HEARING ON NICARAGUA

NICARAGUA: DEMOCRATIC CRISIS, REGIONAL SECURITY, AND U.S. POLICY

TESTIMONY OF

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Chairman, Ranking Member, and distinguished members of the Committee, thank you for the opportunity to testify.

Introduction and central assessment

I appear before you today from three perspectives: as a former cabinet member of the last democratic government of Nicaragua, as a presidential candidate in 2021, and as a victim of the repression of the Ortega-Murillo regime.

I would like to start by thanking the current and former members of this esteemed Senate Foreign Relations Committee for having the wisdom and foresight of approving the NICA Act in 2018 and the RENACER Act in 2021 that led to tangible results with respect to the Ortega-Murillo authoritarian regime in Nicaragua, including the release of me and 221 other political prisoners in 2023. What this Committee does matters, and for that I express my personal thank and gratitude.

On June 8, 2021, I was arrested during a massive crackdown against dissent, along with other presidential candidates and civic, political, religious, and private-sector leaders. I spent 611 days in a hell-hole prison known as El Chipote. I experienced prolonged isolation and deprivation of basic rights. I was ultimately expelled from my country by the Ortega-Murillo dictatorship, which also confiscated my home and other assets and stripped me of my nationality, leaving me stateless.

My experience was not an isolated abuse. It was part of a deliberate system of control. Nicaragua is today a consolidated authoritarian state in which the ruling family, the governing party, and the institutions of the state operate as a single structure designed to preserve the power of Daniel Ortega, Rosario Murillo, and their family. Political opposition has been dismantled. The judiciary, police, migration authorities, property registries, tax administration, and other public institutions have been subordinated to political control. Civil society, independent media, universities, business associations, and religious organizations have been closed, confiscated, or forced into exile. Peaceful dissent has been criminalized, and hundreds of Nicaraguans have been imprisoned, denationalized, or driven from the country. In short, Nicaragua no longer has any institutions or legal structure separate and apart from the ruling family. There is no longer an independent judiciary or separation of powers; Nicaragua is *de facto* devoid of democratic institutions, and in a few short months will soon be *de jure* devoid of democracy.

The principal conclusion of my testimony is that Nicaragua can no longer be treated as a conventional authoritarian government with policy differences with Washington. It is a family-controlled, criminal-authoritarian system that uses captured state institutions, economic sectors, multilateral financing, and relationships with hostile foreign powers to repress the Nicaraguan people, seize property, finance itself, and undermine U.S. interests in the Western Hemisphere.

From visible repression to permanent state control

The dictatorship has evolved since the violent repression of the civic uprising in 2018. The instruments of control are now broader and more permanent. The regime still relies on prison and police coercion, but it also

uses surveillance, exile, denationalization, confiscation, tax pressure, control of employment and licenses, and the threat of retaliation against relatives who remain in Nicaragua.

Independent journalism has been treated as a crime. Domestic media outlets have been shut down or forced abroad, journalists have been prosecuted or expelled, and international news organizations cannot operate freely inside the country. Thousands of civil-society organizations have lost their legal status. Universities, charitable organizations, professional associations, and human-rights groups have been stripped of property and legal personality. The purpose is not merely to silence particular critics; it is to eliminate the independent institutions through which a democratic society organizes itself.

Religious persecution must remain at the center of U.S. policy. The regime has attacked the Catholic Church and other religious actors because they retain moral authority independent of the state. Clergy have been imprisoned, expelled, surveilled, or prevented from carrying out ordinary pastoral work. Religious processions and public expressions of faith have been prohibited or restricted. This assault is both a human-rights violation and a central part of the regime's effort to eradicate every source of civic autonomy.

Confiscation is another instrument of political control. The seizure of homes, farms, universities, media facilities, churches, and productive enterprises punishes opponents, enriches insiders, and warns others that neither title nor nationality provides protection. The cases involving U.S. citizens and U.S.-linked entities—including Riverside Coffee, Mountain Gateway, BHMB Mining, and others—should therefore not be treated solely as private commercial disputes. They are evidence of a state policy that makes Nicaragua increasingly unsafe for U.S. investors and converts stolen property into a source of regime finance.

Why Nicaragua matters to the United States

Nicaragua's significance for the United States extends beyond democracy and human rights. Ortega has progressively deepened Nicaragua's relationships with governments that challenge U.S. interests, particularly China, Russia, and Iran. This is not simply diplomatic rhetoric. At Ortega's January 2022 inauguration, Iran was represented by Mohsen Rezaei, who is the Secretary of the Supreme National Security Council in Iran since August 2026.

Nicaragua's security relationship with Russia and China has also expanded. In 2026, the Nicaraguan government authorized the presence of Chinese and Russian military personnel for exercises, exchanges, and humanitarian operations.

Congress should examine the cumulative strategic risk: Russian intelligence, military, cybersecurity, and law-enforcement cooperation; Chinese telecommunications, digital systems, surveillance technologies, strategic infrastructure, manufacturing, mining, and commercial access; and the role of foreign partners in sanctions evasion and political support. The concern is not merely ideological alignment. It is the creation of durable strategic vulnerabilities in Central America, geographically close to the United States.

China, Russia, and Iran also give Managua alternatives that can reduce the effectiveness of U.S. diplomatic and economic pressure. Foreign financing, markets, technology, security cooperation, and political protection allow the regime to absorb measures that would otherwise be more consequential. U.S. policy must therefore address not only Nicaraguan officials, but also the foreign actors, intermediaries, and infrastructure that enable the dictatorship.

