as Congress recognized the importance
21 of placing a ceiling on the United States public debt,
22 it is appropriate that Congress place a limit on the
23 United States foreign debt.

24 (b) ACTIONS TRIGGERED BY UNITED STATES FOR-
25 EIGN DEBT.—

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

5 (A) the net United States foreign debt for
6 the preceding 12-month period is more than 25
7 percent of United States GDP for the same pe-
8 riod; or

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

12 (2) ACTION BY USTR.—Whenever an affirma-
13 tive determination is made under paragraph (1) (A)
14 or (B), the United States Trade Representative
15 shall—

16 (A) within 15 days of the determination,
17 convene an emergency meeting of the Trade
18 Policy Review Group to develop a plan of action
19 to reduce the United States trade deficit; and

20 (B) within 45 days of the determination,
21 present to Congress a report detailing the
22 Trade Policy Review Group’s trade deficit re-
23 duction plan.

24 (c) MEASUREMENT OF FOREIGN DEBT.—

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

7 (A) In the case of United States foreign
8 debt, the United States Trade Representative
9 shall use the net international investment posi-
10 tion of the United States, with direct invest-
11 ment positions determined at market value, as
12 compiled by the Bureau of Economic Analysis.

13 (B) In the case of the United States trade
14 deficit, the United States Trade Representative
15 shall use the goods and services trade deficit
16 data compiled by the United States Census Bu-
17 reau.

18 (C) In the case of the United States GDP,
19 the United States Trade Representative shall
20 use the nominal gross domestic product data
21 compiled by the Bureau of Economic Analysis.

22 (2) ADJUSTMENT.—The United States Trade
23 Representative may adjust the data described in

- 1 paragraph (1) to ensure that the determination is
- 2 made for comparable time period.

○