

GECMUN 6: CREATE!

UNSC

STABILIZATION OF VENEZUELA
CHAIR REPORT

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LETTER FROM THE CHAIRS

Greetings honourable delegates,

We are Luella Lee, Hyung Jun Cho and Emily Park, all from North London Collegiate School Jeju. It is our greatest pleasure to be serving you as the co-chairs of the United Nations Security Council in Jeju MUN.

In the Security Council, you will be discussing the agenda regarding the institutional, political and social sequences from the economic crisis in Venezuela. The crisis touches upon numerous issues at the core of today's world values: democratic elections, right to self-determination, humanitarian measures and human rights. Throughout the conference, we, the chairs, will try our best to help you engage in a fruitful discussion with fellow delegates and devise resolutions entertaining the matter at hand.

In order to yield effective and practical solutions, we thoroughly advise all delegates to have acquired sufficient background knowledge on the topic. When researching for the conference, make efficient use of various online and offline resources - such as the CIA World Factbook, government statistics, newspaper articles, research papers, and most importantly this chair report.

If you have any further inquiries about the procedure or topic, please don't hesitate to contact us at any time. We wholeheartedly look forward to meeting you at the conference!

Kind Regards,
Luella Lee, Hyung Jun Cho and Emily Park

KEY TERMS

P.S.U.V. (United Socialist Party of Venezuela)

A political party that resulted from the merging of the political parties that supported Hugo Chavez during the Bolivian revolution. A leftist party which follows Chavist values and is currently led by Nicolás Maduro.

M.U.D (Democratic Unity Roundtable)

An electoral coalition of Venezuelan political parties that was formed in 2008 to oppose the P.S.U.V. Mostly consisting of centrist parties.

P.D.V.S.A. (Petróleos de Venezuela, S.A)

State-owned oil and natural gas extraction, refining and commercialization company. PDVSA is crucial for the Venezuelan economy.

Organization of American States (OAS)

An International organization that is composed of the 35 members in the Americas and has the goal of improving regional cooperation in economics, politics, and other factors. The mission of this organization is to defend democracy and human rights violations.

Venezuelan Diaspora

Migratory movement in the Americas stemming from the voluntary emigration of millions of Venezuelans from their country during the governments of Hugo Chavez and Nicolás Maduro.

Inflation

The general and sustained increase in the prices of goods and services over time. It reduces the purchasing power of each unit of currency.

Default

When a country is unwilling or unable to meet the obligations of a loan agreement, it declares it is in default, meaning that it will cease to pay off its national debt. This lowers trust in the country from investors, making it harder to borrow money in the future.

Lima group

A multilateral body that was established following the Lima Declaration on August 2017, where representatives of 12 countries met in order to establish a peaceful exit to the Crisis in Venezuela.

Chavismo

Political ideology established by Hugo Chavez that includes socialist ideas, left-wing populism, Bolivarian elements, patriotism and Latin American integration as its main components. Chavez implemented a "Bolivarian revolution" in Venezuela following the guidelines of this ideology.

AGENDA INFORMATION

TOPIC BACKGROUND AND INTRODUCTION

The crisis in Venezuela is a product of complicated intersections between socioeconomic and political problems that began many years ago. The situation is considered the worst in Venezuela's history, and is still an ongoing process.

The beginning of the crisis dates back to the Hugo Chavez administration (former president of Venezuela). Shortages of regulated food staples and basic necessities became widespread across the country following the adoption of price control policies from the Chavez government. On June 2010, Chavez declared an 'economic war' due to increasing shortages. His successor, Nicolas Maduro, exacerbated the problem by withholding US dollars from importers (fewer US dollars to spend on imports) with price controls. The situation intensified as Venezuela's oil production and prices dropped due to lack of maintenance and investments. The Maduro administration denied the existence of the economic crisis and refused to accept help from Amnesty International and the United Nations. Throughout the years, the problem has expanded to political corruption and mismanagement, shortages of basic food and medicine, closure of companies, unemployment, and economic immobility. Consequently, this led to the largest recorded refugee crisis in the Americas, where 6 millions of Venezuelans emigrated from their country to neighbouring states.

The problem has affected the life of citizens on many levels. In 2017, 75 percent of the population lost an average of 8 kg in weight due to hunger, and over 50 percent of the population did not have enough income to meet basic food demands. As of March 2019, 94 percent of Venezuelans live in poverty, and is in dire need of humanitarian assistance.

