



OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE

Notice of Action: Nicaragua's Acts, Policies, and Practices Related to Labor Rights, Human Rights and Fundamental Freedoms, and the Rule of Law

AGENCY: Office of the United States Trade Representative.

ACTION: Notice of action.

SUMMARY: The United States Trade Representative (U.S. Trade Representative) has determined that appropriate action in this investigation includes the imposition of a tariff that is phased-in over two years on all imported Nicaraguan goods not originating under the Dominican Republic-Central America-United States Free Trade Agreement (CAFTA-DR).

DATES: Tariff increases in 2026, 2027, and 2028 are applicable with respect to products that are entered for consumption, or withdrawn from warehouse for consumption, on or after January 1 of the corresponding year.

FOR FURTHER INFORMATION CONTACT: Philip Butler, Chair of the Section 301 Committee, Leigh Bacon, Chief Counsel for Negotiations, Legislation, and Administrative Law, or Nathaniel Halvorson, Deputy Assistant U.S. Trade Representative for Monitoring & Enforcement, at (202) 395-5725.

SUPPLEMENTARY INFORMATION:

I. Proceedings in the Investigation

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

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

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

Based on information obtained during the investigation, and in consultation with the Section 301 Committee, USTR prepared a public Report on the investigation.

Published on October 20, 2025, the "Report on Nicaragua's Acts, Policies, and Practices

Related to Labor Rights, Human Rights and Fundamental Freedoms, and the Rule of Law” is available on USTR’s website.

As detailed in the Report, Nicaragua has engaged in increasingly pervasive abuses of labor rights, as well as human rights and fundamental freedoms, and has systematically dismantled rule of law protections against arbitrary government action. First, the Ortega-Murillo regime has committed or allowed a number of *abuses of internationally recognized labor rights*. These include repression of freedom of association and collective bargaining; interference in worker and employer organizations; seizure of assets and removal of citizenship of members of worker and employer organizations; arbitrary dismissals and arrests; child and forced labor; human trafficking; and workplace abuses. Second, the Ortega-Murillo regime engages in *abuses of human rights and fundamental freedoms*, including against U.S. persons and property, such as the repression of religious organizations through the forced closure and seizures of institutions and properties. Third, the Ortega-Murillo regime has engaged in the *dismantling of the rule of law* in Nicaragua. This includes imposing arbitrary or incorrect fines, taxes, customs inspections, and rulings; revoking the legal status of prominent business organizations; and seizing property interests without legal recourse.

Considering information obtained during the investigation, as reflected in the Report, and taking account of public comments and the advice of the Section 301 Committee and advisory committees, the U.S. Trade Representative determined that the acts, policies, and practices covered in the investigation are unreasonable and burden or restrict U.S. commerce, and are thus actionable under sections 301(b) and 304(a) of the Trade Act (19 U.S.C. 2411(b) and 2414(a)). *See* 90 FR 48511 (October 23, 2025) (October 23 notice).

In particular, the U.S. Trade Representative determined that the acts, policies, and practices of Nicaragua related to abuses of labor rights, human rights and fundamental freedoms, and dismantling the rule of law are unreasonable within the meaning of the Section 301 statute for several reasons.

First, Nicaragua's acts, policies, and practices are fundamentally unfair, incompatible with, and run counter to norms against abuses of labor rights, human rights and fundamental freedoms, and the rule of law. Second, these acts, policies, and practices are also contrary to the norms, rules, and rights reflected in Nicaragua's own laws and constitution. Third, they are unreasonable in light of regional and international labor and human rights conventions, instruments, agreements, or treaties to which Nicaragua itself is party and that establish norms against the kind of acts, policies, and practices undertaken by Nicaragua's government.

The U.S. Trade Representative determined that Nicaragua's acts, policies, and practices related to labor rights, human rights and fundamental freedoms, and the rule of law burden or restrict U.S. commerce by creating unfair competition against U.S. workers and businesses through denial of basic labor rights resulting in artificially low-cost Nicaraguan products; creating disincentives or lost sales and exports for U.S. enterprises seeking to access or operate in Nicaragua by weakening its economy through diminishing worker participation and productivity; and causing lost investment and commercial opportunities for U.S. workers and companies through the creation of a high-risk environment in which to invest or conduct business.

In the October 23 notice, the U.S. Trade Representative proposed a range of actions including the suspension, withdrawal, or prevention of application of benefits of the Dominican Republic-Central America-United States Free Trade Agreement (CAFTA-

DR) benefits to Nicaragua, and additional duties of up to 100 percent on some or all products of Nicaragua. *See* 90 FR 48511.

USTR requested public comments regarding the proposed actions, including tariff concessions and cumulation of Nicaraguan content for other CAFTA-DR partners, and the effective date of such suspension; and the level of increase and the effective date of any increase for specific sectors with respect to application of increased tariffs on Nicaraguan imports. In commenting on the timing of increased duties for specific sectors, USTR requested that the commenters specifically address whether imposing increased duties on particular sectors or suspending or withdrawing concessions on a particular sector, would be practicable or effective to obtain the elimination of Nicaragua's acts, policies, and practices or would cause disproportionate economic harm to U.S. interests, including small- or medium-size businesses and consumers.

