SECTION 301 INVESTIGATION

REPORT ON NICARAGUA'S ACTS, POLICIES, AND PRACTICES RELATED TO LABOR RIGHTS, HUMAN RIGHTS AND FUNDAMENTAL FREEDOMS, AND THE RULE OF LAW

October 20, 2025

OFFICE *of the* U.S. TRADE REPRESENTATIVE

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EXECUTIVE SUMMARY

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

As set out in this Report, the Ortega-Murillo regime is engaged in unreasonable acts, policies, and practices that burden and restrict commercial opportunities for U.S. companies in Nicaragua. Nicaragua engages in increasingly pervasive abuses of labor rights, restrictions on the right to property and religious freedom, and the elimination of rule of law protections against manifestly arbitrary government conduct. These acts, policies, and practices run contrary to basic norms of fairness, human rights, and public order, as well as contrary to Nicaragua's own laws and constitution, and various regional and international instruments to which Nicaragua is a party. 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.

Since Daniel Ortega and his wife Rosario Murillo, who also served as his Vice President, declared victory on November 7, 2021, in elections that have been widely condemned as illegitimate, the Ortega-Murillo regime has engaged in persistent attacks on labor rights, human rights and fundamental freedoms, and rule of law protections to achieve its authoritarian objectives. In January and February 2025, the regime further concentrated its power by amending the constitution and installing Murillo as Co-President. More than 700,000 Nicaraguans reportedly have emigrated for political and economic reasons since 2018, leading Nicaragua to become one of the most remittance-dependent economies in the world. Some of those Nicaraguans have sought asylum in neighboring Costa Rica, and some have sought entry into the United States.[1] As the U.S. Government has reported in various reports and publications, the regime has engaged in a variety of illegal and abusive actions that constitute gross violations of human rights including cruel, degrading, and inhuman treatment of political prisoners, extrajudicial killings, and torture of its citizens and foreign residents; the repression of religious groups and civil society; restrictions on freedom of expression and association; and violence against targeted civilian groups.[2] This Section 301 investigation has elicited additional

[1] Karla I. Rios, Congressional Research Service, *Nicaragua: In Brief* at 2 (Dec. 4, 2024).

[2] *See, e.g.*, U.S. Dept. of State, *2025 Report on Nicaragua's Investment Climate*, *available at* https://www.state.gov/reports/2025-investment-climate-statements/nicaragua ("Investors should exercise extreme caution and due diligence when investing in Nicaragua. On January 30, 2025, the country's National Assembly ratified a sweeping constitutional rewrite that abolished judicial independence. Investors should have no expectation of the fair application of the rule of law or a predictable business environment in Nicaragua. Nicaraguan authorities continue to unjustly detain political prisoners, forcibly exile citizens, unjustly seize private property, and disregard and dismantle the rule of law, creating an investment climate rife with reputational risk and arbitrary regulation."); U.S. Dept. of Commerce, *Nicaragua – Country Commercial Guide*, *Market Challenges*, *available at* https://www.trade.gov/country-commercial-guides/nicaragua-market-challenges ("The United States is Nicaragua's largest trading partner, the source of roughly one-third of Nicaraguan imports and the destination for approximately two-thirds of Nicaraguan exports. Nicaragua's economy continues to suffer from an ongoing political crisis. The crisis began following President Daniel Ortega and Vice President Rosario Murillo's violent repression of peaceful demonstrations in April 2018 and deepened in 2021 as the regime jailed political opponents and private sector leaders, shuttered independent civil society organizations, and oversaw a rigged presidential election. The regime's

direct evidence of such human rights abuses, which the Office of the U.S. Trade Representative (USTR) is referring to the U.S. Department of State for further investigation, action, and advocacy.

II. Section 301 Findings on the Regime's Repressive Acts, Policies, and Practices

A. Section 301 Framework

The results of this investigation indicate that Nicaragua's repressive acts, policies, and practices, including the regime's abuses of labor rights, human rights and fundamental freedoms, and dismantling of rule of law, are actionable under Section 301 because they (1) are unreasonable and (2) burden or restrict U.S. commerce. Based upon a finding of actionability, the U.S. Trade Representative (Trade Representative) may propose responsive actions, subject to the direction of the President.

1. Unreasonable Acts, Policies, and Practices

To achieve its authoritarian objectives, 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 actions. USTR's Section 301 investigation and Report sets out findings on how these acts, policies, and practices are unreasonable because they are contrary to basic norms of fairness, human rights, and public order, as well as contrary to Nicaragua's own laws and constitution, and various regional, international, and intergovernmental conventions, agreements, and treaties.

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. These violations are exacerbated by the government's closure of civil society organizations that provide services to prevent child and forced labor and support victims. The most recent data shows that 47 percent of Nicaraguan children between the ages of 10 and 14 are working, and that Nicaraguan children are performing hazardous work, including in gold mining operations, production of gravel and crushed stones, and quarrying of pumice.

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authoritarian crackdown has undermined Nicaragua's democracy, reduced consumer purchasing power, and eroded investor confidence."); U.S. Dept. of State, *2025 Country Reports on Human Rights Practices: Nicaragua*, *available at* https://www.state.gov/wp-content/uploads/2025/08/624521_nicaragua-2024-human-rights-report.pdf ("The human rights situation in Nicaragua worsened during the year. The government intensified attacks on civil liberties and also violated religious liberty by harassing and detaining churchgoers and religious leaders. Significant human rights issues included credible reports of: arbitrary or unlawful killings; disappearances; torture or cruel, inhuman, or degrading treatment or punishment; arbitrary arrest and detention; transnational repression against individuals in another country; serious restrictions on freedom of expression and media freedom, including violence or threats of violence against journalists, unjustified arrests or prosecution of journalists, censorship, and serious restrictions on internet freedom; restrictions on religious freedom; trafficking in persons, including forced labor; significant restrictions on workers' freedom of association; and worst forms of child labor.").

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 *Universidad Centroamericana* (University of Central America or UCA) and, in 2024, when arresting, trying the leaders of, and expropriating the property interests of one of Nicaragua's largest U.S.-based evangelical churches.

Third, the Ortega-Murillo regime has engaged in the *dismantling of the rule of law* in Nicaragua. This includes undermining the independence of the courts and the legislature; 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.

2. Burdens or Restricts U.S. Commerce

USTR's Section 301 investigation and Report sets out findings on how Nicaragua's repressive acts, policies, and practices with respect to labor rights, human rights and fundamental freedoms, and dismantling of rule of law protections against arbitrary actions, burden or restrict U.S. commerce in several respects.

Through its 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. These acts, policies, and practices lower economic welfare, opportunity, and growth, as well as increase reputational risk and costs for doing business in Nicaragua.

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. Nicaragua's attacks on religious freedom have led to unlawful closure and seizure of religious institutions and properties, including of U.S. churches. Nicaragua's dismantling of rule of law 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.

Nicaragua's acts, policies, and practices thus burden or restrict U.S. commerce through their direct and indirect impacts on U.S. workers and businesses.

B. Proposed Actions as a Result of Section 301 Findings

Upon a finding that Nicaragua's abuses of labor rights, human rights and fundamental freedoms, and dismantling of rule of law protections are unreasonable and burden or restrict U.S. commerce, Section 301 authorizes the Trade Representative to take all appropriate and feasible action, subject to the direction of the President, to obtain the elimination of those acts, policies,

and practices. Responsive actions may include applying tariffs, quotas, import restrictions, or fees on services.

Because the findings in this Report support an actionability determination under Section 301, responsive action would be appropriate to obtain elimination of the acts, policies, and practices by the Ortega-Murillo regime. Accordingly, this Report recommends that the Trade Representative consider a series of potential responsive actions:

1. Suspend 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.

2. Suspend 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.

3. Apply tariffs up to 100 percent on all Nicaraguan imports, immediately or phased in over a period of up to 12 months.

4. Apply tariffs 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.

The Trade Representative, advised by other agencies in the Section 301 Committee, may determine what responsive action would create appropriate incentives to obtain the elimination of Nicaragua's acts, policies, and practices relating to abuses of labor rights, human rights and fundamental freedoms, and dismantling of rule of law protections against arbitrary actions.

I. BACKGROUND

On December 10, 2024, the Trade Representative initiated an investigation into Nicaragua's acts, policies, and practices related to labor rights, human rights, and the rule of law under section 302(b)(1)(A) of the Trade Act of 1974, as amended (Trade Act).[3] This investigation involves a determination of whether the acts, policies, and practices at issue, namely, whether Nicaragua's acts, policies, and practices related to abuses of labor rights, human rights and fundamental freedoms, and the dismantling of rule of law protections, are actionable under section 301 of the Trade Act, and if so, what action to take, if any, under section 301. This Report provides findings relevant to a determination of actionability under section 301.

A. INITIATION OF THE INVESTIGATION

Pursuant to Section 302(b)(1) of the Trade Act, after receiving the advice of the Section 301 Committee, the Trade Representative determined to initiate an investigation regarding Nicaragua's acts, policies, and practices related to labor rights, human rights, and the rule of law. On December 10, 2024, the Trade Representative requested consultations with the Government of Nicaragua pursuant to Section 303(a) of the Trade Act. The Government of Nicaragua has declined to hold consultations regarding the investigation under the statutory framework.

B. RELEVANT ELEMENTS OF SECTION 301

USTR initiated this investigation pursuant to Section 301(b) of the Trade Act. Under Section 301(b), actionable matters include acts, policies, and practices of a foreign country that are unreasonable or discriminatory and burden or restrict U.S. commerce.[4]

The term "unreasonable" denotes, in its ordinary sense, something that is not based upon reason, good sense, or sound judgment, is absurd, or is excessive in amount or degree.[5] Section 301 provides that an "unreasonable" act, policy, or practice includes an act, policy, or practice that "while not necessarily in violation of, or inconsistent with, the international legal rights of the United States is otherwise unfair and inequitable."[6] Section 301 further clarifies:

> Acts, policies, and practices that are unreasonable include, but are not limited to, any act, policy, or practice, or any combination of acts, policies, or practices, which-

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[3] *Initiation of Section 301 Investigation, Hearing, and Request for Public Comments: Nicaragua's Acts, Policies, and Practices Related to Labor Rights, Human Rights, and Rule of Law*, 89 Fed. Reg. 101,088 (U.S. Trade Rep., Dec. 13, 2024) (hereinafter *Initiation Notice*).

[4] *See* Section 301(b)(1).

[5] Oxford English Dictionary, "unreasonable" (definition 3: "Of an idea, attitude, action, etc.: not guided by, or based upon, reason, good sense, or sound judgement; illogical"; definition 2: "Not within the limits of what would be rational or sensible to expect; excessive in amount or degree") (available at oed.com/dictionary/unreasonable); Merriam-Webster Dictionary, "unreasonable" (1.a: "not governed by or acting according to reason"; b: "not conformable to reason : absurd"; 2: "exceeding the bounds of reason or moderation") (available at https://www.merriam-webster.com/dictionary/unreasonable).

[6] *See* Section 301(d)(3)(A).

(i) denies fair and equitable-

(I) opportunities for the establishment of an enterprise,

. . .

(IV) market opportunities, including the toleration by a foreign government of systematic anticompetitive activities by enterprises or among enterprises in the foreign country that have the effect of restricting, on a basis that is inconsistent with commercial considerations, access of United States goods or services to a foreign market, [or]
(iii) constitutes a persistent pattern of conduct that-

(I) denies workers the right of association,

(II) denies workers the right to organize and bargain collectively,

(III) permits any form of forced or compulsory labor,

(IV) fails to provide a minimum age for the employment of children, or

(V) fails to provide standards for minimum wages, hours of work, and occupational safety and health of workers[.][7]

Pursuant to Section 304 of the Trade Act, the Trade Representative must determine on the basis of the investigation whether any act, policy, or practice described under Section 301(b) exists. If that determination is affirmative, the Trade Representative will determine whether action is appropriate, and if so, what action to take.[8]

C. FOCUS OF THE INVESTIGATION

The *Initiation Notice* describes the initial focus of the investigation:[9]

> *(1) Evidence indicates that the Government of Nicaragua has committed or allowed violations and abuses of internationally recognized labor rights. Actions related to such abuses and violations include: the ruling party's use of control over major unions to harass and intimidate workers; repression of freedom of association; elimination of workers' right to organize and join independent unions of their choice; routine violations of collective bargaining and labor laws with impunity; interference in worker and employer organizations; seizure of assets and steps to remove the citizenship of members of worker and employer organizations; dissolution of at least 19 labor unions; arbitrary dismissals, arrests, and imprisonment of key union leaders; child and forced labor; human trafficking; discrimination against women and on the basis of political opinion; negligence in protecting health in the workplace; wage*

[7] *See* Section 301(d)(3)(B).

[8] *See* Section 304(a)(1)(B).

[9] *See Initiation of Section 301 Investigation, Hearing, and Request for Public Comments: Nicaragua's Acts, Policies, and Practices Related to Labor Rights, Human Rights, and Rule of Law*, 89 Fed. Reg. 101,088 (U.S. Trade Rep., Dec. 13, 2024).

deductions and theft; and retaliation for claiming rights violations. The Government's arbitrary closure of civil society organizations that provide services to prevent child and forced labor and support victims exacerbates labor rights violations and abuses.