Migration and transnational security

The regime has also used migration as a political and financial instrument in the past. Between 2022 and 2024, more than 600,000 migrants reportedly arrived by air in Managua, including on charter flights originating in or transiting through countries in the Caribbean, Africa, the Middle East, South Asia, and Europe, before

continuing north toward the United States. The government benefited from fees and related revenue while creating and sponsoring a route that placed additional pressure on the U.S. border. The lack of transparent screening created obvious security concerns, while repression and economic coercion inside Nicaragua continued to force Nicaraguans themselves into exile.

Nicaragua's institutional collapse also creates opportunities for transnational criminal networks. Recent narcotics seizures involving commercial and maritime routes linked to Nicaragua warrant sustained scrutiny. Weak accountability, the absence of normal independent oversight, and limited cooperation with U.S. law enforcement increase the risk that the country will become a logistics platform for cocaine moving from South America toward northern markets. These risks should be assessed together with foreign intelligence, cyber, migration, and sanctions-evasion concerns—not as unrelated policy silos.

Economic capture finances repression

The Ortega-Murillo government does not respond to condemnation. It responds when the political and economic costs of its actions become sufficiently consequential. That is, in my assessment, one of the central lessons of the Nicaraguan experience.

Repression is sustained not only by coercion, but also by economic capture. The regime and its circle exercise influence over revenue-producing sectors and channels, including mining, energy, free-trade zones, customs, ports, state concessions, financial intermediaries, and the tax system. Multilateral loans, private investment, strategic commercial activity, and remittances all contribute foreign exchange to an economy in which the state and ruling family have become inseparable. Remittances are indispensable to Nicaraguan families and should be protected, but their scale also illustrates the importance of distinguishing humanitarian household flows from the channels that directly sustain the regime.

The United States has imposed significant targeted sanctions, and those measures have imposed real costs. But the regime has demonstrated an ability to absorb them while maintaining access to revenue, foreign exchange, international financing from multilateral development institutions, and bilateral support from China. The question before us, therefore, should not simply be whether to impose more sanctions. It should be whether U.S. policy is sufficiently focused on the financial resources that allow the regime to absorb pressure.

The gold sector as a central pressure point

Gold has become a particularly important source of foreign exchange and political control. The April 16, 2026, OFAC sanctions against Nicaraguan officials, individuals, and seven companies operating in the gold sector reflected a critical reality: the sector is not merely commercial. It is intertwined with regime financing, patronage, confiscated assets, and political power.

The relevant exposure extends beyond a few designated firms. A serious policy must examine the entire supply chain: concessions and extraction; artisanal aggregation; processing and transport; export documentation; trade finance; insurance; refineries; intermediaries; and downstream buyers. Companies that knowingly purchase, process, insure, finance, transport, or trade gold connected to regime-controlled networks should face consequences. At the same time, Treasury should provide a transparent licensing and compliance framework so that genuinely independent actors able to demonstrate ownership, traceability, and lawful operations are not driven into the regime's hands.

This combination—targeted pressure on regime-linked activity and clear pathways for legitimate trade—is essential. A carefully designed framework can isolate the networks that finance repression, protect compliant U.S.-linked businesses, and give international banks, refiners, insurers, and traders clear incentives to conduct enhanced due diligence.

Multilateral finance and fungible support

Multilateral financing deserves the same level of scrutiny. Development institutions may describe individual projects as socially beneficial, and some projects may indeed address legitimate needs. But money is fungible. Financing that pays for infrastructure, technical assistance, or public expenditures can create fiscal space that allows the regime to direct its own resources toward repression and patronage.

The United States should use its voice and vote in multilateral institutions to oppose non-humanitarian financial and technical assistance benefiting the Government of Nicaragua until measurable improvements in political conditions and human rights occur. This scrutiny should include other regional institutions where the United States does not participate by persuading its partner countries in the region to oppose any financing ~~new loans~~ to Nicaragua, given the risks of lending to a government whose lack of democratic legitimacy has been repeatedly recognized in OAS resolutions.

A bipartisan framework and three additional areas of pressure

The bipartisan legislation introduced by Senators Cruz and Kaine provides an important framework. It renews and expands sanctions against officials, affiliates, and other actors responsible for corruption, human-rights abuses, religious persecution, election manipulation, and political repression, while expanding attention to industries financing the regime, including gold. This approach builds on the NICA Act and the RENACER Act and recognizes that a durable policy must transcend any single administration.

The Cruz-Kaine legislation should be seen as complementary of a more general framework of political and economic pressure to the regime by the U.S. Administration and the international community. The complementary areas of pressure are:

First: Central Bank reserve assets

Congress and the Administration should examine the legal authorities and practical mechanisms available to restrict transactions involving Central Bank of Nicaragua reserve assets held within U.S. jurisdiction or by U.S. persons, and encourage allies to do the same. The United States has precedents involving the central banks of Russia and Venezuela. Those precedents demonstrate that sovereign reserve assets can become part of a targeted financial strategy when circumstances warrant.

Second: sovereign debt and government securities

The United States has used restrictions on sovereign debt to constrain authoritarian governments' access to capital, including measures targeting Venezuelan government and PDVSA debt in 2017 and Russian sovereign debt in 2022. In Nicaragua, the regime reportedly finances part of its fiscal deficit by compelling domestic banks to purchase government debt instruments. It also allegedly uses these securities to provide a veneer of legitimacy to cash transactions. I recommend that the Committee consider comparable restrictions on newly issued Nicaraguan sovereign debt and government securities.

Such restrictions should include appropriate provisions for legitimate U.S. investors and ordinary Nicaraguans, address evasion through intermediaries and secondary markets, and be coordinated with allied financial centers. The emphasis should be prospective and strategic: preventing the regime from replenishing resources through new borrowing while minimizing disorderly effects on existing lawful holdings.