In response to the October 23 notice, USTR received 2,006 written comments. Commenters included representatives from numerous manufacturing and agricultural sectors as well as a submission from the Nicaraguan government.

II. Determination of Action

On October 20, 2025, USTR announced the U.S. Trade Representative's determination that Nicaragua's acts, policies, and practices under investigation are unreasonable and burden or restrict U.S. commerce, and are thus actionable under section 301(b) of the Trade Act. Section 301(b) provides that upon determining that the acts, policies, and practices under investigation are actionable and that action is appropriate, the U.S. Trade Representative shall take all appropriate and feasible action authorized under section 301(c), subject to the specific direction, if any, of the President regarding such action, and all other appropriate and feasible action within the power of the

President that the President may direct the U.S. Trade Representative to take under section 301(b), to obtain the elimination of that act, policy, or practice. Section 301(c) of the Trade Act authorizes the U.S. Trade Representative to take certain actions for purposes of carrying out the provisions of Section 301(b). For example, Section 301(c)(1)(A) authorizes the U.S. Trade Representative to “suspend, withdraw, or prevent the application of, benefits of trade agreement concessions to carry out a trade agreement with the foreign country referred to in such subsection.” Section 301(c)(1)(B) also authorizes the U.S. Trade Representative to “impose duties or other import restrictions” on the goods of the foreign country subject to the investigation.

USTR and the Section 301 Committee have carefully reviewed the public comments regarding the proposed actions. USTR also has considered the advice of advisory committees and consulted with the relevant agencies. Considering the comments and advice, and pursuant to sections 301(b), 301(c), and 304(a) of the Trade Act (19 U.S.C. 2411(b), 2411(c), and 2414(a)), the U.S. Trade Representative has determined that action is appropriate, and that appropriate and feasible action in this investigation includes the imposition of a tariff that is phased-in over two years on all imported Nicaraguan goods that are not originating under CAFTA-DR. The tariff will be set at zero percent on January 1, 2026 and will increase to 10 percent on January 1, 2027, and to 15 percent on January 1, 2028. Pursuant to Section 305(a) of the Trade Act (19 U.S.C. 2415(a)(1)), USTR will issue a subsequent notice to implement this action.

III. Responses to Significant Comments Regarding the Proposed Actions

As noted, in response to the October 23 notice, USTR received 2,006 written comments. Roughly half of the comments provided support for one or more of the proposed actions and roughly half provide some form of opposition to the actions. Of the comments that opposed the proposed actions, most argued that the actions should be

tailored to be phased-in or exclude certain industries. Industries requested for exclusion include: textiles and apparel; cigars; coffee; furniture and housing; medical devices; beef and meat products; cacao; cassava flour, horticulture (unrooted cuttings); rice; and seafood. Few commenters express general opposition to the proposed actions. Those who expressed such opposition generally oppose the broad application of the proposed actions. They assert, *inter alia*, that the actions would have a negative impact on the United States by harming U.S. consumers and workers, cause disruptions in supply chains, harm Nicaraguan businesses, including those that export to the United States, and result in increased unemployment in Nicaragua.

Comments generally supporting the proposed actions urge USTR to do what is necessary to eliminate the acts, policies, and practices. However, like many of the comments opposing the proposed actions, they also suggested a calibrated approach. While acknowledging the need to address the Ortega-Murillo regime's actions, these comments requested that the action be tailored to maximize leverage, while avoiding damage to their specific interests (producing in, importing from, or exporting to Nicaragua) or the livelihoods of Nicaragua's workers.

Considering the public comments and the advice of the Section 301 Committee, the U.S. Trade Representative has determined that appropriate action in this investigation is the imposition of a 15 percent tariff on all imported Nicaraguan goods that are not originating under CAFTA-DR that is phased-in over two years. Accordingly, the tariff will be set at zero percent on January 1, 2026, increase to 10 percent on January 1, 2027, and 15 percent on January 1, 2028.

The U.S. Trade Representative's determination takes into account the many comments that expressed concern regarding the possible impact and disruption to U.S. interests of taking broad action, including the suspension, withdrawal, or prevention of

application of benefits of the CAFTA-DR and broad-based tariffs. Specifically, limiting the tariffs to goods that are not originating under CAFTA-DR should limit the impact on U.S. exports to Nicaragua and U.S. companies producing in Nicaragua, while providing increasing pressure on Nicaragua to eliminate its acts, policies, and practices, the two-year phase-in should provide companies with the time to shift operations to other CAFTA-DR countries.

The U.S. Trade Representative will continue to monitor the effects of the trade action and the progress made toward resolution of this matter. Additionally, the U.S. Trade Representative will continue to examine the efficacy of these actions. If it is determined that additional leverage is needed to encourage Nicaragua to eliminate the investigated acts, policies, and practices, the U.S. Trade Representative will consider taking additional action.

Jennifer Thornton,

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Office of the United States Trade Representative.

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