In 2019, a new political dispute over the presidency of Venezuela was added to the already-devastating situation. The results of the 2018 national elections, by which Maduro was re-elected, were disputed, and political opposition did not approve Maduro as the successor to Chavez. Juan Guaido declared himself as the legitimate president of the country under article 233 of the constitution. In return, Maduro accused Guaido of a coup d'etat. As of June 2019, Guaido is recognised by 54 countries as the acting president of Venezuela, and is being supported by the United States, Canada, and most of Western Europe.

STATUS QUO

At present, the dire situation in Venezuela calls on the global community to cooperate for help. Venezuela today experiences heightened political polarization, social division, hyperinflation, and humanitarian crisis.

During Chavez's presidency, oil prices surged in 2004. Consequently, Venezuela's oil-dependent economy started booming, and Chavez spent the money on social welfare programs for the poor: subsidizing food, improving the educational system, and stabilizing health care. However, he failed to reduce Venezuela's dependence on oil which led to a

growing deficit. In 2015, Venezuela's oil production had fallen to 2.6 million BPD, a decrease of more than 20% below 2006 levels. Maduro rigged the economy set the official exchange rate at 10 bolivars per US dollar, but only high governmental officials had access to this rate. In contrast, most Venezuelans have mere access to dollars in the black market, with an approximate rate of 12:000 bolivars per dollar. The military, having complete control of the food supply from Maduro, are profiting of this currency crisis. The International Monetary Fund predicts Venezuela's inflation rate will reach 10 million percent in 2019.

The abusive Venezuelan government continues to use military forces against protesters who are unarmed. More than 12,500 people have been arrested since 2014 in connection with protests, according to the Penal Forum. In 2017, military courts prosecuted more than 750 civilians, in violation of international human rights law. The captured protesters are detained illegally for long periods of time, suffering from extreme human rights abuses such as beatings, electric shocks, and burns. More than 4 million people have fled Venezuela as a result of political instability, hunger, inflation, poverty and soaring crime rates. It has been described as the largest exodus in Latin America in a hundred years.

KEY ISSUES

2019 Human Rights Watch/Johns Hopkins Report

To assess the current conditions of the humanitarian crisis in Venezuela, the Human Rights Watch and the Center for Humanitarian Health (John Hopkins) published a report on the situation inside Venezuela from the perspectives of national organizations, civil society organizations and official sources.

It calls for the following actions from the United Nations Security Council:

- Frequently meet to address Venezuela's humanitarian crisis and its consequences across Venezuela's borders
- Request regular reports from the Secretary-General and the UN ERC on the humanitarian crisis and the response to it
- Request and discuss all reports, resolutions and other documents from the High Commissioner for Human Rights and the Human Rights Council
- Document the violations to the right to health and basic amenities in Venezuela
- Urge Venezuelan authorities to release food security, epidemiological and nutrition data that would enable UN humanitarian agencies to conduct a comprehensive needs-based assessment of the humanitarian situation in Venezuela
- Recommend that the Human Rights Council create an International Commission of Inquiry that would look not only into the violations committed by the Venezuelan authorities during their crackdown on dissent, but also into violations of the rights to health and food

Venezuelan Refugee Crisis (Bolivarian Diaspora)

The Venezuelan Refugee Crisis, the largest recorded refugee crisis in the Americas, refers to the mass emigration of millions of Venezuelans from their native country during the presidency of Hugo Chávez and Nicolás Maduro because of the Bolivarian Revolution. The United Nations predicted that at the end of 2019, there would have been over 5 million recorded emigrants during the Venezuelan Crisis (over 15% of the population).

Hyperinflation in Venezuela

This period refers to the currency instability in Venezuela starting from November 2016 during the ongoing socio-economic and political crisis. Since 1983, the country experienced long periods of continuous and uninterrupted inflation, reaching 69% in 2014. In April 2019, the International Monetary Fund has estimated that inflation would reach 10,000,000% by the end of 2019.

Shipping of Humanitarian Aid to Venezuela

During the presidential crisis between the Venezuelan governments of Nicolás Maduro and Juan Guaido, a coalition with Colombia, Brazil, the United States and the Netherlands tried to bring the essential goods as a response of the shortages in Venezuela. On February 11 2019, Guaido and Miguel Pizarro made partial delivery of the first shipment of humanitarian aid to the Association of Health Centers.