Third: companies sectors and financial intermediaries

The United States should go beyond individual officials and target companies, sectors, and financial intermediaries that provide significant revenue or facilitate access to international financial markets. This requires beneficial-ownership analysis, supply-chain tracing, and attention to front companies, foreign

partners, banks, insurers, traders, and professional service providers that, knowingly or otherwise, support regime-linked activities.

Property confiscation should be integrated into this strategy. Individuals and entities that benefit from, commercialize, finance, or legitimize seized assets should face exposure. The United States should treat the illegal seizure of U.S. property not only as a commercial dispute, but also as a bilateral foreign-policy issue and pursue restitution or compensation, rather than leaving affected investors to confront a captured judicial system alone.

Principles for an effective pressure strategy

These measures should not be viewed simply as punishment. Their strategic purpose should be to change the regime's calculation: make continued repression more costly while making genuine political concessions increasingly valuable. To succeed, U.S. policy should follow five principles:

- Target the regime's financial capacity.
- Pair designations with enforcement. Track beneficial owners, successor entities, intermediaries, foreign enablers, and changes in trade routes after sanctions are imposed.
- Coordinate with allies. Restrictions on reserves, debt, gold, and financial services are more effective when major financial centers, refiners, insurers, and multilateral shareholders act together.
- Defend property rights and lawful enterprise. Create consequences for those who benefit from confiscation while offering compliance clarity to transparent and independent businesses.
- Tie pressure to measurable benchmarks. The regime should understand what concrete actions can prevent escalation or justify relief.

A clear and measurable endgame

The United States should define the political outcomes its leverage is intended to achieve. The objective should not be an indefinite accumulation of sanctions or the documentation of abuses without consequence. It should be a negotiated restoration of rights and conditions for a genuine democratic transition.

At a minimum, U.S. policy should seek:

- the release of all political prisoners and an end to politically motivated prosecutions;
- restoration of nationality and civil rights to denationalized and exiled Nicaraguans;
- an end to religious persecution and restoration of space for independent religious activity;
- restoration of freedom of expression, freedom of the press, association, and peaceful political activity;
- return of confiscated property or fair compensation, including for U.S. citizens and U.S.-linked entities;
- credible electoral conditions, independent observation, and a path to free elections;
- accountability for officials and economic actors responsible for repression, corruption, and the exploitation of confiscated assets;
- an end to transnational repression against Nicaraguans abroad; and
- a reduction in hostile foreign military, intelligence, surveillance, and sanctions-evasion activity in Nicaragua.

Congress should require regular reporting on these benchmarks and on the effectiveness of sanctions and financial measures. Reports should identify not only designations, but also disrupted transactions, frozen or restricted assets, successor firms, evasion routes, multilateral disbursements, property claims, political prisoners, and changes in the regime's conduct. Relief should be conditional, reversible, and proportional to verified steps.

Conclusion

During my 611 days of unjust imprisonment, I learned that the Ortega-Murillo dictatorship will continue taking risks when it believes those risks are manageable. Condemnation without meaningful consequences confirms that belief.

Nicaragua is therefore not only a human-rights issue. It is a regime-financing issue, a property-rights issue, a religious-freedom issue, a migration and transnational-crime issue, and an emerging national-security issue connected to hostile foreign influence in the Western Hemisphere.

The United States has leverage. Its market, financial system, role in multilateral institutions, alliances, sanctions authorities, and capacity to defend property rights all matter to the regime. The challenge is to use that leverage strategically and in coordination with others.

The goal should not be punishment for its own sake. It should be to create sufficient pressure that the regime concludes that continued repression is more costly than meaningful political change—and to preserve a path by which verified concessions can produce calibrated relief.

Thank you.

Selected sources reflected in this testimony

- United Nations Group of Human Rights Experts on Nicaragua, reports on state capture, repression, and the criminalization of dissent.
- Office of the United Nations High Commissioner for Human Rights, reporting on the human-rights situation in Nicaragua.
- Inter-American Commission on Human Rights, reporting on concentration of power, religious freedom, economic repression, and transnational repression.
- Organization of American States, resolutions and reports concerning democratic deterioration and the situation in Nicaragua.
- U.S. Department of State, country reporting on human rights, religious freedom, investment climate, narcotics, and property claims.
- U.S. Department of the Treasury and Office of Foreign Assets Control, Nicaragua sanctions actions and guidance concerning illicit finance and sanctions evasion.
- Congressional Research Service, analyses of Nicaragua, U.S. policy tools, and extra-hemispheric influence in Latin America and the Caribbean.
- U.S. Southern Command and Defense Intelligence Agency, public threat and posture assessments concerning Russian, Chinese, and Iranian activity in the hemisphere.
- U.S. Department of Homeland Security and other U.S. government reporting on irregular migration routes and screening risks.
- Central American Bank for Economic Integration, public information concerning its Nicaragua portfolio and governance reforms.
- World Bank data concerning migration, remittances, and Nicaragua's economy.
- Public legislative materials concerning the NICA Act, the RENACER Act, and the bipartisan Nicaragua legislation introduced by Senators Cruz and Kaine.

Annex to Written Testimony

This annex provides additional background and supporting information relevant to the testimony before the Committee. It addresses five principal areas: Nicaragua's growing security and strategic relationships with Russia, China, Iran, and North Korea; a set of possible additional measures that the United States and the international community could consider in response. The objective of these additional measures would be to further increase, beyond Congress legislation, the incentives for the Ortega-Murillo regime to undertake meaningful political reforms towards a transition to democracy. Finally, a short section summarizing the elements of the opposition's proposed framework for a democratic transition. The goal is to establish a credible pathway toward a democratic transition, while preserving a clear set of conditions under which international pressure could be adjusted as measurable progress is achieved.