(2) Evidence indicates that the Government of Nicaragua has committed human rights violations against citizens of Nicaragua and foreign residents, including through political imprisonments, arrests, banishments, property expropriation (including property belonging to U.S. citizens), and efforts to arbitrarily strip citizens of their Nicaraguan nationality. The Government of Nicaragua systematically has cancelled the legal status of, thereby closing, religious institutions and faith-based humanitarian organizations, independent higher education institutions, and thousands of non-governmental organizations (NGOs) under spurious accusations. As a result of these arbitrary closures, the Government of Nicaragua has expropriated the assets and properties of these organizations and institutions. There is credible reporting that the Government of Nicaragua has engaged in the cruel, degrading, and inhuman treatment of political prisoners, extrajudicial killings, and torture of its citizens and foreign residents. The Government of Nicaragua also has severely restricted the exercise of freedoms of expression, movement, and religion or belief (including by taking steps to strip Nicaraguan clergy and religious actors of their citizenships, hounding Nicaraguan and foreign resident religious actors into exile, confiscating property, and punishing free expression of religion or belief with unjust detention, reprisals, and threats). The Government of Nicaragua has suppressed democracy, and committed violence against members of minority groups, including members of Indigenous and Afro-descendant communities, primarily located in the Caribbean Autonomous regions. The Government encourages illegal encroachment on protected lands, including those belonging to Indigenous communities, for mining and cattle ranching.

(3) Evidence indicates that the Government of Nicaragua has dismantled rule of law in Nicaragua, including a radical rewriting of the national constitution that centralizes power in the presidency and nullifies the independence of the courts and the legislature. The Government of Nicaragua engages in arbitrary or partial administration of law; imposes arbitrary or incorrect fines, taxes, customs inspections, and rulings; has revoked the legal status of at least 151 prominent business chambers and associations, including the American Chamber of Commerce; and engages in indiscriminate seizures of property. The regime has used inspections, reregistration fees, and historical tax audits in a prejudicial manner towards U.S. and foreign firms to benefit domestic competitors and has impeded the flow of assets out of the country when these companies decide to exit the market.

(4) Evidence indicates that Nicaragua's labor and human rights violations and dismantling of rule of law, taken jointly or separately, may, directly or indirectly, impact U.S. workers and companies, including through the exploitation of workers, harming both Nicaraguans directly and U.S. workers and businesses indirectly through unfair competition; by negatively impacting the Nicaraguan economy and market, with lost sales and exports for U.S. enterprises; and by lost investment and business opportunities for U.S. workers and companies, including through the creation of a high-risk environment to invest or conduct business.

In addition, the *Initiation Notice* invited interested parties to "submit for consideration information on other acts, policies, and practices of Nicaragua related to labor rights, human rights, and rule of law that might be included in this investigation."

D. INPUT FROM THE PUBLIC

USTR provided the public and interested persons with opportunities to present their views through a public comment process and through a public hearing. On January 16, 2025, the Section 301 Committee held a public hearing in the main hearing room of the U.S. International Trade Commission. Witnesses with varied interests and perspectives testified and responded to questions from the interagency Section 301 Committee, including many activists and former political prisoners who have had their citizenship stripped and been banished from Nicaragua. The transcript of the hearing is available on USTR's website.[10] USTR received more than 160 comments and rebuttal comments.[11]

1. Public Comments

Public comments, including testimony from witnesses and responses to questions from the Section 301 Committee, included statements such as the following:

Labor Rights:

- Statements detailing systemic violations of CAFTA-DR principles by the Ortega-Murillo regime, including breaches of labor rights, environmental standards, and market access rules; citing forced overtime, unsafe working conditions, elimination of unions, environmental damages, and the Ortega-Murillo regime's alignment with China; and urging USTR to initiate a comprehensive review of Nicaragua's CAFTA-DR benefits and to suspend trade privileges until reforms are made.[12]

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[10] *Hearing on Section 301 Investigation: Nicaragua's Acts, Policies, and Practices Related to Labor Rights, Human Rights, and Rule of Law, Before the Section 301 Committee*, https://site.ustr.gov/sites/default/files/enforcement/NicaraguaSection301HearingTranscript.pdf.

[11] *Request for Comments on the Section 301 Investigation of Nicaragua's Acts, Policies, and Practices Related to Labor Rights, Human Rights, and Rule of Law*, U.S. TRADE REPRESENTATIVE, https://comments.ustr.gov/s/docket?docketNumber=USTR-2024-0021.

[12] USTR-2024-0021-00109292-CAT-4822-Public Document, "Institutional Comment on the Necessity for a Comprehensive Review of Nicaragua's Participation in CAFTA-DR, Presented by Félix Maradiaga President, Fundación para la Libertad de Nicaragua (January 7, 2025)."

- Statements that labor rights violations have increased, including by withdrawing and denying legal recognition of unions; unjustified terminations in schools and healthcare institutions; using force to end strikes; and discrimination based on political affiliations. Numerous additional statements expressing further concern that the Nicaraguan legal system is controlled by influential business owners and is not protecting the people.[13]

- Confidential statements asserting first-hand experience of labor rights abuses in sectors directly involved in U.S. trade.

Human rights and fundamental freedoms:

- Statements accompanying a report detailing that in August 2023, the Nicaraguan government arbitrarily confiscated the assets of the Central American University and accused it of being a "center of terrorism," harassing and persecuting staff and preventing the education of students; and a second report describing how Nicaragua facilitates irregular migration through the use of charter flights so that migrants from Africa, Asia, and other regions use Nicaragua as a gateway to Central America and the United States, thereby encouraging human trafficking networks that exploit vulnerable migrants and undermine regional stability.[14]

- Statements from U.S.-based organizations, such as the evangelical organization Mountain Gateway, whose personnel were arrested and tried without cause and whose U.S.-citizen-president alleges that Nicaraguan authorities have seized more than five million USD in U.S.-owned properties and assets.[15]

Rule of Law:

- Reports of arbitrary fines, taxes, and customs duties imposed with no legal basis, including penalties for non-payment such as seizure of private property and imprisonment, impacting U.S. companies and companies owned by U.S. citizens.

- Reports of widespread and indiscriminate seizures of property accomplished by revoking the legal status of individuals or organizations, with no recourse due to the closure of business associations and lack of access to an independent judicial system.

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[13] USTR-2024-0021-00109362-CAT-4893-Public Document, "Informe sobre la Investigación de Leyes, Políticas y Prácticas de Nicaragua Relacionadas con los Derechos Laborales, los Derechos Humanos y el Estado de Derecho (Report on the Investigation of Laws, Policies and Practices in Nicaragua Related to Labor Rights, Human Rights and the Rule of Law)."

[14] USTR-2024-0021-00109433-CAT-4946-Public Document, Comments of Jonathan Sanchez, Proyecto Patriota, "Report on the Use of Charter Flights and Human Trafficking by the Sandinista Regime in Nicaragua" (Jan. 8, 2025).

[15] Mountain Gateway, *Initiation of Section 301 Investigation, Hearing, and Request for Public Comments: Nicaragua's Acts, Policies, and Practices Related to Labor Rights, Human Rights, and Rule of Law,* Docket No.: USTR-2024-0021 (Jan. 8, 2025).

- Complaints regarding arbitrary expropriation, including the Ortega-Murillo regime's use of paramilitary forces to seize property of groups that do not support it, particularly in the business community and including U.S. persons or property.

Public testimony at the Section 301 hearing also included descriptions of (1) Nicaragua's "practices [that] facilitate unfair competition favorable to the Ortega-Murillo regime," (2) how "expropriation of small and large businesses [has] taken place since 2018," and (3) "tax extortion" and "harassment against businesses that establish relationships or business activities with businesses and operations in the free trade zone."[16]

Other comments, statements, and testimony emphasized similar observations, concerns and experiences. Some commenters emphasized the importance of the U.S.-Nicaragua bilateral trade relationship, notwithstanding the deterioration of rights and laws, in light of the highly integrated supply chain throughout the CAFTA-DR region and the significance of U.S.-Nicaragua trade, particularly in textiles and agricultural products, including rice.[17] These comments emphasized mutual benefits from the bilateral trading relationship with Nicaragua and that any changes in either market would significantly impact the other, and in some cases, other partners in the CAFTA-DR region. Several of these comments also noted the presence of Chinese state-backed competition in Nicaragua, observing that China would seek to exploit any further market opportunities in Nicaragua as an entry point to replace U.S. business in the CAFTA-DR region.

2. Further Investigation, Action, and Advocacy Regarding Extreme Violations of Rights

The investigation elicited testimony evidencing certain gross violations of human rights which USTR has documented and is referring to the U.S. Department of State.

Gross Violations of Human Rights:

- Testimony describing arbitrary detention, assassination attempts, and physical assaults, while family members and relatives have been forced into exile, or barred from re-entering Nicaragua and stripped of citizenship. Testimony frames abuses as a systemic campaign to silence dissent.
- Confidential testimony from several witnesses who have been exiled, following repressive actions against them, including first-hand descriptions of torture, unlawful detention, and other human rights abuses under the Ortega-Murillo regime.
- Confidential statements detailing severe violations of human rights, religious freedoms, torture, detention, and extrajudicial killings by the Ortega-Murillo regime.

[16] *See* Section 301 Hearing Transcript.

[17] *See, e.g.*, Written Testimony of Kimberly Glas, President and CEO, National Council of Textile Organizations (NCTO) (USTR-2024-0021-00109308-CAT-4838-Public Document); Comments submitted by the Coalition for Apparel Supply Chain Resiliency in Central America (USTR-2024-0021-00109309-CAT-4833-Public Document); and Submission of the USA Rice Federation (USA Rice) (USTR-2024-0021-00109251-CAT-4783-Public Document).

- Confidential statements detailing experiences with corruption and suppression of human rights, violations of labor rights, and forced migration.

Due to the extreme nature of these actions by the Ortega-Murillo regime and the sensitivity of both confidential and public testimony, USTR is transmitting this testimony and related evidence to the U.S. Department of State for further investigation, action, and advocacy.

II. ACTS, POLICIES, AND PRACTICES OF THE GOVERNMENT OF NICARAGUA WITH RESPECT TO LABOR RIGHTS, HUMAN RIGHTS AND FUNDAMENTAL FREEDOMS, AND RULE OF LAW PROTECTIONS

To achieve its authoritarian objectives, Nicaragua has engaged in increasing and pervasive abuses of labor rights, human rights and fundamental freedoms, and actions further dismantling rule of law protections against arbitrary actions.

The following section of the Report details facts and evidence relating to Nicaragua's repressive acts, policies, and practices.

A. Labor Rights: Nicaragua's acts, policies, and practices with respect to labor rights

The Government of Nicaragua has committed or allowed abuses of internationally recognized labor rights, including repression of freedom of association, arrests, dismissals, and imprisonment of key union leaders; child and forced labor; human trafficking; and wage theft. Of particular concern under Section 301 are labor practices with respect to (1) freedom of association; (2) organizing and collective bargaining; (3) forced labor; (4) child labor; and (5) fair standards for minimum wages, hours, and workplace safety.

Evidence obtained in the course of USTR's investigation demonstrates that Nicaragua has engaged and continues to engage in these practices with respect to labor rights, forced labor, child labor, and human trafficking. Reporting by international organizations and U.S. government agencies has documented widespread and pervasive labor rights concerns.

1. Freedom of Association; Organizing and Collective Bargaining

Freedom of Association / Organizing. The U.S. Department of State reports that freedom of association and the right to collective bargaining are not respected in Nicaragua. The Nicaraguan government has often intervened in union affairs for political reasons and impeded the formation of independent unions through arbitrary procedural delays. Moreover, the Nicaraguan government has arrested and harassed union members to prevent them from organizing freely and has prevented international monitoring or assistance to organizing activity. For example, the government suspended one union and arrested its leader for questioning because the union planned a conference in the country that would have included attendees from an international labor organization.[18]

[18] U.S. Dept. of State, *2024 Report on Nicaragua's Human Rights Practices* at 10-11.

Unions – Arrests, Dismissals, Imprisonment. The Ortega-Murillo regime has engaged in arbitrary dismissals, arrests, and imprisonment of key union leaders. For example, in 2021, Nicaragua arrested the top two leaders of the country's business owners' union to minimize criticism ahead of elections.[19] At the beginning of November 2023, there was a mass dismissal of workers in the judicial branch of the Government of Nicaragua, including union members committed to the regime, without any explanation. The Government of Nicaragua denied these workers rightful social benefits.