TIMELINE OF EVENTS

March 2013

Venezuelan President Hugo Chavez dies, Vice President Nicolas Maduro takes office

November 2013

Venezuela's legislature, the National Assembly, grants Maduro special powers that allow him to govern by decree for one year in order to fight inflation and shortages of food and medicine

February 2014

Venezuelan security forces arrest well-known opposition leader Leopoldo Lopez on charges of creating unrest, after a wave of protests "The Exit"

December 2014

Venezuela enters a recession because of plummeting oil prices. The inflation rate in 2014 surpasses 63%, the highest in the Americas.

December 2015

Opposition Democratic Unity coalition wins control of Venezuela's legislative body (National Assembly)

March 2017

Venezuela's Supreme Court, which had consistently sided with the Socialist Party, announces it is taking over the functions of the National Assembly. The event sparks months of anti-government protest that ultimately leave more than 100 dead.

July 2017

Venezuela calls for a referendum to approve the creation of an all-powerful legislative body called the Constituent Assembly. It is nominally tasked with rewriting the constitution but quickly takes over legislative functions, leading to accusations that Maduro is undermining democracy.

February 2018

Mediation talks between the government and the opposition collapse amid disagreement over the timing of the next presidential election

January 2019

Guaido appoints himself as interim president at the opposition's largest rally since 2017. He is recognised as the country's legitimate president by the United States and its allies.

January 2019

United States implements sanctions, cutting off the main source of Venezuelan government revenue in order to place pressure on Maduro to step aside in favor of Guaido

February 2019

Maduro proposes to bring forward parliamentary elections for this year, as he seeks to crush the threat posed by Guaido. The parliamentary elections had been rescheduled for 2020.

PAST ACTIONS

UNITED NATIONS

According to Farhan Haq (UN spokesperson), it is currently the United Nations' utmost priority to "urge all actors to lower tensions and pursue every effort to prevent violence and avoid escalation". However, the United Nations view this as a sovereign matter and is not openly taking sides.

Noticeable action from the Security Council include meetings SC/13725 on 28th of February, 2019. The Council introduced two draft resolutions from the United States and the Russian Federation, but failed to adopt either one of them.

The terms put forward by the United States expressed "deep concern that the presidential elections of 20 May 2018 were neither free nor fair, and call for the start of a peaceful political process leading to free, fair, and credible presidential elections, with international electoral observation, in conformity with Venezuela's Constitution."

Additionally, USA's resolution supported peaceful restoration of democracy and rule of law in Venezuela. It stressed the importance of ensuring security for members of both the National Assembly and political oppositions.

The resolution put forward by the Russian Federation "urged the settlement of the situation in Venezuela through peaceful means, within the framework of its Constitution, and in full respect of its sovereignty, territorial integrity and the right to self-determination of the Venezuelan people, as well as welcome the Secretary-General's calls in that regard."

OTHER MEMBER STATES AND ORGANIZATIONS

The governments of Canada, Mexico, Panama, Switzerland, and the United States have applied economic sanctions against the people associated with the current Maduro administration of Venezuela. Sanctions have been placed on government officials of the Supreme Tribunal of Justice (TSJ), the Constituent National Assembly (ANC), and other private individuals accused of violating human rights and democracy. As of April 2019, the United States has placed sanctions on more than 150 companies, vessels and individuals, and have revoked 718 visas of individuals. Sanction methods include freezing bank accounts and property assets, travel bans, and prohibition of transactions.

POSSIBLE SOLUTIONS

The situation in Venezuela can be examined from three aspects: economical, political and social. In order to diminish the consequence of the crisis, solutions should consider both institutional and political stability, along with the structural solutions in the long run.

ECONOMIC REFORMS

As the Venezuelan economy relied solely on oil exports as a source of revenue, the UNSC and other affiliated international organizations can assist Venezuela to invest in other industries, such as heavy industry or tourism in order to supplement the domestic limited resources. Considering the significant debt of Venezuela, lack of security and assets, it may be difficult for the nation-state to fund businesses independently at current circumstances.

Private economic activity can be enhanced by establishing incentives for international/domestic private industries in order to increase the flow of capital in the economy. This may help reduce the level of unemployment and the conditions of the labour market in Venezuela. Such international businesses could be attracted by shortening present controls on the Venezuelan currency so that imports would be more affordable for firms, allowing for lower levels of inflation and more competitive Venezuelan exports. However, it may be realistically difficult to attain both cost-effective imports and competitive exports; a balance must be met to reach the level of appreciation of the currency and valuation.

Other countries in the South American continent can work on reducing trade tariffs on Venezuela in order to ameliorate the regional economy by potentially joining the MERCOSUR. However, for its members to accept such decisions, Venezuela has to reevaluate its government policies.