Ortega-Murillo foreign alliances

Russia: Military and Intelligence Escalation

Russia, since its time as the Union of Soviet Socialist Republics (USSR), has been a historically ally of the Sandinista movement, providing flows of oil that guaranteed the operational sustainability of the Sandinista regime and becoming the principal and almost exclusive supplier of weapons, ammunition, and supplies to the Sandinista military, police, and security forces.

Under the pretext of training Sandinista police forces in the fight against drug trafficking, Russia has established military training centers in Nicaragua where, in addition to training members of the regime's security apparatuses in military and espionage techniques, it also can serve as a spearhead for training other Central American military officers with clear objectives of successfully pursuing its future plans for regional domination and geopolitical positioning against the United States.

In the context of the renewal of these relations, updated to reflect new times and technologies, Russia has obtained unrestricted permission from the Nicaraguan dictatorship to install and operate satellite communications bases and centers whose purposes include national and international espionage, both for military and commercial purposes. These measures, among others, have led to the replacement of the use of the Global Positioning System (GPS) by GLONASS.

With the eradication of freedom of the press and, consequently, the prohibition of all independent media within the country, Russia has established itself in Nicaragua not only as the principal educational source for the dictatorship's propaganda media, but also for media outlets and journalists from Central American countries and the rest of the continent, turning Nicaragua into an operational center for the totalitarian indoctrination of the hemisphere's press.

Russia constitutes the actor with the greatest capacity for escalation from Nicaraguan territory. The GLONASS station in Nejapa and the signals center at Cerro Mokorón, both in Managua, operate under the control of Russian personnel with diplomatic immunity.

The expanded Nicaragua–Russia agreement (2026) authorizes cooperation in intelligence, rotational deployment of personnel, joint training, and naval and air presence, using ambiguous language that permits rapid increases under the pretext of “security cooperation.”

U.S. Southern Command officials have repeatedly warned that Nicaragua constitutes one of the most sensitive points for Russian projection in the hemisphere.

China: Structural Penetration and Strategic Capture

In 2021 the Ortega-Murillo regime ended diplomatic relations with the Republic of China (Taiwan) confiscated the embassy and expelled all members of its diplomatic mission from Nicaragua, all with the purpose of paving the way for the establishment of diplomatic relations with the People's Republic of China.

China has turned Nicaragua into a node for sanctions evasion, opaque financial flows, and structural dependency. The regime decided to establish, without consultation to the population, commercial agreements with China; it signed numerous loan and financial-disbursement protocols that, have heavily indebted the country, leaving national sovereignty at the mercy of the People's Republic of China and the Chinese Communist Party.

Likewise, in an act of surrender of national interests and without regard for the consequences or impact on local national companies, the Sandinista regime authorized the establishment and residence of thousands of Chinese citizens in Nicaragua.

As part of the consolidation of diplomatic relations between the Managua regime and Beijing, security and military conventions, protocols, agreements, and treaties emerged and were signed that provide Nicaraguan national territory for the hegemonic interests of mainland China, but also for the use of Nicaraguan territory as a bridge for the transit and expansion of illegal migration by Chinese citizens toward the United States.

The most emblematic case among these military agreements and conventions, disguised as commercial cooperation, is the transfer of the unfinished military air terminal from the 1980s, known as Punta Huete, into the hands of the Government of China, supposedly financed to construct an international commercial logistics distribution center. Yet, given that Nicaragua is not, nor will it be, an international logistics hub, this clearly appears intended to establish a military and intelligence terminal serving the expansionist interests of the Chinese Communist Government and military, not only in Central America but also to reach the West Coast of the United States.

The Special Economic Zones Law for the Belt and Road Initiative (2025) grant extraordinary tax privileges to Chinese companies, while at the same time the regime is confiscating American investors.

China is advancing in the purchase or confiscation of land between Chinandega and Corinto to secure operational control of the Port of Corinto. The regime has also granted “Chinese-capital companies”, inked to the Chinese military or to Chinese capital, extensive concessions over national territory for gold mining. These concessions represent approximately 10% of Nicaragua's total territory, according to Fundacion del Rio, which has been analyzing the case for years. Furthermore, these territorial allocations have been carried out through opaque and non-transparent processes, without rigorous compliance with the applicable laws, and under an expropriatory-confiscatory model, taking away concessions previously granted to private companies from the United States and Canada, as well as from domestic investors.

It is also important to note the signing of agreements on security and military matters, including the agreement with Poly Technologies, a company sanctioned by the United States, which reinforces the integration between Russian and Chinese defense systems.

Iran and North Korea: Penetration from the Shadows

The Islamic Republic of Iran maintains an active diplomatic presence in Nicaragua. Under the sponsorship and approval of the Managua regime, it is believed that Iran has established an operational force on Nicaraguan territory, including the unofficial presence of members of the Islamic Revolutionary Guard Corps, or IRGC.

Daniel Ortega Saavedra has described the Islamic State of Iran as a twin revolution of the Sandinista Revolution. Beyond the rhetoric, however, he has also defended the alleged right of that Islamic nation to enrich uranium and manufacture atomic bombs.

In February 2023, in the context of Iranian Foreign Minister Hossein Amir-Abdollahian's visit to Nicaragua, the Nicaraguan dictator stated: "…with what authority do the Western powers want to prohibit Iran from making atomic bombs if it wants to…?"

