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OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE

Docket No. USTR-2025-0006

Notice of Determination and Request for Comments Concerning Action Pursuant to Section 301: Nicaragua's Acts, Policies, and Practices Related to Labor Rights, Human Rights and Fundamental Freedoms, and the Rule of Law

AGENCY: Office of the United States Trade Representative.

ACTION: Notice of determination and request for comments.

SUMMARY: The United States Trade Representative (U.S. Trade Representative) has determined that Nicaragua's acts, policies, and practices related to labor rights, human rights and fundamental freedoms, and the rule of law are unreasonable and burden or restrict U.S. commerce, and are therefore actionable under Section 301 of the Trade Act of 1974. The U.S. Trade Representative is proposing a range of actions, including but not limited to suspension, withdrawal, or prevention of application of benefits of the Dominican Republic-Central America-United States Free Trade Agreement (CAFTA-DR) to Nicaragua, and additional duties of up to 100 percent on some or all products of Nicaragua. The Office of the U.S. Trade Representative (USTR) seeks public comments on these proposed actions.

DATES: To be assured of consideration, the following schedule applies:

November 19, 2025: Due date for written comments.

ADDRESS: Submit documents in response to this notice, including written comments, through the online USTR portal at: https://comments.ustr.gov/s/. The docket number for comments is USTR-2025-0006.

FOR FURTHER INFORMATION CONTACT: For procedural questions concerning comments, contact the USTR Section 301 support line at (202) 395-5725. Direct all other questions regarding this notice to Philip Butler, Chair of the Section 301 Committee, Leigh Bacon, Chief Counsel for Negotiations, Legislation, and Administrative Law, or Nathaniel Halvorson, Deputy Assistant U.S. Trade Representative for Monitoring & Enforcement, at (202) 395-5725.

SUPPLEMENTARY INFORMATION:

I. Proceedings in the Investigation

On December 10, 2024, the U.S. Trade Representative initiated an investigation regarding Nicaragua's acts, policies, and practices related to labor rights, human rights, and the rule of law pursuant to 302(b)(1) of the Trade Act of 1974, as amended (Trade Act) (19 U.S.C. 2412(b)(1)). *See* 89 FR 101088 (December 13, 2024). The notice of initiation solicited written comments on, *inter alia*: Nicaragua's acts, policies, and practices related to labor rights, human rights, and the rule of law; whether Nicaragua's acts, policies, and practices related to labor rights, human rights, and the rule of law are unreasonable or discriminatory; whether Nicaragua's acts, policies, and practices burden or restrict U.S. commerce, and if so, the nature and level of the burden or restriction; and what action, if any, should be taken.

Interested persons filed over 160 written comments. In addition, USTR and the Section 301 Committee convened a public hearing on January 16, 2025, during which witnesses provided testimony and responded to questions. The public submissions are available at: https://comments.ustr.gov/s/ in docket number USTR-2024-0021, and a transcript of the hearing is available on USTR's website.

On December 10, 2024, the U.S. Trade Representative requested consultations with the Government of Nicaragua pursuant to Section 303(a) of the Trade Act (19 U.S.C. 2413(a)). The Government of Nicaragua has declined to hold consultations regarding the investigation under the statutory framework.

Based on information obtained during the investigation, including the public submissions and the public hearing, USTR and the Section 301 Committee have prepared a comprehensive report on the acts, policies, and practices under investigation. The report supports a determination that Nicaragua's acts, policies, and practices with respect to labor rights, human rights and fundamental freedoms, and the rule of law are unreasonable and burden or restrict U.S. commerce. The report is available on USTR's website.

II. Nicaragua's Abuses of Labor Rights, Human Rights and Fundamental Freedoms, and the Dismantling of Rule of Law Protections Against Arbitrary Actions

As detailed in the Section 301 report, Nicaragua has engaged in increasingly pervasive abuses of labor rights, as well as human rights and fundamental freedoms, and has systematically dismantled rule of law protections against arbitrary government action.

First, the Ortega-Murillo regime has committed or allowed a number of *abuses of internationally recognized labor rights*. These include repression of freedom of association and collective bargaining; interference in worker and employer organizations; seizure of assets and removal of citizenship of members of worker and employer organizations; arbitrary dismissals and arrests; child and forced labor; human trafficking; and workplace abuses, including wage deductions and theft, and retaliation for claiming rights violations. For example, the Government of Nicaragua controls all major unions, effectively nullifying the right of workers to join independent unions of their choosing, and has arrested and harassed union members to prevent them from organizing freely. The most recent data shows that 47 percent of Nicaraguan children between 10 and 14 years of age are working, including in gold mining operations, production of gravel and crushed stones, and quarrying of pumice.