Government Control of Unions. The government controls all major unions, effectively nullifying the right of workers to join independent unions of their choosing. From 2018 to October 2023, the government canceled 3,390 civil society organizations, including 562 unions.[20] Various organizations have also documented that MINTRAB (Nicaragua's Ministry of Labor) has repeatedly ignored court rulings requiring that certain unions be certified. Others have noted that practically all labor lawsuits filed by former workers of free trade zone companies are neglected or ignored by MINTRAB.[21] Furthermore, since September 28, 2018, when Nicaraguan National Police declared that unpermitted public demonstrations are illegal, no opposition or union demonstration has been approved.[22]

Union Harassment. Workers in Nicaragua live in what the International Labour Organization's (ILO) Committee of Experts called a "persistent climate of intimidation and harassment of independent workers' and employers' organizations." As noted, the Nicaraguan government's control of all major unions effectively nullifies the right of workers to join independent unions of their own choice. The ruling party uses its control over major unions to harass and intimidate workers in several sectors, including construction, education, health care, the public sector, and free trade zones.[23]

Failure to Enforce Labor Laws. The government does not effectively enforce labor laws. Penalties and fees for labor law violations are imposed at the discretion of Ministry of Labor officials. Penalties have only sometimes been applied against violators. Labor leaders have noted that employers routinely violate collective bargaining agreements and labor laws with impunity. Observers accused government-affiliated union federations of protecting employer interests by identifying and isolating workers who attempted to organize independent unions.[24]

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[19] AFP, "Nicaragua Detains Business Union Leaders as Crackdown Widens," October 21, 2021, *available at* https://ticotimes.net/2021/10/21/nicaragua-detains-business-union-leaders-as-crackdown-widens.

[20] *Expediente Abierto Report*, "Labor Rights Violations in Nicaragua," at 41.

[21] *Expediente Abierto Report*, "Labor Rights Violations in Nicaragua," at 7, 34-36.

[22] *Expediente Abierto Report*, "Labor Rights Violations in Nicaragua," at 70-71.

[23] U.S. Dept of State, *2024 Country Reports on Human Rights Practices: Nicaragua* at 9, *available at* https://www.state.gov/reports/2024-country-reports-on-human-rights-practices/nicaragua (hereinafter *2024 Report on Nicaragua's Human Rights Practices*).

[24] U.S. Dept. of State, *2024 Report on Nicaragua's Human Rights Practices* at 10-11.

2. Forced Labor

Human Trafficking.

The U.S. Department of State's Trafficking in Persons Report assesses that the Government of Nicaragua does not fully meet the minimum standards for the elimination of trafficking and is not making significant efforts to do so. According to the Global Slavery Index, the prevalence of servitude or modern slavery in Nicaragua is 7.3 people per thousand inhabitants.[25] The U.S. Department of State's country-specific trafficking report for Nicaragua states:

> Traffickers take advantage of Nicaraguans' desire for economic opportunity through fraudulent offers of higher pay for work in restaurants, hotels, domestic service, construction, and security in urban centers, tourist locales, or other countries . . . then subsequently exploit them in sex or labor trafficking.
> ***
> Experts report traffickers frequently target Nicaraguan children whose parents leave the country to work abroad, exploiting them in sex and labor trafficking. Nicaraguan women and children are subjected to sex and labor trafficking in the two Caribbean autonomous regions, where weak law enforcement, rampant poverty, high crime rate, and the lingering impacts of natural disasters increase the vulnerability of the local population, particularly Indigenous communities. Traffickers exploit Nicaraguan adults and children in labor trafficking in agriculture, construction, mining, the informal sector, and domestic service within the country and in . . . other countries. Traffickers force some children to work in artisanal mines and quarries. Observers report traffickers exploit children through forced participation in the production and transportation of illegal drugs. Children and persons with disabilities are subjected to forced begging, particularly in Managua on busy thoroughfares and near tourist centers. Traffickers subject male migrants from Central American countries transiting Nicaragua . . . to labor trafficking.[26]

Despite these facts, according to the U.S. Department of State, the Government of Nicaragua continued to minimize the severity of the trafficking problem in Nicaragua, which stymied efforts to inform and educate the public; it did not identify any trafficking victims for a second consecutive year; and protection services remained inadequate. Additionally, the Government of Nicaragua did not prosecute or convict any traffickers for a second consecutive year. The Government did not make efforts to identify or support victims, including labor trafficking victims and Nicaraguan victims exploited abroad, which remain serious concerns. The Government did not make provision for specialized shelter or protection services for trafficking victims and, in the absence of government-furnished services, did not cooperate with civil society to fund or refer victims to them

[25] Walk Free, *Global Slavery Index, Nicaragua*, *available at* https://www.walkfree.org/global-slavery-index/map/#mode=map:country=NIC:region=3:map=prevalence:year=2023:view=recommendations.

[26] *See* 2025 Trafficking in Persons Report: Nicaragua, *available at* https://www.state.gov/reports/2025-trafficking-in-persons-report/nicaragua/.

for support. The Government did not report efforts to address the heightened vulnerability to trafficking of communities in Nicaragua's two Caribbean autonomous regions.[27]

3. Child Labor

Child Labor. The U.S. Department of Labor has reported that:

> Children in Nicaragua are subjected to the worst forms of child labor, including in commercial sexual exploitation, sometimes as a result of human trafficking, and in illicit activities, such as the production and trafficking of drugs. Children also perform dangerous tasks, including in agriculture and mining.[28]

According to the U.S. Department of Labor (DOL), child labor in Nicaragua is most prominent in the agriculture sector, including raising livestock, and in the production of bananas, coffee, and tobacco.[29] Within industrial sectors, child labor includes mining for gold, production of gravel and crushed stones, quarrying of pumice, and construction work.[30] The most recent data shows the percentage of working children between ages 10 and 14 was 47.7% (342,076).[31]

Overview of Children's Work by Sector and Activity	
Agriculture	Working in agriculture, including raising livestock, and in the production of bananas, coffee, and tobacco.† Fishing, including collecting shellfish.†
Industry	Mining† of gold. Production of gravel (crushed stones).† Quarrying† of pumice. Construction.†
Services	Domestic work and street work. Work in transportation,† tourism, the hotel industry, and restaurants.
Categorical Worst Forms of Child Labor‡	Forced labor in domestic work, agriculture, construction, mining, and begging. Commercial sexual exploitation, sometimes as a result of human trafficking. Use in illicit activities, including in the production and trafficking of drugs, sometimes as a result of human trafficking.

† Determined by national law or regulation as hazardous and, as such, relevant to Article 3(d) of ILO C. 182.

‡ Child labor understood as the worst forms of child labor *per se* under Article 3(a)–(c) of ILO C. 182.

[27] U.S. Dept of State, *2024 Trafficking in Persons Report: Nicaragua*, *available at* https://www.state.gov/reports/2024-trafficking-in-persons-report/nicaragua/.

[28] U.S. Dept. of Labor, *2024 Findings on the Worst Forms of Child Labor*, *available at* https://www.dol.gov/sites/dolgov/files/ILAB/child_labor_reports/tda2024/Full-Report-2024-Findings-on-the-Worst-Forms-of-Child-Labor.pdf.

[29] U.S. Dept. of Labor, *2024 Findings on the Worst Forms of Child Labor*, *available at* https://www.dol.gov/sites/dolgov/files/ILAB/child_labor_reports/tda2024/Full-Report-2024-Findings-on-the-Worst-Forms-of-Child-Labor.pdf.

[30] U.S. Dept. of Labor, *2024 Findings on the Worst Forms of Child Labor*, *available at* https://www.dol.gov/sites/dolgov/files/ILAB/child_labor_reports/tda2024/Full-Report-2024-Findings-on-the-Worst-Forms-of-Child-Labor.pdf.

[31] U.S. Dept. of Labor, *2023 Findings on the Worst Forms of Child Labor* at 533, *available at* https://www.dol.gov/sites/dolgov/files/ILAB/child_labor_reports/tda2023/2023-Findings-on-the-Worst-Forms-of-Child-Labor.pdf.

The 2024 DOL report also provides evidence of the prevalence of working children in trade-sensitive sectors, such as agriculture and industry:[32]

Working Children by Sector, Ages 5-14	
Sector/Industry	**Percent of Population**
Agriculture	53.5%
Industry	8.7%
Services	37.8%

With respect to child and forced labor, the DOL assessed in its 2024 report on child labor that Nicaragua made minimal progress in efforts to eliminate the worst forms of child labor.[33] The DOL report found that Nicaragua had failed to make progress because its government continues to impede the work of civil society organizations by forcibly closing and expropriating the assets of thousands of organizations deemed in opposition to the government, including those that provide social services to address the root causes of child labor and aid child labor survivors.[34] In addition, the country's laws do not establish a clear compulsory education age, and the government lacks adequate services for human trafficking survivors, such as shelters.[35] Labor and criminal law enforcement agencies also lack the financial and human resources necessary to fulfill their mandates.[36] According to the DOL, the government does not have a specific and consistent mechanism to coordinate efforts to address child labor.[37]

4. Workplace Standards and Abuses

Workplace Labor Abuses. The U.S. Department of State reports that "[t]he government generally enforced minimum wage laws in the formal sector but did not effectively enforce overtime and [occupational safety and health] laws. Penalties for violations of minimum wage

[32] U.S. Dept. of Labor, *2024 Findings on the Worst Forms of Child Labor*, *available at* https://www.dol.gov/sites/dolgov/files/ILAB/child_labor_reports/tda2024/Full-Report-2024-Findings-on-the-Worst-Forms-of-Child-Labor.pdf.

[33] U.S. Dept. of Labor, *2024 Findings on the Worst Forms of Child Labor*, *available at* https://www.dol.gov/sites/dolgov/files/ILAB/child_labor_reports/tda2024/Full-Report-2024-Findings-on-the-Worst-Forms-of-Child-Labor.pdf.

[34] U.S. Dept. of Labor, *2023 Findings on the Worst Forms of Child Labor* at 533, *available at* https://www.dol.gov/sites/dolgov/files/ILAB/child_labor_reports/tda2023/2023-Findings-on-the-Worst-Forms-of-Child-Labor.pdf.

[35] U.S. Dept. of Labor, *2023 Findings on the Worst Forms of Child Labor* at 533, *available at* https://www.dol.gov/sites/dolgov/files/ILAB/child_labor_reports/tda2023/2023-Findings-on-the-Worst-Forms-of-Child-Labor.pdf.

[36] U.S. Dept. of Labor, *2023 Findings on the Worst Forms of Child Labor* at 533, *available at* https://www.dol.gov/sites/dolgov/files/ILAB/child_labor_reports/tda2023/2023-Findings-on-the-Worst-Forms-of-Child-Labor.pdf.

[37] U.S. Dept. of Labor, *2023 Findings on the Worst Forms of Child Labor* at 533, *available at* https://www.dol.gov/sites/dolgov/files/ILAB/child_labor_reports/tda2023/2023-Findings-on-the-Worst-Forms-of-Child-Labor.pdf.

and overtime laws were commensurate with those for similar crimes, such as fraud. Penalties were rarely applied against violators."[38]

According to one public report, the Government of Nicaragua has also been negligent in protecting health in the workplace. Workers in Nicaraguan Free Trade Zones (FTZs) have complained of arbitrary firing practices, especially for those with medical conditions, and in some cases the firing of pregnant women. In addition, workers have complained of: poor sanitary conditions and denial of health care access; being forced to work extra hours in the post-recession period after COVID-19; verbal and psychological abuse during working shifts; unequal treatment and pay, and wage deductions; social security/wage theft; lack of freedom of movement and job change limitations; and retaliation for those who file suit or claim rights violations.[39] Workers report that they are unable to receive support from MINTRAB to address these violations.

Mistreatment and Wage Theft. With respect to wage deductions and theft, a January 2019 reform to the pension system reduced the amount of pensions by 50%, which appears to be mainly due to corruption of pension system assets.[40]

The Government of Nicaragua also has allowed companies to retaliate for their workers claiming rights violations. For example, in December 2020, more than 1,200 employees were dismissed from a New Holland Apparel S.A. factory, including new mothers and workers recovering from surgery, which appears to have been related to discrimination against those who made complaints about excessive work and attempts to unionize outside of the state-sponsored unions.[41]

B. Human Rights and Fundamental Freedoms: Nicaragua's acts, policies, and practices with respect to human rights and fundamental freedoms

The Government of Nicaragua has committed human rights violations against citizens of Nicaragua and foreign residents, including through political imprisonments, arrests, banishments, and property expropriation (including property belonging to U.S. citizens). The Government of Nicaragua has also suppressed democracy, committed violence against members of unfavored or targeted civilian groups, and severely restricted the exercise of freedoms of expression, movement, and religion or belief.

Evidence obtained in the course of USTR's investigation demonstrates that Nicaragua has engaged and continues to engage in these practices with respect to human rights, democracy, freedom of speech, press, and religious freedom. Reporting by international organizations and U.S. government agencies has documented widespread and pervasive human rights concerns.

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[38] U.S. Dept. of State, *2024 Report on Nicaragua's Human Rights Practices* at 13-14.

[39] Manuel Orozco, The Dialogue, *Nicaragua and CAFTA: Noncompliance with the Agreement* (2023), available at https://thedialogue.org/analysis/nicaragua-and-cafta-noncompliance-with-the-agreement, at 7.

[40] *Expediente Abierto Report*, "Labor Rights Violations in Nicaragua," at 38-40.

[41] *Expediente Abierto Report*, "Labor Rights Violations in Nicaragua," at 51-52.

1. Security of Persons and Property and Freedom of Association and Religion

As detailed in this Report, the Ortega-Murillo regime has denied human rights with respect to the security of persons and property through the seizure of assets, including private property directly involving U.S. persons, businesses, and business associations. For example, in 2021 Nicaragua seized property from Riverside Coffee, LLC, a U.S. company, allegedly without notice, due process, or compensation.[42] In August 2024, Nicaraguan authorities abolished the American Chamber of Commerce of Nicaragua (AmCham) and approximately 1,500 other associations, including many religious organizations, revoking their legal status without justification.[43] Nicaragua's unlawful seizure of property is closely linked to Nicaragua's dismantling of rule of law, as set out in Section II.C of this report.