In the same context, Ortega declared: "…In this world, what would make sense is for all countries to seek a way to have our own little atomic weapon so that they will respect us…"

Under Ortega, the Nicaraguan State has signed various agreements with Iran ranging from insignificant commercial matters to issues involving technology and "nuclear medical sciences," with Sandinista complicity, for potential operations connected to its nuclear policy.

Under the Sandinista administration of the Ortega-Murillo family, the borders have been opened to migration flows into Nicaragua, which could include Iranians, not only eliminate controls but also grant special benefits to Iranian citizens traveling to Nicaragua.

Such migration flows represent nothing more than a veiled strategy to disguise the movement of specialists in matters that threaten the security of the Western Hemisphere, as well as the possibility of arrival and establishment in Nicaragua of terrorist elements from Hamas and Hezbollah and the facilitation of their conspiratorial operations against the United States from Nicaraguan territory.

The security implications of Nicaragua's growing ties with Iran and other non-Western actors have also raised concerns among neighboring governments. In June 2026, Costa Rican Foreign Minister Manuel Tovar warned before the Organization of American States (OAS) General Assembly of what he described as the "persistent and recent presence" in Nicaragua of organizations such as Hamas and Hezbollah. Tovar characterized these developments as a concern for regional security, particularly in light of the subsequent detention in Costa Rica of individuals belonging or linked to Hamas. The Costa Rican government's statement underscores the need for U.S. and regional authorities to examine whether Nicaragua's expanding relationships with Iran and other actors could facilitate terrorist financing, sanctions evasion, illicit trafficking, or other transnational security activities.

North Korea has been a traditional ally of the Sandinista movement since the 1970s. During the Contra War, North Korea provided military support. More recently, North Korea is believed to provide advanced cyber-operation capabilities. The defense intelligence agencies have identified North Korea as an active actor in illicit cyber and financial operations.

Nicaragua and North Korea have taken concrete steps to deepen their diplomatic relationship since 2023, at a time when Pyongyang has been reducing or restructuring a number of its overseas diplomatic missions. In July 2023, the two regimes announced an agreement to open diplomatic missions in each other's capitals. Nicaragua subsequently established an embassy in Pyongyang, and in July 2024 its ambassador presented his credentials to North Korean authorities. The timing is notable because North Korea has simultaneously closed or reduced a number of diplomatic missions around the world, making its decision to facilitate a new Nicaraguan mission significant. Nicaragua also closed its embassy in South Korea in 2024, while continuing to deepen its relationship with Pyongyang. As of 2026, North Korea has not reopened its former resident embassy in Managua, which had closed in 1995, but recent analysis documents a marked increase in North Korean diplomatic attention toward Nicaragua. The precise objectives of this renewed relationship remain uncertain, but analysts have identified potential interests ranging from trade and diplomatic support to possible military or security cooperation. Given Nicaragua's growing relationships with Russia, China, and Iran, the United States and its partners should closely monitor the evolution of Nicaragua's relationship with North Korea,

particularly for evidence of military cooperation, sanctions evasion, technology transfers, or other forms of strategic cooperation.

Strengthening relations with authoritarian regimes while closing missions in the west

Nicaragua has also expanded its diplomatic footprint in Africa, Asia, and the Middle East, including establishing or strengthening missions in countries with which it has limited commercial ties and several regimes that are themselves authoritarian or internationally isolated. In 2024, Nicaragua announced new diplomatic representation in countries including Burkina Faso, Zimbabwe, Ghana, Ethiopia, Benin, Togo, Niger, Turkmenistan, Lebanon, and Vietnam. In 2026, Nicaragua appointed a resident ambassador to Angola, while continuing to expand its diplomatic engagement in Africa and the Middle East. The pattern is notable because Nicaragua has simultaneously reduced diplomatic representation in countries with large Nicaraguan diasporas, while expanding ties with governments that can provide alternative diplomatic, political, and potentially economic relationships. The Dominican Foreign Ministry confirmed on September 9, 2026, that Nicaragua had closed its embassy in Santo Domingo, following the Dominican government's decision in July to recall its ambassador for consultations. The United States and its partners should therefore view Nicaragua's expanding diplomatic network as part of a broader effort to diversify its international partnerships and reduce its dependence on traditional Western relationships.

International Measures to Support a Democratic Transition in Nicaragua

The United States and the international community have a range of diplomatic, financial, economic, legal, and security instruments that could be employed in a coordinated manner to increase the costs of continued authoritarian rule while preserving a clear pathway toward democratic transition. The objective should not be to isolate Nicaragua for its own sake, but to create sufficient incentives for the regime to negotiate meaningful political change, restore fundamental freedoms, and establish conditions for credible elections.

Just as the NICA Act was instrumental in convincing the regime to engage in a dialogue in 2019 (the result of which was later ignored), and later the RENACER Act was fundamental for the political prisoners release in February, 2023, both of these laws were instrumental in calling upon the international community to strategically isolate the Ortega-Murillo government in Nicaragua. The measures below are proposed for consideration by the United States and its international partners. Each government or institution should evaluate the applicable legal authorities, evidentiary basis, humanitarian and economic consequences, and potential effectiveness. Measures should also be calibrated and, where appropriate, linked to verifiable benchmarks for democratic progress.

It should be noted that some have argued that the Executive branch actions pursuant to the NICA and RENACER Acts increased the number of migrants coming to the U.S. southern border. But those who make this argument have the causality wrong. It was the killing of hundreds of protesters, the incarceration of thousands of demonstrators, and reign of terror imposed by the Ortega-Murillo regime that caused the increased migration.

