



January 8, 2025

Mr. Juan Millan
Acting General Counsel
Office of the United States Trade Representative
600 17th Street NW
Washington, DC 20508

RE: Docket ID: USTR-2024-0021
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

Dear Mr. Millan:

For some 60 years, the Council of the Americas has been a leading voice for business and trade policy in the Americas, promoting democracy, open markets, and the rule of law. We and our member companies strongly believe that business works best and most sustainably in countries that actively promote and protect democratic values, including labor rights, human rights, transparency, and equal treatment under law.

We are strong and active supporters of increased economic linkages between the United States and our hemispheric neighbors. We believe that trade benefits US producers and consumers alike while contributing directly to equitable regional development. It is core to who we are and what we do.

Council of the Americas Strongly Supports Trade with Central America...

We have long been enthusiastic promoters of enhanced trade with Central America, beginning in 1983 with the Caribbean Basin Initiative and extending through negotiation and consummation of the CAFTA-DR, which we have actively supported since a precursor agreement was first mooted at the Miami Summit of the Americas in 1994.

Now, as global trade relations continue to evolve, we continue to prioritize the region and are the foremost proponents of establishing a path for individual CAFTA-DR members to accede to the cutting-edge USMCA when that agreement comes up for review in 2026. We believe that this would provide the appropriate incentives and motivations for continued political and economic reforms across Central America and, indeed, much of the hemisphere.

...But A Credible Regional Trade Policy Requires a Re-Think for Nicaragua

Nonetheless, as a direct result of our record of long-time, meaningful efforts to expand regional economic relations, we are profoundly distressed by the direction that Nicaragua has taken under Daniel Ortega and Rosario Murillo. A once vibrant if young and complicated democracy has been strangled by a brutal, self-serving dictatorship that actively oppresses political opponents including labor activists, denies basic human rights including freedom of religion to its own citizens, and aggressively pursues policies in direct conflict with US interests including the facilitation of illegal migration and strengthening relations with global rejectionists. In 2021, President Joe Biden called the most recent Nicaragua elections “neither free nor fair, and most certainly not democratic.”

Under these circumstances, it is unseemly that the United States would maintain free trade privileges with Nicaragua. For that’s at bottom what a free trade agreement is: privileged economic status with the United States. And by maintaining such privileges for dictatorial, oppressive Nicaragua, the United States undermines the most basic philosophical underpinnings of bipartisan US trade policy. Additionally, we give succor to dictators and discourage our many allies with whom we maintain no such privileges, as well as those with whom we maintain equal privileges (for example, in trade terms we treat Nicaragua equally with democratic Costa Rica and the Dominican Republic, and better than democratic Ecuador and Uruguay, to say nothing of the United Kingdom or Japan). We devalue our own efforts to utilize trade as a means to encourage continued political and economic reforms across the region, because even the worst offenders continue to benefit without consequence. And we call into question the credibility of the US commitment to open market democracy leading to growing cynicism about true priorities.

This 301 Investigation is Therefore Timely and Necessary

The Council of the Americas strongly supports USTR’s Section 301 investigation of Nicaragua. While we recognize that this is not a review of Nicaragua’s eligibility for CAFTA-DR privileges *per se*, nonetheless it is our hope that this effort it will expose and highlight ongoing abuses that can contribute to a necessary near-term re-evaluation of Nicaragua’s broader trade privileges.

Oppression of Nicaraguan civil society is intensifying. The International Committee of the Red Cross has been kicked out of the country, the only such instance worldwide, along with over 3,500 NGO’s and civil society groups that have lost their legal status. A crackdown on religious communities continues, particularly the Catholic Church, which has seen its leaders jailed and exiled, its laypeople harassed, and its assets confiscated. Political prisoners continue to be held in hellish prisons including La Modelo, and those lucky enough to be released are promptly sent out of the country without passports or property, effectively rendering them stateless, an international crime. The regime has closed some 18 universities.

The Ortega Murillo dictatorship has once again politicized the judiciary and the security forces, turning them into agents of the Sandinista Party rather than the state. Press freedom is gone; Nicaragua is the only Latin American country without print newspapers. In terms of the private sector, while some companies work hard to improve the conditions of their own employees, much of the local economy has been captured directly by the regime, and those that speak out in protest are targeted for retribution including jail.

There are virtually no independent voices left today in Nicaragua.

Meanwhile, the regime continues to engage in actions that are directly contrary to US interests, spreading human rights violations and lawlessness outside Nicaragua. Irregular migration is a favored tool. Remittances from Nicaraguan migrants approach an astounding 30 percent of GDP, an economic lifeline encouraging citizen outflows. Cubans, Haitians, and Venezuelans, among others including those from as far away as China and India purposefully transit Nicaragua *en route* to the United States. Trafficking in persons is a double benefit for the regime, generating hard currency while complicating US migration politics.

The Nicaraguan regime also continues to build relations with the world's worst actors, including, recently, re-establishing relations with North Korea. Managua has long worked to promote anti-US activities with regional allies Cuba and Venezuela, assisting the latter launder illicit profits from gold and precious minerals mined in a highly environmentally destructive manner. Relations with Putin's Russia continue to grow, including intelligence sharing and offering a platform in the heart of the Western Hemisphere for Russia's destabilizing activities. Relations with Taiwan were unceremoniously broken; as of January 1, 2024, Nicaragua has entered into a free trade agreement with China. Interestingly, the Nicaraguan government has now instructed that acquisition of equipment, machinery, and information technology from China be prioritized, a violation of Nicaragua's trade provisions with the United States.

We trust that these and other issues disqualifying Nicaragua from certain trade privileges will be fully explored by USTR during your Section 301 investigation. We look forward to having the opportunity to discuss this matter with you at greater length.

Respectfully submitted,

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