2. Repression of Religious Freedoms

The Ortega-Murillo regime has severely restricted the exercise of religious freedom. The regime has taken steps to strip Nicaraguan clergy and religious actors of their citizenships, hounding Nicaraguan and foreign resident religious actors into exile, confiscating property, and punishing free expression of religion or belief with unjust detention, reprisals, and threats.

According to the U.S. Department of State's *Nicaragua 2023 International Religious Freedom Report*, "[a] civil rights lawyer and researcher documented 667 acts of aggression against the Catholic Church and 70 against the evangelical community from April 2018 through August 2023, including arrests, detentions, robberies, desecrations, increased police and parapolice surveillance, and bans on religious processions."[44] In 2023, President Ortega ordered the closure of the diplomatic mission of the Holy See in the capital city of Managua.

In December 2023, pursuant to the International Religious Freedom Act of 1998 (P.L. 105-292), the U.S. Secretary of State designated Nicaragua as a "country of particular concern" for "having engaged in or tolerated particularly severe violations of religious freedom."[45] Furthermore, according to multiple reports by media, NGOs, and international organizations, the Government of Nicaragua has accelerated its attacks on the Roman Catholic Church and evangelical Christian groups, the two most observed faith traditions in the country.[46]

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[42] Appleton & Associates LP, *Comments from Riverside Coffee, LLC on Section 301 Investigation – Nicaragua's Acts, Policies, and Practices Related to Labor Rights, Human Rights, and Rule of Law*, Docket No.: USTR-2024-0021 (Jan. 7, 2025). *See also* CE Noticias Financieras, *Riverside requests tariffs on Nicaraguan products while awaiting response to lawsuit and progress of 301 investigation* (Mar. 31, 2025). Riverside is awaiting the verdict of the lawsuit it filed against the State of Nicaragua in the International Center for Settlement of Investment Disputes (ICSID).

[43] *See* Associated Press, *Nicaragua closes US Chamber of Commerce and 150 other organizations* (Aug. 22, 2024), *available at* https://apnews.com/article/nicaragua-ortega-trade-church-2be291f1234392690de16c60b23ab340.

[44] U.S. Dept of State, *2023 Report on International Religious Freedom*, *available at* https://www.state.gov/reports/2023-report-on-international-religious-freedom/nicaragua/.

[45] Karla I. Rios, Congressional Research Service, *Nicaragua: In Brief* at 4 (Dec. 4, 2024).

[46] U.S. Dept of State, *2023 Report on International Religious Freedom*, *available at* https://www.state.gov/reports/2023-report-on-international-religious-freedom/nicaragua/.

Closure of Jesuit University. In August 2023, Nicaragua closed—and seized—the Jesuit-run University of Central America.[47] According to a report submitted in the Section 301 investigation:

> The Centroamericana University (UCA), founded in 1960 by the Society of Jesus, has been an emblematic institution in Nicaragua, recognized for its commitment to comprehensive education, critical thinking, and social outreach. In August 2023, the Nicaraguan government confiscated its assets, baselessly accusing it of being a "center of terrorism" (AP News, 2023). This action is part of a broader state repression strategy against institutions critical of the government, directly impacting academic freedom and fundamental rights.[48]

The "Report on the Situation of the Centroamericana University (UCA) in Nicaragua in Relation to the Section 301 Investigation" describes further concerns in addition to religious freedom:[49]

> **Human Rights Violations.** The confiscation of the UCA and the suspension of its educational activities have violated the right to education of more than 5,000 students, who were deprived of continuing their studies in a quality institution (France 24, 2023). Moreover, the harassment and persecution of faculty and administrative staff have infringed on their fundamental freedoms, including freedom of expression and association. Many of those affected have been forced into exile, seeking to protect their physical and emotional integrity (Central America 360, 2023).
>
> **Educational and Social Impact.** The UCA was one of the few alternatives for accessing quality higher education in Nicaragua. Its confiscation has not only left thousands of students without academic options but also dismantled social research programs, free legal clinics, and community projects that benefited vulnerable populations. This void in the educational sector also affects the knowledge economy and limits the country's development opportunities.
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> ***
>
> **International Repercussions.** The confiscation of the UCA has sparked international condemnation from various human rights organizations, democratic governments, and academic networks. Institutions such as Human Rights Watch and Amnesty International have denounced these actions as part of a repressive escalation in Nicaragua. The international community has also expressed concern about the

[47] Karla I. Rios, Congressional Research Service, *Nicaragua: In Brief* at 2 (Dec. 4, 2024).

[48] USTR-2024-0021-00109433-CAT-4945-Public Document, Comments of Jonathan Sanchez, Proyecto Patriota, "Report on the Situation of the Centroamericana University (UCA) in Nicaragua in Relation to the Section 301 Investigation" (Jan. 8, 2025).

[49] USTR-2024-0021-00109433-CAT-4945-Public Document, Comments of Jonathan Sanchez, Proyecto Patriota, "Report on the Situation of the Centroamericana University (UCA) in Nicaragua in Relation to the Section 301 Investigation" (Jan. 8, 2025).

impact on regional stability, as the crisis in Nicaragua could lead to increased forced migration and political destabilization in Central America (HRW, 2023).[50]

Seizure of Church Assets – Mountain Gateway Evangelical Church. Mountain Gateway is an evangelical church that is a "nonprofit, faith-based organization established in the United States that has successfully operated in Central America, among other locations, for many years. Mountain Gateway has carried out ministry projects in Nicaragua for approximately a decade, including providing food assistance, disaster relief, church planting, discipleship, and teaching."[51] In its Section 301 comments, Mountain Gateway explained that:

> In 2023, Mountain Gateway held meetings with local pastors to share a vision for a series of largescale worship services throughout the nation. Mountain Gateway coordinated with these local ministry partners to hold eight events across Nicaragua. "[T]housands heard the proclamation of the gospel" and received "emergency aid like food, clothing, and medicines." In total, over one million people attended these services—close to 1/6 of the country's population. These events, which the Nicaraguan Government had approved in advance, were purely religious in nature, peaceful, and orderly. Nevertheless, the current regime viewed the widespread attendance as a threat, which sparked a brutal response.
>
> In mid-December 2023, shortly after the final worship event and without warning, government agents seized Mountain Gateway's local headquarters. Paper records, cell phones, and laptops were confiscated. Over $5 million of value in vehicles, real property, bank accounts, and other in-country assets were seized. The seizure of the land in Nicaragua not only shuttered Mountain Gateway's fair-trade coffee farm work among the local workers, it also severely crippled Rootline Coffee in the United States and may cause its eminent collapse. On December 20, the Ortega Government announced that it had revoked the legal status of Mountain Gateway, alongside several other faith-based and humanitarian organizations, purportedly for obstructing the Government's "control and vigilance." The Ortega regime also ordered the closure of Mountain Gateway's 10 churches across the country. Mountain Gateway was not afforded any prior notice of or opportunity to contest the seizures, revocation, or closures.[52]

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[50] *See* USTR-2024-0021-00109433-CAT-4945-Public Document, Comments of Jonathan Sanchez, Proyecto Patriota, "Report on the Situation of the Centroamericana University (UCA) in Nicaragua in Relation to the Section 301 Investigation" (Jan. 8, 2025).

[51] USTR-2024-0021-00109452-CAT-4935-Public Document, Comments of Jon Britton Hancock, Mountain Gateway Letter to USTR (Jan. 8, 2025) (Mountain Gateway Letter).

[52] *See* Mountain Gateway Letter (citing Hernán Restrepo, *Amid Catholic Crackdown Nicaragua Closes 250 Evangelical Ministries*, CHRISTIANITY TODAY, Feb. 26, 2024, https://www.christianitytoday.com/news/2024/february/nicaragua- ortega-evangelicals-mountain-gateway.html; and Republic of Nicaragua, The Gazette No. 231 Official Newspaper (Dec. 20, 2023) (English translation), https://www.lagaceta.gob.ni/la-gaceta-no-231-miercoles-20-de-diciembre-de-2023/).

Following the closure of Mountain Gateway, the comments describe a course of persecution against the church's leadership, including their families and their attorneys:

> At or around the same time, the Nicaraguan Government arrested local persons affiliated with Mountain Gateway across the country, falsely claiming in a press release that they had engaged in money laundering activity. Thirteen Nicaraguan employees and/or supporters of the organization—two local ministry leaders, nine pastors, and two attorneys—were wrongfully detained. The government also confiscated the passports and birth certificates of two of the local leaders' children, who are U.S. citizens under the age of three, and prevented them from seeing their parents.
>
> The Ortega regime placed the Mountain Gateway personnel and attorneys on trial beginning on March 4, 2024. It was a gross miscarriage of justice: There was no jury and no public access to the courtroom. The Ortega regime restricted the defendants' interactions with their attorney, intercepted and confiscated materials mailed to Nicaragua for their defense, and withheld exculpatory evidence seized from Mountain Gateway's properties and its attorneys' offices. Unsurprisingly, on March 19, 2024, the court issued a guilty verdict despite the lack of any evidence substantiating the money laundering accusations. Although the Ortega regime did not present evidence of money laundering (or any other crime), the court arbitrarily elevated the charges to aggravated money laundering and ordered the extreme sentences the Ortega regime requested: terms of imprisonment between 10 and 15 years, forfeiture of the pastors' assets, and multimillion-dollar fines totaling over one billion dollars (far above the amount the Ortega regime claims the defendants laundered). The practical effect of such impossibly large fines is that each defendant received a life sentence.[53]

C. Rule of Law: Nicaragua's acts, policies, and practices with respect to dismantling rule of law protections against arbitrary actions

The Ortega-Murillo regime has dismantled rule of law protections against arbitrary action, including through the revised national constitution, as ratified on January 30, 2025 and published February 18, 2025.[54] The Government of Nicaragua engages in arbitrary or partial administration of law; imposes arbitrary or incorrect fines, taxes, customs inspections, and

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[53] *See* Mountain Gateway Letter.

[54] *See* Political Constitution of the Republic of Nicaragua (2025), as published in *La Gaceta*, Official Gazette No. 32, February 18, 2025 (La Gaceta, Diario Oficial N°. 32 del 18/02/2025); *see, e.g.,* Reuters, "Nicaragua's Ortega expands power as reforms win final approval" (Jan. 30, 2025), *available at* https://www.reuters.com/world/americas/nicaragua-congress-gives-final- approval- sweeping-constitutional-reforms-2025-01-30/ ("the wide-ranging reforms formally empower the presidency to 'coordinate' judicial and legislative duties."); Jurist, "Nicaragua legislature ratifies constitutional reforms granting president control over all state branches" (Feb. 2, 2025), *available at* https://www.jurist.org/news/2025/02/nicaragua-legislature-ratifies-constitutional-reforms-granting-president-control-over-all-state-branches/ ("Under Article 8 of the country's new constitution, which now takes effect, President Ortega has effective control over the legislative and judicial branches of government as well as the executive; thereby granting Ortega control over all powers of the state.").

rulings; and engages in indiscriminate seizures of property. The Government of Nicaragua has also used inspections, registration fees, and tax audits in a prejudicial manner towards U.S. and foreign firms to benefit domestic competitors and has impeded the flow of assets out of the country when these companies decide to exit the market.

Evidence obtained in the course of USTR's investigation demonstrates that Nicaragua has engaged and continues to engage in these practices with respect to dismantling the rule of law and creating an authoritarian state. Reporting by international organizations and U.S. government agencies has documented widespread and pervasive rule of law concerns.

1. Arbitrary Application of Laws

Arbitrary Imposition of Fines, Taxes, and Customs Duties. The Government of Nicaragua has imposed arbitrary or incorrect fines, taxes, customs inspections, and rulings.

The U.S. Department of Commerce and U.S. Department of State report that the Nicaraguan Customs Authority (DGA) regularly subjects shipments of goods to bureaucratic delays, arbitrary valuations, and excessive fines. In some cases, shipments are held for weeks or months without justification.

The Nicaraguan Tax Authority (DGI) has increased the frequency, duration, and scope of audits on businesses.[55] These audits nearly always result in a finding that businesses owe additional taxes, as well as fines equal to the amount of taxes purportedly owed, which appear to lack a legal basis. The government has seized private property and jailed individuals for failing to pay these tax bills and fines. These tax issues have impacted U.S. companies and companies owned by U.S. citizens and, according to the U.S. Department of Commerce, "Inadequate rule of law, political instability, reputational risk, and the arbitrary enforcement of government regulations remain the primary challenges facing U.S. companies in Nicaragua."[56]

2. Arbitrary Seizure of Property

Arbitrary Seizure of Property. The Government has engaged in the indiscriminate seizures of property. According to the U.S. Department of State, the government routinely seized the property of NGOs and private businesses by stripping them of their legal status or otherwise accusing them of breaking the law.