Second, the Ortega-Murillo regime engages in *abuses of human rights and fundamental freedoms*, including against U.S. persons and property. The regime has repressed religious organizations through the forced closure and seizures of institutions and properties, including, for example, in August 2023, when Nicaragua closed—and

seized—the Jesuit-run University of Central America and, in 2024, when Nicaragua arrested and tried the leaders of, and expropriated the property interests of, Nicaragua's largest U.S.-based evangelical church.

Third, the Ortega-Murillo regime has engaged in the *dismantling of the rule of law* in Nicaragua. This includes imposing arbitrary or incorrect fines, taxes, customs inspections, and rulings; revoking the legal status of prominent business organizations; and seizing property interests without legal recourse.

III. Determination on the Acts, Policies, and Practices Under Investigation

Based on the information obtained during the investigation, reflected in the public report on the findings in the investigation, and taking account of public comments and the advice of the Section 301 Committee and advisory committees, the U.S. Trade Representative has made the following determination under sections 301(b) and 304(a) of the Trade Act (19 U.S.C. 2411(b) and 2414(a)): the acts, policies, and practices covered in the investigation are unreasonable and burden or restrict U.S. commerce, and are thus actionable under section 301(b) of the Trade Act.

A. Nicaragua's Acts, Policies, and Practices Related to Labor Rights, Human Rights and Fundamental Freedoms, and Rule of Law Are Unreasonable

The acts, policies, and practices of Nicaragua related to abuses of labor rights, human rights and fundamental freedoms, and dismantling the rule of law are unreasonable within the meaning of the Section 301 statute for several reasons.

First, Nicaragua's acts, policies, and practices are fundamentally unfair and incompatible with norms against abuses of labor rights, human rights and fundamental freedoms, and the rule of law. These acts, policies, and practices run counter to basic norms and principles of fairness, human rights (including security of persons and property, and freedom of association and religion) and the rule of law. Second, Nicaragua's acts, policies, and practices are contrary to the norms, rules, and rights reflected in Nicaragua's own laws and constitution. Third, they are unreasonable in light of regional and international labor and human rights conventions, instruments, agreements, or treaties to which Nicaragua itself is party and that establish norms against the kind of acts, policies, and practices undertaken by Nicaragua's government.

B. Nicaragua's Acts, Policies, and Practices Related to Labor Rights, Human Rights and Fundamental Freedoms, and the Rule of Law Burden or Restrict U.S. Commerce

Nicaragua's acts, policies, and practices related to labor rights, human rights and fundamental freedoms, and the rule of law burden or restrict U.S. commerce. Through these acts, policies, and practices, Nicaragua has exploited its own workers resulting in unfair conditions of competition, confiscated the property interests of domestic and foreign religious institutions and U.S. persons or businesses, and created a high-risk environment for U.S. companies investing and conducting business in the country.

First, Nicaragua's acts, policies, and practices harm both Nicaraguans directly and U.S. workers and businesses indirectly through exploitation of workers resulting in unfair competition. For example, Nicaragua's exploitation of workers by denying basic labor

rights suppresses Nicaraguan workers' wages and results in artificially low-cost Nicaraguan products, to the detriment of U.S. workers and businesses.

Second, Nicaragua's acts, policies, and practices negatively impact the Nicaraguan economy and market, with lost sales and exports for U.S. enterprises seeking to access or operate in Nicaragua's market. For example, Nicaragua's labor rights violations exploit workers, lowering worker wages and promoting unfair competition, which leads to lost sales by U.S. companies, weakens Nicaragua's economy by diminishing worker participation and productivity, and disincentivizes companies from investing and doing business in Nicaragua.

Third, Nicaragua's acts, policies, and practices lead to lost investment and commercial opportunities for U.S. workers and companies, including through the creation of a high-risk environment to invest or conduct business. For example, Nicaragua's attacks on religious freedom have led to unlawful closure and seizure of religious institutions and properties, including of U.S. churches. Likewise, Nicaragua's dismantling of rule of law protections against arbitrary government action has led to diminished investment, exports, and business activity by U.S. companies, higher costs through unjust fines, taxes, or corruption, and lost revenues (or increased costs) through lack of enforcement of court rulings.

IV. Proposed Action to Be Taken in the Investigation

Section 301(b) provides that upon determining that the acts, policies, and practices under investigation are actionable and that action is appropriate, the U.S. Trade

Representative shall take all appropriate and feasible action authorized under section 301(c), subject to the specific direction, if any, of the President regarding such action, and all other appropriate and feasible action within the power of the President that the President may direct the U.S. Trade Representative to take under section 301(b), to obtain the elimination of that act, policy, or practice.