Expand targeted sanctions against the senior leadership

The United States and other governments should consider additional targeted sanctions against senior officials who exercise direct responsibility for the political, security, financial, and diplomatic apparatus of the Ortega-Murillo regime.

In particular, the United States could evaluate the designation of Dictator Daniel Ortega under the applicable authorities governing Nicaragua. His wife and co-president, Rosario Murillo, was designated by the U.S. Department of the Treasury on November 27, 2018, under Executive Order 13851. Since then, the United States has sanctioned numerous members of the Ortega-Murillo family and senior government officials,

including officials associated with the judiciary, electoral authorities, the military, financial institutions, and the communications apparatus.

A further candidate for consideration is Foreign Minister Valdrack Jaentschke. Jaentschke currently serves as Minister of Foreign Affairs and has occupied senior positions within the Ortega regime's foreign-policy apparatus for many years. In particular, Jaentschke has been related to paramilitary and espionage units in San José, Costa Rica, where he served at the Nicaraguan embassy.

Strengthen diplomatic pressure and avoid normalization

Governments in the Western Hemisphere and other democratic countries could consider a coordinated set of diplomatic measures, including recalling ambassadors for consultations, reducing the size of diplomatic missions, restricting high-level official contacts, and, where diplomatically appropriate, downgrading or suspending diplomatic relations.

These measures should be coordinated to avoid producing merely symbolic bilateral actions. Their purpose would be to communicate that continued diplomatic normalization is contingent upon measurable progress toward political opening, restoration of civil liberties, release or rehabilitation of political prisoners, and credible electoral conditions.

A coordinated diplomatic position would be particularly important because unilateral measures can be offset by the regime's relationships with other governments. A broad coalition would make it more difficult for the Nicaraguan authorities to substitute diplomatic relationships with individual countries for broader international engagement.

Establish an electoral roadmap through the OAS

The Organization of American States should be given a central role in preparing Nicaragua for credible elections. The United States and other countries in the hemisphere could support the OAS in strengthening its technical capacity to assess Nicaragua's electoral institutions and develop a comprehensive package of electoral reforms.

The OAS has already accumulated extensive institutional knowledge concerning Nicaragua. Its 2017 Electoral Observation Mission issued recommendations, and the Organization subsequently identified serious deficiencies in the composition and independence of Nicaragua's Supreme Electoral Council and in the 2021 electoral reforms.

A strengthened OAS process could be tasked with:

- assessing the electoral registry and identification system;
- evaluating the independence and composition of the Supreme Electoral Council;
- reviewing electoral legislation and political-party registration requirements;
- assessing mechanisms for electoral dispute resolution;
- evaluating political and campaign financing;
- examining access to media and freedom of political expression;
- establishing requirements for international electoral observation; and
- producing a sequenced reform roadmap to be implemented over a defined period, such as twenty-four months.

The objective would be to establish, as early as practicable, the institutional conditions necessary for internationally credible elections rather than simply calling for elections without addressing the institutional deficiencies that have made previous elections noncompetitive.

Reduce access to international sovereign financing

The international financial institutions should evaluate whether continued sovereign lending to the Nicaraguan regime is consistent with their respective mandates and governance requirements.

These institutions have maintained ~~a~~ substantial development portfolio in Nicaragua.~~,~~ However, they have not approved new financing operations and have suspended ~~suspends~~ eligibility for new loans and guarantees.

However, attention should be given to other regional organization that have historically been an important source of financing for Nicaragua. The United States and other shareholders could encourage such organizations to apply heightened scrutiny to new sovereign financing and to consider whether additional lending should be conditioned on governance, transparency, and democratic benchmarks.

The objective would not be to impede financing for humanitarian needs or projects that directly benefit the Nicaraguan population. Rather, the focus should be on reducing the regime's access to discretionary external financing that can strengthen the fiscal and institutional capacity of the regime.

Accelerate and expand the Section 301 response

The United States should continue implementation of the Section 301 action concerning Nicaragua and evaluate whether additional measures are warranted if the regime fails to make meaningful progress.

In October 2025, USTR determined that Nicaragua's acts, policies, and practices concerning labor rights, human rights, fundamental freedoms, and the rule of law were unreasonable and burdened or restricted U.S. commerce. In December 2025, USTR announced a phased tariff on Nicaraguan goods that do not qualify for CAFTA-DR preferential treatment: zero percent beginning January 1, 2026, 10 percent in 2027, and 15 percent in 2028. USTR expressly reserved the possibility of modifying the schedule if Nicaragua failed to make progress. Despite increased actions by the Ortega Murillo regime, USTR has not modified the schedule accordingly.

The Administration could evaluate whether the implementation schedule should be accelerated and whether additional sectors should be considered under the applicable statutory authorities, including measures affecting sectors or products currently receiving CAFTA-DR preferential treatment where the legal requirements for such action are satisfied.

Any expansion should be accompanied by an assessment of effects on U.S. businesses, Nicaraguan workers, consumers, and regional supply chains. The purpose should be to increase pressure on the regime while minimizing unintended consequences for the Nicaraguan population.

Prevent the political misuse of INTERPOL mechanisms

The international community should strengthen safeguards against the use of INTERPOL mechanisms for political persecution of Nicaraguan opposition members and dissidents.

INTERPOL's Constitution prohibits the Organization from undertaking activities of a political, military, religious, or racial character, and its Notices and Diffusions Task Force reviews Red Notices and Wanted Person Diffusions for compliance with these requirements.

Governments should ensure that requests originating from Nicaragua involving opposition figures receive rigorous scrutiny for compliance with INTERPOL's rules. Where credible evidence indicates that a request is politically motivated, states should use the mechanisms available under INTERPOL's rules to challenge or prevent the misuse of its systems.