In many instances, the government repurposed the property to serve party interests. The government froze the personal assets of 316 citizens it stripped of their nationality in February 2023. In several cases, the regime seized properties of family members of those 316 individuals.[57]

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[55] U.S. Dept. of Commerce, International Trade Admin., *Nicaragua – Country Commercial Guide*, *Market Challenges* (Feb. 29, 2024), *available at* https://www.trade.gov/country-commercial-guides/nicaragua-market-challenges (hereinafter *Nicaragua Country Commercial Guide, Market Challenges*).

[56] U.S. Dept. of State, *2024 Report on Nicaragua's Investment Climate.*

[57] U.S. Dept. of State, *2023 Report on Nicaragua's Human Rights Practices* at 18-19.

In addition, the regime has revoked the legal registration and expropriated the assets of more than 3,600 nonprofit organizations—including environmental advocacy groups, private universities, the country's leading graduate business school, Catholic-linked charities, the Red Cross, and organizations that provide free dental and health care to impoverished children—ostensibly for being at high risk of money laundering and terrorist financing."[58]

One expert noted that the Government of Nicaragua uses paramilitary forces to seize property of groups that do not support the Ortega-Murillo regime:[59]

> In the aftermath of the April 2018 protests, some of the land invasions or "toma tierras" represent a wholly different kind of practice. These ones result from acts of parapolice and paramilitary forces and serve as forms of payment in a spoils system. Properties belonging to opposition figures, particularly in the business community, and some of which are owned in full or part by foreign companies have been selected for their political and financial value. Because of the role of the government, these land invasions do not take place at properties owned by political supporters of the FSLN.
>
> The land takers seized the properties of those who had been critical of the government or are somehow targeted by the government. The paramilitaries do not seize properties owned by political supporters of the Sandinista Party. The local police do not interfere with the seizures carried out by the paramilitaries. José Adán Aguerri, the president of the Consejo Superior de las Empresas Privadas (COSEP), argues that his member enterprises view the invasions as a form of political payback:
>
> "Entrepreneurs are clear that these landings are an attack by the government on the private sector [. . .] for several weeks a new form of confiscation has been seen in Nicaragua with land seizures that have already affected more than 30 landowners in various parts of the country."
>
> "In the information that has been received, it is indicated that there is management of political, municipal and government supporters behind these actions. These properties are private producers, some with links to the trade unions of the country. Among the affected owners, no one close to the government party is known. From the private sector we have denounced this new violation of the rule of law and is a measure of repression directed at the circumstances we are living in the country," said the business leader [Aguerri].
>
> According to a report by the Unión de Productores Agropecuarios de Nicaragua (UPANIC; Agricultural Producers Union of Nicaragua), "The invasion of urban and rural properties by supporters of the Government of Nicaragua has caused

[58] U.S. Dept. of State, *2024 Report on Nicaragua's Investment Climate.*

[59] *See* Expert Statement attached to USTR-2024-0021-00109272-CAT-4802-Public Document, Comments from Riverside Coffee, LLC on Section 301 Investigation – Nicaragua's Acts, Policies, and Practices Related to Labor Rights, Human Rights, and Rule of Law (Jan. 8, 2025).

losses estimated at US$16.4 million and has affected Mexicans, Canadians and Americans."[60]

Properties belonging to the Coen Group and Chimaco, including a partnership with the Swiss company Frutco have faced paramilitary invaders. A report in *Confidencial* reports:

Six properties of the Coen Group, covering 1,100 manzanas [2,718 hectares], all in Chinandega, remain invaded by illegal groups without any attempt by the police authorities to expel them and reestablish the right to private property.

Among the invaded farms is "Holanda," with 400 manzanas [988.4 hectares], where sugar cane is grown, a crop that has not been irrigated or cut since the day of the invasion. "From here they have stolen and sold in parts, the irrigation systems and agrochemicals that we had in warehouses; used the tractors to destroy part of the crop, and damaged the infrastructure," said [Carlos] Zúniga, [Chief Operating and Legal Officer for Grupo Coen].

The invasion that could have even greater consequences is that of the farm where the Chinandega Maracuyá Company (Chimaco) is located, which until last March was the crown jewel of the governmental investment attraction agency, PRONicaragua, which chose it as "project of the year" and presented it to the Global Investment Award competition in Dubai, where it won second place. "Ninety-nine percent of this project is foreign," explained Juan Fernando Ramírez, Chimaco's legal representative, detailing that the total investment amounts to US$19 million to be disbursed over five years. The project aims to generate 1,500 jobs in the first stage.

Some of the invaders are recruited by paramilitaries as both an armed force and as clients of the Ortega regime. Many of the paramilitary invaders, however, do not retain the land for themselves but rather sell off equipment and resources, as well as title rights to other poor peasants. These titles, however, come from illegal occupations that, if restored, will come at the expense of these new tenants, not the armed invaders.

Reports from property owners who have had land invaded indicate that the invasions are tolerated by local police and generally sanctioned by regional police commanders, who are under orders from the Supreme Director of the National Police, Daniel Ortega. Without a functioning independent judicial system, landowners have no real recourse and face deep financial losses.[61]

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[60] *See* "Los 'tomatierras' afectan a estadounidenses y mexicanos en Nicaragua," La Hora, August 18, 2018.

[61] USTR-2024-0021-00109272-CAT-4803-Public Document (Expert Statement of Prof. Justin Wolfe – Memorial, ICSID Case No ARB/21/16, Riverside Coffee, LLC (Investor) v. Republic of Nicaragua (Respondent) (Oct. 13, 2022)) at 16-18 (citing footnotes 49-57); Martha Vásquez Larios and Lucia Vargas C., "Government Goes against the Properties of the Private Sector," La Prensa, June 21, 2018 (C-0016-ENG); "Invasores trafican con tierras

This testimony further evidences and reflects the acts, policies, and practices dismantling the rule of law documented in this Report and throughout this investigation.

3. Forced Closure of Business Associations and Lack of Recourse

Prohibitions on Business Associations. The U.S. Department of Commerce and U.S. Department of State report that, in March 2023, the Government of Nicaragua revoked the legal status of Nicaragua's preeminent business chamber COSEP and 18 member chambers, froze their bank accounts, and confiscated the organization's assets.[62] The Government of Nicaragua alleged the organizations had "failed to complete the registration process" to operate in the country.[63]

Business chambers had for decades played a crucial role in Nicaragua's private sector as advocates for the business community and commercial policies. However, following the forced closure of business chambers and the elimination of judicial independence, no recourse is available to businesses facing the arbitrary application of Nicaragua's laws. Businesses currently have few options to resolve commercial issues with the government.[64] Individual businesses must now engage directly with Nicaragua's authoritarian government, often at greater cost for firms and from a weaker negotiating position.[65]

III. NICARAGUA'S ACTS, POLICIES, AND PRACTICES WITH RESPECT TO LABOR RIGHTS, HUMAN RIGHTS AND FUNDAMENTAL FREEDOMS, AND THE DISMANTLING OF RULE OF LAW PROTECTIONS ARE UNREASONABLE

The acts, policies, and practices of the government of Nicaragua with respect to labor rights, human rights and fundamental freedoms, and the dismantling of rule of law protections are unreasonable within the meaning of Section 301.

These acts, policies, and practices, described in detail above, are unreasonable for several reasons. First, Nicaragua's actions are fundamentally unfair and incompatible with norms against abuses of labor rights, personal and property rights, and 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 rule of law.

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tomadas," El Nuevo Diario, August 16, 2018; La Prensa, "Orteguismo Uses Land Takings as a Political Weapon In Nicaragua," July 29, 2018; "Los 'tomatierras' afectan a estadounidenses y mexicanos en Nicaragua," La Hora, August 18, 2018; Iván Olivares, "Invaden seis propiedades del Grupo Coen," Confidencial, August 11, 2018; Maynor Salazar, "Who Are the Tomatierras?," Confidencial, December 9, 2018; "Tomatierras no han salido de las propiedades del Grupo Coen y ya dejan a 200 obreros desempleados," La Prensa, October 22, 2018.

[62] U.S. Dept. of Commerce, *Nicaragua Country Commercial Guide, Market Challenges* (Feb. 29, 2024); U.S. Dept. of State, *2024 Report on Nicaragua's Investment Climate*.

[63] *Id.*

[64] U.S. Dept. of Commerce, *Nicaragua Country Commercial Guide, Market Challenges* (Feb. 29, 2024).

[65] U.S. Dept. of State, *2024 Report on Nicaragua's Investment Climate.*

Second, Nicaragua's acts, policies, and practices are contrary to the norms, rules, and rights reflected in its own laws and constitution.

Third, international conventions clearly establish norms against the kind of acts, policies, and practices undertaken by Nicaragua's government. Nicaragua's acts, policies, and practices are unreasonable in light of regional and international labor rights and intergovernmental conventions, agreements, and treaties to which Nicaragua, itself, is party.

These acts, policies, and practices relate to and operate with each other. For example, to consolidate its political power, the Ortega-Murillo regime suppresses the rights of workers, citizens, and businesses by preventing union activity, arbitrarily imprisoning or intimidating workers and business people, denying freedom of association and religion, confiscating property, imposing arbitrary fines, and denying access to administrative remedies or independent judicial review. Public comments and witness statements obtained in the course of USTR's investigation also support a conclusion that Nicaragua's acts, policies, and practices are unreasonable. No comments suggest otherwise.

A. Labor Rights: The government of Nicaragua's acts, policies, and practices regarding labor rights are unreasonable

The acts, policies, and practices of Nicaragua with respect to labor rights are unreasonable because they run counter to basic norms and principles. As expressed in Section 301(d), they are "unfair and inequitable."[66] They also, as set in Section 301(d), constitute a persistent pattern of conduct that:

> (I) denies workers the right of association,
>
> (II) denies workers the right to organize and bargain collectively,
>
> (III) permits any form of forced or compulsory labor,
>
> (IV) fails to provide a minimum age for the employment of children, or
>
> (V) fails to provide standards for minimum wages, hours of work, and occupational safety and health of workers[.][67]

The extensive evidence gathered in this investigation and detailed in this Report supports a finding that Nicaragua denies workers the right of association, denies workers the right to organize and bargain collectively, permits forced or compulsory labor, fails to prevent child labor abuses, and fails to protect occupational safety and health of workers. The acts, policies, and practices of Nicaragua offend basic norms of fairness, human rights (including security of persons and property, and freedom of association and religion), and rule of law.

[66] *See* Section 301(d)(3)(A).

[67] *See* Section 301(d)(3)(B)(iii).

Nicaragua's acts, policies, and practices with respect to labor rights are also unreasonable because they run counter to the values expressed in Nicaragua's own laws[68] and constitution,[69] regional and international labor rights, intergovernmental conventions, agreements, and treaties, such as the Universal Declaration of Human Rights and ILO instruments.[70]

For example, Nicaragua's own domestic law provides legal requirements with respect to working hours, minimum wage, union rights, vacations and benefits, dismissal, occupational safety and health, discrimination and harassment, and child labor and forced labor.[71] The U.S. Department of State's *2024 Report on Nicaragua's Investment Climate* describes several instances in which the Nicaraguan government either violated its own laws or failed to enforce its laws with respect to the right to form and join unions without prior authorization, to bargain collectively, and to conduct strikes.[72]

Nicaragua's own constitution provides:[73]

- *Constitution of Nicaragua, Article 49:* "In Nicaragua workers in the cities and countryside, women, youth, agricultural producers, artisans, professionals, technicians, intellectuals, artists, religious persons, the Communities of the Atlantic Coast and the population in general have the right to form organizations with the goal of realizing their aspirations according to their own interests, without discrimination, and to participate in the construction of a new society. Such organizations shall be formed according to the elective and participatory will of citizens, they shall have a social function and may or may not have a partisan character, according to their nature and objectives."

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[68] *See Expediente Abierto Report*, "Labor Rights Violations in Nicaragua," at 26-27 (describing Nicaragua's wage and hour legal requirements). *See also* U.S. Dept. of State, *2024 Report on Nicaragua's Investment Climate* (describing Nicaragua's violations of its own laws or failure to enforce those laws).

[69] As noted, the Ortega-Murillo regime in 2025 revised the existing constitution in order to consolidate executive power over the legislative and judicial functions. *See* Political Constitution of the Republic of Nicaragua (2025), as published in *La Gaceta*, Official Gazette No. 32, February 18, 2025 (*La Gaceta, Diario Oficial N°. 32 del 18/02/2025*). Other provisions of the revised constitution parallel the prior constitution with respect to the provisions reflecting the norms and values cited herein. *See* Political Constitution of the Republic of Nicaragua (1987), as published in *La Gaceta*, Official Gazette No. 05, January 9, 1987 (*La Gaceta, Diario Oficial N°. 32 del 09/01/1987*); *see, e.g.*, Constitution of Nicaragua (1987), Arts. 49, 81, 110, and 111.

[70] *See Expediente Abierto Report*, "Labor Rights Violations in Nicaragua," at 28-30 (describing international treaties and conventions ratified by Nicaragua).

[71] *See Expediente Abierto Report*, "Labor Rights Violations in Nicaragua," at 26-27 (describing legal requirements).

[72] *See* U.S. Dept. of State, *2024 Report on Nicaragua's Investment Climate* (describing violations of law).