Section 301(c) of the Trade Act authorizes the U.S. Trade Representative to take certain actions for purposes of carrying out the provisions of Section 301(b). For example, Section 301(c)(1)(A) authorizes the U.S. Trade Representative to "suspend, withdraw, or prevent the application of, benefits of trade agreement concessions to carry out a trade agreement with the foreign country referred to in such subsection." Section 301(c)(1)(B) also authorizes the U.S. Trade Representative to ''impose duties or other import restrictions" on the goods of the foreign country subject to the investigation.

Pursuant to Sections 301(b) and (c), the U.S. Trade Representative proposes to determine that action is appropriate and that appropriate action would include:

- suspending the application of all Dominican Republic-Central America-United States Free Trade Agreement (CAFTA-DR) benefits to Nicaragua, including tariff concessions and cumulation of Nicaraguan content for other CAFTA-DR partners, immediately or phased in over a period of time up to 12 months;
- suspending the application of some CAFTA-DR benefits to Nicaragua, including tariff concessions and cumulation of Nicaraguan content for other CAFTA-DR partners, immediately or phased in over a period of time up to 12 months;

- applying tariffs of up to 100 percent on all Nicaraguan imports, immediately or phased in over a period of time up to 12 months;
- applying tariffs of up to 100 percent on some Nicaraguan imports immediately, with tariffs for selected sectors phased in over a period of time up to 12 months.

V. Request for Public Comments

In accordance with section 304(b) of the Trade Act (19 U.S.C. 2414(b)), USTR invites comments from interested persons with respect to the appropriate action to be taken. To be assured of consideration, you must submit written comments on the proposed action by November 19, 2025, in accordance with the instructions in section VI below.

With respect to the proposed action, USTR invites comments regarding:

- The suspension of the application of CAFTA-DR benefits to Nicaragua, including tariff concessions and cumulation of Nicaraguan content for other CAFTA-DR partners, and the effective date of such suspension.
- The application of increased tariffs on Nicaraguan imports, including the level of increase and the effective date of any increase for specific sectors.

In commenting on the timing of increased duties for specific sectors, USTR requests that commenters specifically address whether imposing increased duties on particular sectors or suspending or withdrawing concessions on a particular sector, would be practicable or effective to obtain the elimination of Nicaragua's acts, policies, and

practices or would cause disproportionate economic harm to U.S. interests, including small- or medium-size businesses and consumers.

Additional instructions on how to submit written comments are provided in section VI below.

VI. Procedures for Written Submissions

You must submit written comments using the appropriate docket on the portal at https://comments.ustr.gov/s/. All submissions must be in English. To submit written comments, use the docket on the portal entitled "Request for Comments Concerning Proposed Action Pursuant to the Section 301 Investigation of Nicaragua's Acts, Policies, and Practices Related to Labor Rights, Human Rights and Fundamental Freedoms, and Rule of Law", docket number USTR–2025–0006.

You do not need to establish an account to submit comments. The first screen of each docket allows you to enter identification and contact information. Third party organizations such as law firms, trade associations, or customs brokers, should identify the full legal name of the organization they represent, and identify the primary point of contact for the submission. Information fields are optional; however, your comment or request may not be considered if insufficient information is provided.

Fields with a gray Business Confidential Information (BCI) notation are for BCI information which will not be made publicly available. Fields with a green (Public) notation will be viewable by the public.

After entering the identification and contact information, you can complete the remainder of the comment, or any portion of it by clicking "Next." You may upload documents at the end of the form and indicate whether USTR should treat the documents as business confidential or public information.

Any page containing BCI must be clearly marked 'BUSINESS CONFIDENTIAL' on the top of that page and the submission should clearly indicate, via brackets, highlighting, or other means, the specific information that is BCI. If you request business confidential treatment, you must certify in writing that disclosure of the information would endanger trade secrets or profitability, and that the information would not customarily be released to the public.

Parties uploading attachments containing BCI also must submit a public version of their comments. If these procedures are not sufficient to protect BCI or otherwise protect business interests, please contact the USTR Section 301 support line at (202) 395-5725 to discuss whether alternative arrangements are possible.

USTR will post attachments uploaded to the docket for public inspection, except for properly designated BCI. You can view submissions on USTR's electronic portal at https://comments.ustr.gov/s/.

Jennifer Thornton,

General Counsel,

Office of the United States Trade Representative.