Review military cooperation involving Nicaragua

The United States and participating governments should evaluate Nicaragua's continued participation in regional military-security mechanisms, including the Conference of Central American Armed Forces (CFAC), particularly where U.S. Southern Command participates in associated activities.

Any modification to Nicaragua's participation should be considered in light of applicable security authorities and regional defense arrangements. The central question should be whether continued institutional military cooperation is consistent with the United States' broader security and democratic-governance objectives.

Such a review could also examine military-to-military contacts, training, exchanges, intelligence cooperation, and other forms of institutional engagement, while preserving channels necessary for legitimate humanitarian, disaster-response, and regional-security purposes.

Establish a high-level international coordination mechanism

The United States could propose, at the next international consultation on Nicaragua at the OAS meeting, the creation of a high-level group of foreign ministers and senior diplomatic representatives to coordinate policy toward Nicaragua.

The group could be chaired or convened by the United States and include governments from the Western Hemisphere, together with the European Union, the United Kingdom, and other democratic partners.

Its purpose would be to establish common benchmarks, coordinate sanctions and diplomatic measures, monitor developments, and avoid contradictory policies that allow the Nicaraguan regime to circumvent pressure by shifting relationships among individual countries.

The group could report periodically on progress against agreed benchmarks and recommend adjustments in international measures as circumstances change.

Create a broader international coalition and prevent premature normalization

The United States should work with the European Union, United Kingdom, OAS, Canada, and democratic governments in Latin America to establish a broad coalition for democratic transition in Nicaragua.

The coalition should coordinate diplomatic positions and establish common principles governing normalization of relations. In particular, individual governments should avoid restoring full political and economic relations solely on the basis of cosmetic institutional changes or limited concessions.

At the same time, the coalition should make clear that meaningful democratic reforms would produce a corresponding opening of diplomatic and economic relations. This would establish a credible connection between political change and the removal or relaxation of international measures.

Expand investigations into money laundering, corruption, and narcotics trafficking

The United States should deepen financial and law-enforcement investigations concerning possible money laundering, corruption, narcotics trafficking, and other illicit financial activities involving Nicaraguan officials, state-linked enterprises, and individuals associated with the regime.

There is documented evidence that Nicaragua has been part of established Central American cocaine trafficking routes. A 2022 U.S. Department of Justice case, for example, described trafficking organizations

moving cocaine from Colombia and Ecuador through Panama, Costa Rica, Honduras, Guatemala, Nicaragua, and Mexico toward the United States. More recently, Nicaraguan authorities themselves have reported significant cocaine seizures at the Peñas Blancas border crossing involving shipments arriving from Costa Rica, including a March 2026 seizure of 1.312 metric tons.

On January 10, 2024, Russian Federal Customs Service officers announced the seizure of more than one metric ton of cocaine at the Port of St. Petersburg. The cocaine, approximately 1,000 packages/bricks, was concealed in a container that had arrived from Nicaragua. Russian authorities valued the shipment at approximately $120 million, and opened a criminal investigation for large-scale drug trafficking.

On March 19, 2026, the UK's National Crime Agency (NCA) announced the seizure of 943 kilograms of cocaine at Southampton Docks. The container had sailed from Nicaragua via Panama to the United Kingdom, and the cocaine was found concealed among pallets of bananas. The NCA estimated its street value at approximately £75 million. Three men were subsequently charged in connection with the shipment.

On February 13–15, 2026, El Salvador's National Navy intercepted a Tanzanian-flagged multipurpose support vessel approximately 380 nautical miles southwest of the Salvadoran coast. Authorities found 330 packages containing approximately 6.6 metric tons of cocaine, with an estimated value of $165 million. The cocaine was concealed in the vessel's ballast tanks. The vessel had 10 crew members, of whom three were Nicaraguan nationals. The Salvadoran authorities identified the three Nicaraguans as José Martín Cerda Cea, Roberto Adolfo Díaz, and Francisco Javier García Duval.

Previously, just a month before, on January 14, 2026, Salvadoran authorities seized 375 kg of cocaine, valued at approximately $9.4 million, from a vessel that had originated in Nicaragua and was headed toward Guatemala. Two people were arrested.

The frequency, scale, geographic dispersion, and recurrence of shipments involving Nicaragua warrant a deeper U.S. investigation into whether regime-connected individuals, businesses, financial institutions, or officials are facilitating or benefiting from narcotics trafficking and associated money laundering.

The United States should also examine financial flows involving Nicaraguan officials, state-owned or state-controlled enterprises, gold-sector companies, and other entities potentially associated with money laundering or illicit finance. Recent Treasury actions demonstrate that the gold sector and linked companies remain relevant to the regime's financial networks.

Consider asset freezes and restrictions on sovereign financing

The United States should evaluate whether the applicable legal authorities permit the freezing or blocking of Nicaraguan Central Bank assets within U.S. jurisdiction, as well as restrictions on transactions involving new Nicaraguan sovereign debt.

Similarly, governments and international financial institutions could consider restrictions on the issuance or placement of new Nicaraguan sovereign bonds, subject to their respective legal authorities and financial-market obligations.

These measures should be designed to prevent the regime from using international financial markets to expand its access to resources while maintaining policies that undermine democratic institutions.