[73] *See* Constitution of Nicaragua (1987), Arts. 49, 81, 109, 110, and 111; *see also, e.g.*, Constitution of Nicaragua (2025) at Art. 80 ("The work of Nicaraguans is the fundamental means to satisfy the needs of society, of people and is a source of wealth and prosperity of the nation. The State shall ensure the full and productive employment of all Nicaraguans, under conditions that guarantee the fundamental rights of the individual."); Art. 81 ("Workers have the right to participate in the management of enterprises, through their organizations and in accordance with the law."); Art. 82 (right to certain working conditions); Art. 83 ("The right to strike is recognized."); Art. 84. ("The work of minors in work that may affect their normal development or their cycle of compulsory instruction is prohibited. Children and adolescents shall be protected against any kind of economic and social exploitation."); and Art. 88 ("The inalienable right of workers is guaranteed so that, in defense of their private or trade union interests, they may enter into with employers: 1) Individual contracts. 2) Collective agreements.").

- *Constitution of Nicaragua, Article 81:* "Workers have the right to participate in the management of their enterprises, through their organizations and in conformity with the law."
- *Constitution of Nicaragua, Article 81:* "It is the responsibility of the State to protect, foment, and promote private, public, cooperative, associative, communitarian, family-owned, communal and mixed forms of ownership and economic and business management, in order to guarantee economic and social democracy."
- *Constitution of Nicaragua, Article 109:* "The State shall promote the voluntary association of peasants in agricultural cooperatives, without discrimination based on sex, and in accord with its resources, it shall facilitate the material means necessary to raise their technical and productive capacity in order to improve the standard of living of the peasants."
- *Constitution of Nicaragua, Article 110:* "The State shall promote the voluntary incorporation of small and medium agricultural producers, into the economic and social development plans of the country, both in associative and individual forms."
- *Constitution of Nicaragua, Article 111:* "The peasants and other productive sectors have the right to participate, through their own organizations, in defining the policies of agricultural transformation."

Nicaragua's commitments with respect to labor rights under international instruments also reflect these norms and values. These include the ILO Declaration on Fundamental Principles of Rights of Work and its Follow-up (1998), which sets out rights that ILO members consider fundamental, including freedom of association and the effective recognition of the right to collective bargaining; the elimination of all forms of forced or compulsory labor; the effective abolition of child labor; the elimination of discrimination in respect of employment and occupation; and a safe and healthy working environment.[74]

At the same time, evidence suggests that the Government of Nicaragua has committed or allowed violations and abuses of internationally recognized labor rights. For example, in the framework of its 353rd session in Geneva during March 2025, the Governing Body of the ILO established a Commission of Inquiry to examine the allegations that the Government of Nicaragua has failed to comply with Conventions 87, 98, 111, and 144 of the organization.[75] The allegations included: the persistent climate of intimidation and harassment of independent workers' and employers' organizations; the imprisonment and banishment of business leaders; the closure of business organizations; the climate of violence, insecurity and intimidation conducive to acts of discrimination in employment based on political opinion; and note was

[74] *See* ILO Declaration on Fundamental Principles and Rights at Work (1998), as amended, available at *https://www.ilo.org/ilo-declaration-fundamental-principles-and-rights-work/about-declaration/text-declaration-and-its-follow*.

[75] International Labour Organization, Governing Body, 353rd Session, *Complaint alleging non-observance by Nicaragua of Conventions Nos 87,98, 111 and 144*, GB.353/INS/10(Rev. 1) (Mar. 17, 2025).

taken of arbitrary detentions and continued reports of human rights violations and abuses.[76] The Ortega-Murillo regime has denied allegations put forth in the 2023 complaint that gave rise to this inquiry, but the regime has failed to provide information requested by the ILO Governing Body since its 350th Session in March 2024.

B. Human Rights and Fundamental Freedoms: The government of Nicaragua's acts, policies, and practices regarding human rights and fundamental freedoms are unreasonable

Nicaragua's acts, policies, and practices with respect to human rights and fundamental freedoms are unreasonable because they run counter to basic international human rights norms and principles, as well as human rights norms reflected in Nicaraguan law. As expressed in Section 301(d), they are also "unfair and inequitable."[77] The evidence gathered in this investigation and detailed in this Report supports a finding that Nicaragua's acts, policies, and practices relating to human rights run counter to basic norms and principles of fairness, human rights (including security of persons and property, and freedom of association and religion) and rule of law.

These basic norms and principles do not permit the behaviors Nicaragua has engaged in with respect to religious groups and institutions. When the Ortega-Murillo regime began persecuting the Mountain Gateway evangelical church, for example, Nicaragua's actions were condemned by Members of the U.S. Congress:

> President Ortega's persecution of Mountain Gateway has drawn attention from international media outlets and condemnation from the global Christian community. And it has sparked alarm within the U.S. government: In February 2024, over 55 bipartisan members of the U.S. Congress sent a letter to Nicaragua's Ambassador to the United States (attached for ease of reference) expressing "deep concern regarding violations of religious freedom in Nicaragua" and requesting information on "the status of and allegations against the individuals affiliated with Mountain Gateway." Resolutions introduced in the House and the Senate denounce the "pattern by the Nicaraguan Government to quell the free speech and religious rights of Christians and other non-governmental organizations in Nicaragua." The resolutions "condemn[] the targeting and imprisonment of individuals affiliated with Mountain Gateway Order, Inc. without due process of law," and "call[] on the Government of Nicaragua to take prompt action to address these violations of religious freedom and international human rights."[78]

In a bipartisan letter to Nicaragua's Ambassador to the United States, numerous U.S. Congress Members described these norms in clear terms and expressed a shared condemnation of

[76] CE Noticias Financieras, *A new Commission of Inquiry for an old offender* (Mar. 20, 2025).

[77] *See* Section 301(d)(3)(A).

[78] *See* Mountain Gateway Letter.

Nicaragua's measures:

> [We express our] deep concern regarding violations of religious freedom in Nicaragua, exemplified by the recent actions taken by your government against Mountain Gateway, a Christian organization with missionary presence in North and Central America for more than a decade.
>
> It has come to our attention that many individuals affiliated with Mountain Gateway have been arrested following a widely attended religious worship service approved by the Nicaraguan government. It is our understanding that these individuals have been without access to legal counsel, understanding of the allegations against them, or documentation of their alleged criminal charges. This follows the arrests of several members of the Catholic Church, Red Cross, and other non-governmental organizations in recent years by the Nicaraguan government.
>
> In addition, it is believed that the Nicaraguan government has issued arrest warrants for at least three American citizens affiliated with Mountain Gateway, and that the Nicaraguan government has requested other Latin American countries arrest and extradite these individuals if they travel to any of these other countries.
>
> Religious freedom is a fundamental human right, and we urge you and the government of Nicaragua to take prompt action to address all violations of this right--in upholding international human rights standards. As Members of the United States Congress, we have a vested interest in both the upholding of international religious freedom, and the safety and security of the American citizens we understand are currently being targeted for arrest and extradition by the Nicaraguan government.[79]

Nicaragua's acts, policies, and practices with respect to human rights and fundamental freedoms are also unreasonable because they run counter to the values expressed in Nicaragua's own laws[80] and Constitution.[81] Nicaragua's own laws prohibit the kinds of acts and policies engaged in by the Ortega-Murillo regime. Specifically, Nicaragua's own Constitution provides:

- *Constitution of Nicaragua, Article 25:* "Everyone has the right to: individual liberty; security; recognition of his/her legal personality and capacity."
- *Constitution of Nicaragua, Article 29:* "Everyone has the right to freedom of conscience and thought and to profess or not profess a religion. No one shall be the object of

[79] *See* Letter to Amb. Campbell Hooker (Feb. 16, 2024), *available at* https://aderholt.house.gov/sites/evo-subsites/aderholt.house.gov/files/evo-media-document/Rep.%20Aderholt%20Letter%20to%20Ambassador%20of%20Nicaragua%20re%20Mountain%20Gateway_02162024.pdf.

[80] U.S. Dept. of State, *2024 Report on Nicaragua's Investment Climate* (describing where Nicaragua either violated its own laws or failed to enforce its laws).

[81] *See* Constitution of Nicaragua (1987), Arts. 25, 29, 30, and 48; *accord* Constitution of Nicaragua (2025).

coercive measures which diminish these rights or be compelled to declare his/her creed, ideology or beliefs."

- *Constitution of Nicaragua, Article 30:* "Nicaraguans have the right to freely express their convictions in public or in private, individually or collectively, in oral, written or any other form."

- *Constitution of Nicaragua, Article 48:* "Unconditional equality of all Nicaraguans in the enjoyment of their political rights, in the exercise of these rights, and in the fulfillment of their duties and responsibilities, is established; there exists absolute equality between men and women. It is the obligation of the State to remove obstacles that impede the actual equality among Nicaraguans and their effective participation in the political, economic and social life of the country."

The U.S. Department of State's *2024 Report on Nicaragua's Investment Climate* describes several instances where the Nicaraguan government either violated its own laws or failed to enforce its laws with respect to these issues.[82]

The acts, policies, and practices of the Nicaragua government appear to be in direct contradiction of these laws and norms of Nicaraguan society.

Third, international conventions clearly establish norms against the kind of actions by Nicaragua's government, as reflected, for example in the rights set forth in the:

- Universal Declaration of Human Rights – Art. 20.1 (freedom of association), Art. 18 (freedom of religion), and Arts. 3 and 17 (security of person and property);
- American Declaration of the Rights and Duties of Man – Art. XXII (freedom of association), Art. III (freedom of religion), and Arts. I and XXIII (security of person and property);
- International Covenant of Economic, Social and Cultural Rights – Art. 8 (right to form union or join trade union of choice);
- International Covenant of Civil and Political Rights – Art. 9 (security of person), Art. 18 (freedom of religion), Art. 22 (freedom of association);
- American Convention of Human Rights – Art. 7 (freedom of association), Art. 12 (freedom of religion), and Arts. 7, 21 (security of person and property).

In turn, Nicaragua's Constitution incorporates these international norms at Article 46:

> All persons in the national territory shall enjoy State protection and recognition of the rights inherent to the human person, as well as unrestricted respect, promotion and protection of those human rights, and the full applicability of the rights set forth in the Universal Declaration of Human Rights; in the American Declaration of the Rights and Duties of Man; in the International Pact of Economic, Social and Cultural Rights; in the International Pact of Civil and Political Rights of the

[82] U.S. Dept. of State, *2024 Report on Nicaragua's Investment Climate*.

United Nations; and in the American Convention of Human Rights of the Organization of American States.[83]

Nicaragua's acts, policies, and practices are unreasonable when judged against these international standards as well that Nicaraguan society has adopted as part of its core values.

Public comments and witness statements obtained in the course of USTR's investigation also support a conclusion that Nicaragua's actions are unfair. No comments suggest otherwise.

C. Rule of Law: The government of Nicaragua's acts, policies, and practices regarding the dismantling of rule of law protections are unreasonable

The acts, policies, and practices of the government of Nicaragua with respect to dismantling rule of law protections against arbitrary actions are unreasonable because they run counter to basic norms and principles. As reflected in Section 301(d), acts, policies, and practices may be unreasonable if they are "unfair and inequitable". As also reflected in Section 301(d), acts, policies, and practices may be unreasonable if they deny fair and equitable market opportunities, including through "the toleration by a foreign government of systematic anticompetitive activities by enterprises or among enterprises in the foreign country that have the effect of restricting, on a basis that is inconsistent with commercial considerations, access of United States goods or services to a foreign market."[84]

Nicaragua's acts, policies, and practices run counter to basic norms of fairness, human rights (including security of persons and property, and freedom of association and religion) and rule of law. They inhibit and prohibit fair and market-oriented economic activity. U.S. law reflects and respects these norms, and U.S. law recognizes that the effective operation of legal regimes in the territories of U.S. trading partners is essential to promote sustainable economic growth, trade, and investment.[85] As detailed in this Report, Nicaragua's acts, policies, and practices run counter to these rule of law norms and are demonstrably unfair.

Nicaragua's acts, policies, and practices that dismantle rule of law protections against arbitrary actions are also unreasonable because they run counter to the values expressed in Nicaragua's own laws[86] and Constitution[87] and intergovernmental conventions, agreements, and treaties.[88] Nicaragua's own laws prohibit these kinds of actions. Specifically, Nicaragua's own

[83] *See* Constitution of Nicaragua (1987), Art. 46; *accord* Constitution of Nicaragua (2025).

[84] *See* Section 301(d)(3)(B)(i).

[85] *See, e.g.*, Bipartisan Congressional Trade Priorities and Accountability Act of 2015, Public Law 114–26 (June 29, 2015), sec. 102(b)(21) (recognizing as a principal negotiating objective the strengthening, among others, of "the effective operation of legal regimes and the rule of law of trading partners of the United States").

[86] U.S. Dept. of State, *2024 Report on Nicaragua's Investment Climate* (describing where the Nicaraguan government either violated its own laws or failed to enforce its laws).

[87] *See* Constitution of Nicaragua (1987), Arts. 25, 34, 44, and 48; *accord* Constitution of Nicaragua (2025).

[88] *See* Constitution of Nicaragua (1987), Art. 46; *accord* Constitution of Nicaragua (2025).

Constitution provides:

- *Constitution of Nicaragua, Article 25:* "Everyone has the right to: individual liberty; security; recognition of his/her legal personality and capacity."
- *Constitution of Nicaragua, Article 34:* "Any accused has the right, under equal conditions, to a fair trial and effective judicial protection, which includes the following minimal guarantees:
  - To enjoy the presumption of innocence as long as guilt is not proven according to law.
  - To be tried without delay by a competent court established by law.
  - To be sentenced by motivated and reasoned decision based on the law within the statutory period at each stage of the application, trial or process which take place, without exception, in accordance with the law.
  - Not to be tried or sentenced for an act or omission which, at the time of committing it, had not been specified expressly or unequivocally in the law as a punishable offence, nor to be sanctioned with a penalty not provided by law. Dictating criminal laws which only apply to specific individuals (leyes proscriptivas) or applying demeaning penalties or treatment to the accused is prohibited."
- *Constitution of Nicaragua, Article 44:* "The right of private ownership of movable and immovable property and of the instruments and means of production is guaranteed" and "The confiscation of property is prohibited. Those officials who violate this provision shall respond with their property at all times for any damages they may have caused."
- *Constitution of Nicaragua, Article 48:* "Unconditional equality of all Nicaraguans in the enjoyment of their political rights, in the exercise of these rights, and in the fulfillment of their duties and responsibilities, is established; there exists absolute equality between men and women. It is the obligation of the State to remove obstacles that impede the actual equality among Nicaraguans and their effective participation in the political, economic and social life of the country."

At the same time, the U.S. Department of State's *2024 Report on Nicaragua's Investment Climate* describes several instances where the Nicaraguan government either violated its own laws or failed to enforce its laws with respect to the right to challenge the lawfulness of arrest or detention in court.[89]

The acts, policies, and practices of Nicaragua's government appear to be in direct contradiction of these laws and norms of Nicaraguan society.

Third, international conventions clearly establish norms against the kind of actions by Nicaragua's government. The Universal Declaration of Human Rights, for example, provides that "Everyone has the right to an effective remedy by the competent national tribunals for acts

[89] U.S. Dept. of State, *2024 Report on Nicaragua's Investment Climate* (describing violations of law).

violating the fundamental rights granted him by the constitution or by law" (Art. 8); "Everyone is entitled in full equality to a fair and public hearing by an independent and impartial tribunal, in the determination of his rights and obligations and of any criminal charge against him" (Art. 10); "Everyone has the right to own property alone as well as in association with others" (Art. 17.1); and "No one shall be arbitrarily deprived of his property" (Art. 17.2).

These international norms are incorporated in Nicaragua's own constitution at Article 46, which provides that:

> All persons in the national territory shall enjoy State protection and recognition of the rights inherent to the human person, as well as unrestricted respect, promotion and protection of those human rights, and the full applicability of the rights set forth in the Universal Declaration of Human Rights; in the American Declaration of the Rights and Duties of Man; in the International Pact of Economic, Social and Cultural Rights; in the International Pact of Civil and Political Rights of the United Nations; and in the American Convention of Human Rights of the Organization of American States.[90]

Nicaragua's acts, policies, and practices are therefore also unreasonable when judged against these international standards that Nicaraguan society has adopted as part of its core values.

Public comments and witness statements obtained in the course of USTR's investigation also support a conclusion that Nicaragua's actions are unfair. No comments suggest otherwise.

D. Conclusion

As described above, these acts, policies, and practices each relate to and operate with the others, and they deny Nicaraguan workers, citizens, and businesses, including U.S. citizens and businesses operating in Nicaragua, basic fairness, human rights (including security of persons and property, and freedom of association and religion), and rule of law. Thus, Nicaragua's acts, policies, and practices are unreasonable.

IV. BURDEN OR RESTRICTION ON U.S. COMMERCE

The unreasonable acts, policies, and practices of the government of Nicaragua with respect to labor rights, human rights and fundamental freedoms, and dismantling of rule of law protections against arbitrary actions burden or restrict U.S. commerce.

Evidence indicates that 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, the 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.

[90] *See* Constitution of Nicaragua (1987), Art. 46; *accord* Constitution of Nicaragua (2025).

Evidence also indicates that Nicaragua's acts, policies, and practices negatively impact the Nicaraguan economy and market, with lost sales and exports for U.S. enterprises. For example, Nicaragua's labor rights abuses contribute to weakening Nicaragua's economy by diminishing worker participation and productivity, and the dismantling of rule of law protections undermines Nicaragua's economy and diminishes the ability of Nicaragua's businesses and individuals to engage in economic and commercial transactions with U.S. businesses and individuals.

Evidence also indicates that 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 actions contributes 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.

It is striking how Nicaragua, with a relatively large baseline population and significant natural resource endowments, has lagged so significantly behind its CAFTA-DR neighbors economically. More than 700,000 Nicaraguans reportedly have emigrated for political and economic reasons since 2018, leading Nicaragua to become one of the most remittance-

dependent economies in the world.[91] As United Nations data indicates, Nicaragua's total annual gross domestic product (GDP) per capita remains among the most deficient in the region:[92]

Nicaragua's acts, policies, and practices thus burden or restrict U.S. commerce through their direct and indirect impacts on U.S. workers and businesses.

A. Labor Rights: Nicaragua's acts, policies, and practices with respect to labor rights burden or restrict U.S. commerce

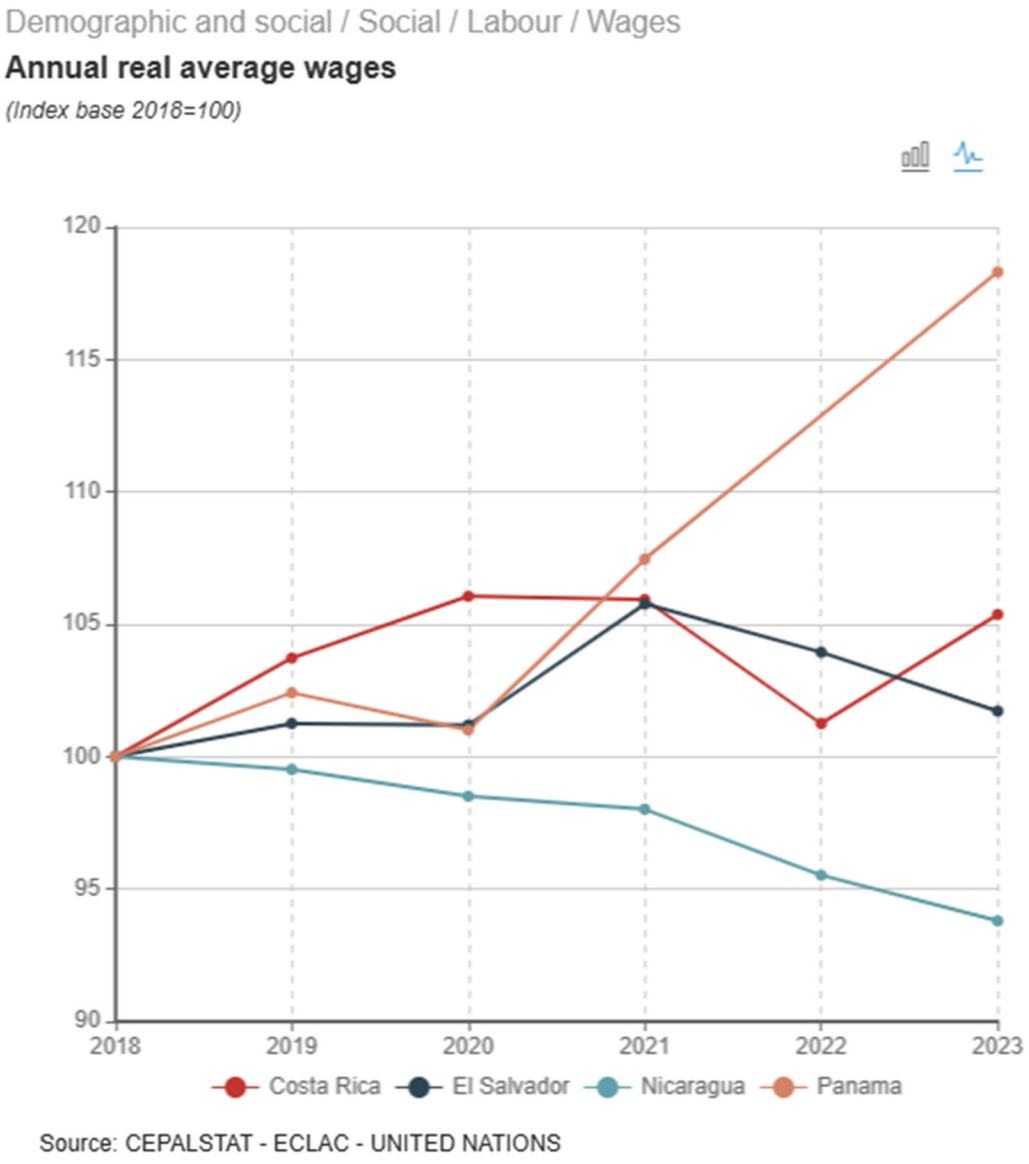
Nicaragua's acts, policies, and practices with respect to labor rights burden or restrict U.S. commerce. These acts, policies, and practices exploit workers and suppress wages, resulting in unfair conditions of competition, and contribute to weakening Nicaragua's economy by diminishing worker participation and productivity, and disincentivizing companies from investing and doing business in Nicaragua.

Evidence indicates that Nicaragua's exploitation of workers harms both Nicaraguans directly and U.S. workers and businesses indirectly through unfair competition. By failing to ensure that Nicaraguan workers enjoy internationally recognized labor rights, Nicaragua harms both

[91] Karla I. Rios, Congressional Research Service, *Nicaragua: In Brief* at 2 (Dec. 4, 2024).

[92] United Nations, ECLAC / Economic Commission for Latin America and the Caribbean, *available at* https://statistics.cepal.org/portal/cepalstat/dashboard.html?indicator_id=2205&area_id=131&lang=en (ECLAC estimates based on national sources).

Nicaraguans directly and U.S. workers and businesses indirectly through artificially suppressing costs, creating unfair competition. Harm to worker rights creates suppressed wages and lost economic activity, in turn reducing trade and commercial activity. Nicaragua's exploitation of workers has led to it having an hourly wage that is more than 16 times lower than the U.S. hourly wage.[93] In fact, Nicaragua has the lowest hourly wage of all the CAFTA-DR countries, and United Nations data indicate that Nicaragua's wages have actually declined under the Ortega-Murillo regime:[94]



[93] International Labour Organization, ILOSTAT, *Data, Snapshot, Earnings*, *available at* https://ilostat.ilo.org/data/snapshots/earnings/.

[94] United Nations, ECLAC / Economic Commission for Latin America and the Caribbean, *available at* https://statistics.cepal.org/portal/cepalstat/dashboard.html?indicator_id=341&area_id=407&lang=en.

Such wage suppression burdens or restricts U.S. commerce because U.S. workers and businesses must compete with imported products that have been unfairly advantaged by Nicaragua's artificial low-wage costs.

Denials and violations of labor rights harm Nicaraguan workers directly through harms to individuals' welfare, suppressed wages, and lost economic activity. In turn, these harms burden or restrict U.S. commerce through reduced trade and commercial activity, harming U.S. workers and businesses.

B. Human Rights and Fundamental Freedoms: Nicaragua's acts, policies, and practices with respect to human rights and fundamental freedoms burden or restrict U.S. commerce

Nicaragua's acts, policies, and practices with respect to human rights and fundamental freedoms burden or restrict U.S. commerce. As detailed in this Report, the Ortega-Murillo regime has denied freedom of religion through suppression of religious groups and institutions, including actions directly involving U.S. persons and property.

The seizure of assets, including the private property of religious groups, and the closure of business and religious associations relied upon by U.S. entities imposes direct and indirect harms on U.S. businesses and persons. Nicaragua's unlawful closure and seizure of religious institutions and properties, including of U.S. churches, is closely linked to Nicaragua's dismantling of rule of law, and has led to diminished investment and business activity by U.S. companies and persons.

C. Rule of Law: Nicaragua's acts, policies, and practices regarding the dismantling of rule of law protections burden or restrict U.S. commerce

Nicaragua's acts, policies, and practices regarding the dismantling of rule of law protections against arbitrary actions burden or restrict U.S. commerce. The deterioration of the rule of law inhibits and prohibits fair and market-oriented activity, including putting U.S. investments at risk of arbitrary penalties or seizures with no recourse. U.S. businesses face lost investment opportunities, a high-risk investment environment, the imposition of unlawful or unjustified costs (fees and taxes), and the seizure of private property.

1. Arbitrary application of customs and tax laws

Evidence indicates that Nicaragua's acts, policies, and practices regarding the dismantling of rule of law protections against arbitrary actions negatively impact the Nicaraguan economy and market, with lost sales and exports for U.S. enterprises. For example, the Nicaraguan government has used customs and tax audits in a prejudicial manner towards U.S. and foreign firms to benefit domestic competitors and has impeded the flow of assets out of the country when these companies decide to exit the market.