There are important international precedents for the use of financial measures against governments whose conduct is regarded as a threat to international peace, democratic institutions, or human rights. In February 2022, following Russia's full-scale invasion of Ukraine, the United States prohibited transactions involving the Central Bank of Russia, the National Wealth Fund, and the Russian Ministry of Finance, effectively

immobilizing Russian Central Bank assets held in the United States or by U.S. persons. In coordination with allies, the measure ultimately contributed to the immobilization of approximately $300 billion in Russian Central Bank assets internationally. The United States also prohibited transactions involving certain Russian sovereign debt, including restrictions on participation in new debt issued by the Russian government and restrictions on certain secondary-market transactions. OFAC continues to maintain these sovereign-debt restrictions.

The United States has employed comparable financial tools in the case of Venezuela. Executive Order 13808, issued in August 2017, prohibited U.S. persons from engaging in transactions involving certain new debt of the Venezuelan government and PDVSA and restricted transactions involving certain existing Venezuelan government bonds. Subsequent executive orders expanded restrictions on transactions involving Venezuelan government debt and, in 2019, blocked property and interests in property of the Government of Venezuela subject to U.S. jurisdiction. The European Union has likewise maintained asset-freeze measures against individuals and entities connected to Russia and Belarus, demonstrating that such restrictions can be implemented through coordinated multilateral sanctions regimes.

Freezing sovereign or central-bank assets and restricting access to new sovereign debt are established instruments of international economic statecraft. The United States and its partners could therefore evaluate whether comparable measures are legally available and proportionate in the Nicaraguan case, considering the applicable statutory authorities, Nicaragua's financial exposure in U.S. and allied jurisdictions, potential effects on the Nicaraguan population and private sector, and the objective of creating incentives for a negotiated democratic transition.

Support appropriate judicial accountability

Where credible evidence of criminal conduct exists, the United States and other jurisdictions should support appropriate domestic and international judicial processes involving senior Nicaraguan officials and other individuals responsible for serious crimes.

This could include evaluating, on a case-by-case basis, whether sufficient evidence and jurisdiction exist for criminal indictments, arrest warrants, or other lawful judicial measures against Daniel Ortega, Rosario Murillo, and other senior officials or enablers. The objective would be to ensure that individuals responsible for serious offenses cannot rely indefinitely on political office or international travel to avoid legitimate judicial accountability.

Expand material support for democratic forces and independent media

International pressure should be accompanied by expanded material support for the Nicaraguan actors working peacefully for democracy, human rights, religious freedom, and independent civic institutions.

The United States, European governments, and other democratic partners should consider increasing assistance for:

- independent Nicaraguan media operating inside and outside the country;
- journalists facing censorship, exile, or persecution;
- civil-society organizations documenting human-rights violations;
- organizations providing legal and humanitarian assistance to victims of repression;
- democratic opposition organizations and civic networks;
- independent research and monitoring of economic, political, and electoral conditions; and
- secure communications and digital-security capacity for civil-society actors.

This support should be structured to protect the independence of Nicaraguan organizations rather than substitute foreign actors for domestic leadership.

Opposition's political transition proposal

A coalition of Nicaraguan opposition actors has recently proposed a transition plan to the Nicaraguan people and the international community. The proposed transition process shall begin as the international pressure described above have created the right conditions for genuine change to democracy. The transition shall be grounded in effective governance capable of ensuring social stability without disruption or trauma to society, economic stability for the Nicaraguan people and the private sector, and appropriate legal guarantees for the continuity of private-sector operations. The transition shall preserve the continuity of commercial transportation by land and sea, ensure the full subordination of the armed forces to duly constituted civilian authority, provide for the immediate dismantling of any potential political groups seeking to destabilize the country, and establish full and effective civil liberties and fundamental freedoms.

The proposal stresses the need to establish a National Transition Junta or Transitional Authority with a temporary and limited mandate, vested with sufficient powers to dismantle the existing authoritarian system and facilitate the restoration of democratic governance in Nicaragua.

The Junta shall be responsible for safeguarding national stability, public confidence, security, and peaceful coexistence throughout the transition.

The Junta shall serve for a fixed term of twenty-four (24) months, commencing on the date of its inauguration and not subject to extension. During its mandate, the members of the Junta shall constitute the duly authorized representatives of the State of Nicaragua for all matters falling within its domestic and international jurisdiction.

Members of the Junta shall devote their full time, attention, and efforts to the service of the nation. Upon accepting appointment to the Junta, each member shall be ineligible to seek or hold any popularly elected office in the national, municipal, or regional elections immediately following the Junta's mandate, regardless of whether the member completes the full term of service on the Junta.

Upon assuming office, the Junta shall repeal the Constitution then in force and promulgate a Statute of Rights and Guarantees of Nicaraguans. Pending the adoption and entry into force of a new Political Constitution of Nicaragua, the Junta shall exercise the functions of Head of State, Head of Government, and Supreme Commander of the Armed Forces. The Junta will start the dismantling of the legal system that supports the repression. The opposition has identified at least 24 laws that must be repealed.

The Junta shall exercise these functions until a National Constituent Assembly has drafted, subjected to public consultation, and adopted a new Political Constitution of Nicaragua, and new national authorities have been elected and assume office in accordance with that Constitution, thereby succeeding the transitional authority.

Conclusion

The objective of these measures should be to establish a credible relationship between the conduct of the Nicaraguan regime and the international response. Continued repression and refusal to undertake meaningful reforms should generate increasing diplomatic, financial, economic, legal, and political costs. Conversely, measurable progress toward democratic opening, restoration of fundamental freedoms, institutional reform, and credible elections should provide a basis for the international community to modify or remove specific measures.

The central principle should therefore be pressure combined with a clear off-ramp: the international community should make clear what steps Nicaragua must take to restore democratic relations, while maintaining sufficient coordinated pressure to make continued authoritarian rule increasingly costly.