The U.S. Department of Commerce reports that:

> Through arbitrary and unjustified customs procedures, the [Nicaraguan Customs Authority] DGA caused delays and increased costs for U.S. exporters of virtually all products. Businesses report paperwork needed to process shipments languishes in DGA offices for more than one month and that some shipments are held for months with no justification. Other issues include arbitrary and unjustified denials of import permits for products. Logistics providers began reporting in August 2018 that DGA was stopping and conducting additional inspections on more than 80 percent of all incoming shipments, up from the previous practice of 20 percent. Starting in 2019, multiple companies reported that DGA had questioned the country of origin of imported products. DGA requested additional information to confirm the origin and asked U.S. companies for proprietary information, including recipes and lists of ingredients. The Nicaraguan government also prevented the import of goods for political reasons, such as shipments of paper and ink for independent daily *La Prensa* in 2020. Businesses that refuse to pay fines face further delays, storage costs, and threats that DGA will remove preferential treatment for all future shipments. Companies report they had little hope of a fair resolution of their formal complaints and preferred to pay minor fines to avoid bureaucratic delays.
>
> The Nicaraguan government's arbitrary use of taxes, fees, and fines also serves as a barrier to trade. Businesses and nongovernmental organizations report DGA regularly subjects shipments of commercial and donated goods to arbitrary, higher valuations that increase the amount of taxes to be paid at the border. They also report DGA officials regularly assess exorbitant fines for minor administrative discrepancies, which by Nicaraguan regulation should only be subject to a small administrative fine. In some instances, businesses report that DGA attempted to levy fines up to triple the amount of the value of the shipment itself. DGA has also sought to levy retroactive tariffs and new additional fines equal to the amount of those retroactive tariffs. The Nicaraguan government levies a selective consumption tax (ISC) on many …. The ISC is based on the actual sales price of the product and applies to both imported and domestic goods. However, DGA is now charging the ISC for imported goods at the border and basing the tax value on a predicted a sales price. Businesses report the fabricated valuation is equal to triple the combination of the good's cost, insurance, and freight. For domestic goods, the ISC is imposed at the actual point of sale.[95]

The U.S. Department of Commerce also reports that "[t]he Nicaraguan Tax Authority (DGI) has increased the frequency, duration, and scope of audits on businesses. In some cases, these audits take several months and require businesses to dedicate office space and support staff to the

[95] U.S. Dept. of Commerce, International Trade Admin., *Nicaragua – Country Commercial Guide*, *Trade Barriers* (Feb. 29, 2024), *available at* https://www.trade.gov/country-commercial-guides/nicaragua-trade-barriers. *See also* United States Trade Representative, *2025 National Trade Estimate Report on Foreign Trade Barriers of the President of the United States on the Trade Agreements Program* at 273, *available at* https://ustr.gov/sites/default/files/files/Press/Reports/2025NTE.pdf.

auditors. Some businesses reported that up to eight different government entities – including labor authorities, social security authorities, and city and regional tax authorities – have arrived at the same time to conduct audits."[96]

2. Seizure of private property

The Nicaraguan government has also engaged in seizures and expropriation of property, affecting the business climate in general, the capacity of Nicaraguan businesses to engage in trade with U.S. companies, and the property of U.S. companies and U.S. citizens. For example, according to Riverside Coffee, LLC, a U.S. company, "[i]n 2021, the Government of Nicaragua seized portions of Riverside's lands to establish a forest reserve park without notice, due process, or compensation. In 2022, the Government formally added the Republic of Nicaragua to the legal title of these lands without providing Riverside notice, due process, or compensation."

Riverside alleges that "[t]hese actions inflicted total devastation on Riverside's businesses in Nicaragua, extensive unmitigated environmental damages, and significant economic harm to Riverside in excess of $200 million." Notably, a CAFTA Tribunal issued a finding that the Government Nicaragua acted unreasonably and violated due process, thereby nullifying treaty benefits and breaching Article 10.5.[97]

The company claims total losses of approximately US$700 million and is demanding compensation of US$437.05 million, plus US$207.04 million in interest accrued since 2018 when the invasion occurred. It also demands a compensation of $45 million in moral damages caused to Inversiones Agropecuarias SA (Inagrosa), of which Riverside is the owner.[98]

As another example, among the shuttered NGOs are U.S.-based organizations, such as the evangelical organization Mountain Gateway, whose U.S. citizen president alleges that Nicaraguan authorities have seized more than five million USD in U.S.-owned properties and assets.[99] Among the 151 nongovernmental organizations that Nicaraguan authorities abolished in an August 22, 2024 decree were the American Chamber of Commerce of Nicaragua (AmCham) in addition to the chambers of commerce from several other countries including Mexico, Panama, and Uruguay.[100]

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[96] U.S. Dept. of Commerce, *Nicaragua Country Commercial Guide, Market Challenges* (Feb. 29, 2024).

[97] Appleton & Associates LP, *Comments from Riverside Coffee, LLC on Section 301 Investigation - Nicaragua's Acts, Policies, and Practices Related to Labor Rights, Human Rights, and Rule of Law*, Docket No.: USTR-2024-0021 (Jan. 7, 2025).

[98] CE Noticias Financieras, *Riverside requests tariffs on Nicaraguan products while awaiting response to lawsuit and progress of 301 investigation* (Mar. 31, 2025). Riverside is awaiting the verdict of the lawsuit it filed against the State of Nicaragua in ICSID.

[99] Mountain Gateway, *Initiation of Section 301 Investigation, Hearing, and Request for Public Comments: Nicaragua's Acts, Policies, and Practices Related to Labor Rights, Human Rights, and Rule of Law,* Docket No.: USTR-2024-0021 (Jan. 8, 2025).

[100] *See* Associated Press, *Nicaragua closes US Chamber of Commerce and 150 other organizations* (Aug. 22, 2024), *available at* https://apnews.com/article/nicaragua-ortega-trade-church-2be291f1234392690de16c60b23ab340.

3. Lost investment and business opportunities

Evidence also indicates that Nicaragua's acts, policies, and practices burden or restrict U.S. commerce through lost investment and business opportunities for U.S. workers and companies, including through the creation of a high-risk environment to invest or conduct business.

For example, the U.S. Department of State warns that "[i]nvestors should be extremely cautious about investing in Nicaragua. Under President Daniel Ortega and Vice President Rosario Murillo, Nicaragua continues to suspend constitutionally guaranteed civil rights, detain political prisoners, seize private property, and disregard the rule of law, creating an unpredictable investment climate rife with reputational risk and arbitrary regulation." According to the U.S. Department of State, in 2020, "[i]n response to the Ortega-Murillo regime's deepening authoritarianism, almost all international financial institutions have stopped issuing new loans to Nicaragua, and most external financing will wind down by 2025."[101]

More specifically, with respect to investment, the U.S. Department of State advises caution in light of past instances where the Government of Nicaragua has arbitrarily used the Foreign Agents Law and in light of the de facto investment screening authority held by Ortega and Murillo:

> Investors should be cautious of the 2020 Foreign Agents Law. While the law targets NGOs and exempts business entities, some companies have been required to register or end their social responsibility efforts. The law requires anyone receiving funding from foreign sources to register with the Ministry of the Interior and provide monthly, detailed accounts of how funds are intended to be used. The government used the law to strip more than 3,600 NGOs of their legal status as of March 2024.
> ***
> The government does not formally screen, review, or approve foreign direct investments. However, in practice, President Ortega and Co-President Murillo maintain de facto review authority over any foreign direct investment. This review process is not transparent.[102]

Nevertheless, the U.S. Department of State concludes that "Nicaragua's economy has significant potential for growth if investor confidence can be restored by strengthening institutions and improving the rule of law. Its assets include: ample natural resources; a well-developed agricultural sector; and ready access to major shipping lanes. As of 2024, the United States was Nicaragua's largest trading partner – it is the source of 30 percent of Nicaragua's imports and the destination of 55 percent of Nicaragua's exports."[103]

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[101] U.S. Dept. of State, *2024 Report on Nicaragua's Investment Climate.*

[102] U.S. Dept. of State, *2024 Report on Nicaragua's Investment Climate, available at* https://www.state.gov/reports/2024-investment-climate-statements/nicaragua.

[103] U.S. Dept. of State, *2024 Report on Nicaragua's Investment Climate*.

Similarly, the U.S. Department of Commerce reports that "[i]nadequate rule of law, political instability, reputational risk, and the arbitrary enforcement of government regulations remain the primary challenges facing U.S. companies in Nicaragua."

The U.S. Department of Commerce warns that:

> An extremely weak legal environment and limited rule of law give affected businesses limited options to address these issues. Businesses facing adverse administrative actions are unlikely to find legal remedies in the judicial system. The judicial system is not independent, subject to corruption, and frequently used by the regime to punish political opponents. Property rights are difficult to defend. The number of property expropriations, land invasions, and property confiscations has increased significantly since 2018.
>
> For years, prominent business chambers negotiated directly with the Ortega regime and provided input and recommendations for government economic policy decisions. Under this "dialogue and consensus" model, chambers met with influential government officials to resolve common business issues on behalf of members. This model began to deteriorate when Rosario Murillo became Vice President in 2017 and often disregarded chambers' advice. Nicaragua's private sector arrangement of ad hoc deals broke down completely when private sector leaders issued statements critical of the regime's violent crackdown during the pro-democracy protests and government repression in 2018. In March 2023, the Nicaraguan government revoked the legal status of Nicaragua's preeminent business chamber COSEP and 18 member chambers, froze their bank accounts, and confiscated the organization's assets. The government alleged the organizations had "failed to complete the registration process" to operate in the country. Businesses currently have few options to resolve commercial issues with the government.

According to the U.S. Department of Commerce, "[t]he range of [Nicaraguan] entities sanctioned by the United States, Canada, or the European Union further demonstrates the pervasiveness of abusive and anti-democratic behavior throughout the government."[104]

D. Conclusion

Nicaragua's acts, policies, and practices related to abuses of labor rights, abuses of human rights and fundamental freedoms, and the dismantling of rule of law protections against arbitrary action burden or restrict U.S. commerce through their direct and indirect impacts on U.S. workers and businesses. As described above, Nicaragua's acts, policies, and practices each relate to and work with the others, and they deny Nicaraguan workers, citizens, and businesses basic fairness, human rights (including security of persons and property, and freedom of association and religion), and rule of law. Similarly, these acts, policies, and practices destabilize Nicaragua's

[104] U.S. Dept. of Commerce, *Nicaragua Country Commercial Guide, Market Challenges* (Feb. 29, 2024).

economy and market, promote unfair competition, and deny fair market conditions (including commercial and investment opportunities) to U.S. workers and businesses.

Notably, in 2024, the United States recorded a significant trade deficit with Nicaragua of $1.9 billion. U.S. goods imports from Nicaragua in 2024 totaled $4.6 billion, and U.S. goods exports to Nicaragua in 2024 amounted to $2.7 billion. It is striking that, of all the CAFTA-DR countries, the United States only runs a trade deficit with Nicaragua, and that deficit is significant in both overall and per capita terms:

Country	**Population**	**U.S. goods surplus (deficit)**	**U.S. goods surplus (deficit) per capita**
Nicaragua	7M	$ (1.9B)	$ (271)
Costa Rica	5M	$ 2.0B	$ 400
Dominican Rep.	11M	$ 5.5B	$ 500
El Salvador	6M	$ 2.2B	$ 367
Guatemala	18M	$ 4.7B	$ 261
Honduras	11M	$ 1.6B	$ 146
Panama	5M	$ 10B	$ 2000

The U.S. trade deficit with Nicaragua is indicative of the poor Nicaraguan economy and market and corresponding lost sales and export opportunities for U.S. businesses.[105]

V. RESULTS OF THE INVESTIGATION

For all of the foregoing reasons, the results of this investigation indicate that the acts, policies, and practices of Nicaragua related to abuses of labor rights, abuses of human rights and fundamental freedoms, and the dismantling of rule of law protections against arbitrary action are unreasonable and burden or restrict U.S. commerce. The results of this investigation provide a basis for finding that responsive action is appropriate.

[105] The U.S. goods trade deficit with Nicaragua was $1.9 billion in 2024, a 19.2 percent decrease ($445.6 million) over 2023. United States Trade Representative, *Nicaragua Trade Summary*, *available* at https://ustr.gov/countries-regions/western-hemisphere/nicaragua.

VI. PROPOSED ACTIONS TO ELIMINATE THE UNREASONABLE ACTS, POLICIES, AND PRACTICES OF THE GOVERNMENT OF NICARAGUA WITH RESPECT TO LABOR RIGHTS, HUMAN RIGHTS AND FUNDAMENTAL FREEDOMS, AND RULE OF LAW PROTECTIONS AGAINST ARBITRARY ACTIONS

Upon finding that the act, policy, or practice is actionable under Section 301, the Trade Representative must determine what action, if any, to take. Section 301 authorizes the Trade Representative to take all appropriate and feasible action, subject to the direction of the President, to obtain the elimination of those acts, policies, and practices.

Based on the foregoing information, USTR may seek public comment on a range of proposed actions to obtain the elimination of the investigated acts, policies, and practices. The proposed actions could include one or more of the following options:

1. Suspend the application of all 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.

2. Suspend 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.

3. Apply tariffs up to 100 percent on all Nicaraguan imports, immediately or phased in over a period of time up to 12 months.

4. Apply tariffs 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.

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