International organizations, such as the International Monetary Fund (IMF), can support Venezuela by implementing stabilization programs and providing funding in exchange for structural economic reforms.

POLITICAL STABILITY: DEMOCRATIC ELECTIONS AND VENEZUELA'S SOVEREIGNTY

Democracy could be established in the country by replacing the current president, organizing new elections and reshaping the government through moral and economic sanctions of the UNSC. Another factor of instability is the advent of Juan Guaido; it is important to reflect upon the role of opposition, the corruption of political elites and the potential structural changes of the institution.

The minimization of military involvement in politics can be strengthened in order to ensure fair elections and governmental structures that demonstrate the public's opinion.

SOCIAL POLICIES & HUMANITARIAN RESPONSE

More than 3 million Venezuelans have left the country over the past three years due to the domestic humanitarian crisis. Lack of basic amenities and health care has forced the people to cross the border into neighboring countries, including Columbia. Therefore, the crisis directly impacts nearby countries and the Latin American population. Because the Security Council has the duty to protect international peace and security, possible sanctions could be proposed against the Venezuelan regime for not respecting Human Rights. On the other hand, it is also important to take the regional circumstances and neighboring countries preoccupations into account.

International institutions, such as affiliated non-governmental organizations, may effectively intervene in order to secure human rights and security for protestors and innocent civilians during times of violent conflicts. However, the power and efficacy of non-governmental organizations can be somewhat questioned when it gets involved in an internal crisis.

MAJOR MEMBER STATE STANCES

RUSSIA

After Chavez distanced Venezuela from the US, it was led to a closer alliance with Russia. Venezuela has received both financial and military support from Russia, and Venezuela is the second largest importer of Russian weapons. Russian investment flows in Venezuela since 2005 total around \$17 billion. Also, Venezuela and Russia agree in their ideology in that they both hope to see an end to the global hegemony (political dominance) of the United States.

CHINA

China provides significant support to Venezuela. China is a close ally of Venezuelan President Nicolas Maduro, to whom it has lent billions to help shore up his embattled administration. China and Venezuela have undertaken joint economic programmes in the energy, industry and transport sectors. However, the fact that China refused to lend more money to Venezuela is important to note.

UNITED STATES OF AMERICA

Chavez considered the U.S. an imperialist power that threatened his socialist model and criticised her heavily. Chavez once accused U.S. for inciting a coup attempt in 2002, and the US imposed economic sanctions on Venezuela in 2014 after reports of its human rights abuses and violation of democracy. Maduro has often blamed the country's troubles on economic sabotage by the U.S., evoking long history of American imperialism in Latin America. Recently, the U.S. publicly recognised opposition leader Juan Guaido as interim president of Venezuela.

LIMA GROUP

The Lima group, including 14 countries (Argentina, Brazil, Canada, Chile, Colombia, Costa Rica, Guatemala, Honduras, Mexico, Panama, Paraguay, Peru, Guyana and Saint Lucia), advocates for a peaceful exit to the Crisis in Venezuela. In 2019, the Lima Group announced that it would not acknowledge the legitimacy of the 2018 elections in Venezuela. The Lima Group declared that it "reiterate[s] their recognition and support for Juan Guaido" as the interim president of Venezuela.

QUESTIONS TO CONSIDER

- Which reforms could be implemented in Venezuela to stabilise the country's economy in the short and long term?
- Is the structure of the Venezuelan government in need of reformation? Are there any domestic government policies that need to be reconsidered or adopted?
- How can balanced economic reforms tackle the social aspect of the crisis without worsening inflation levels?
- How can a stable political future be secured?
- Could Venezuela benefit from international involvement? How should international aid be distributed or regulated?
- What are the needs of the refugees and host nations in this crisis?

USEFUL LINKS

Venezuela crisis: How the political situation escalated

<https://www.bbc.com/news/world-latin-america-36319877>

World Report 2019: Venezuela (Human Rights Watch)

<https://www.hrw.org/world-report/2019/country-chapters/venezuela>

The Venezuelan Migrant Crisis: Forging a Model for Regional Response

<https://www.cgdev.org/sites/default/files/venezuelan-migrant-crisis-forging-model-regional-response.pdf>

The Collapse of Venezuela and Its Impact on the Region

<http://www.addisonlibrary.org/sites/default/files/The%20Collapse%20of%20Venezuela.pdf>

Draft resolution for UNHRC on the grave situation of human rights in Venezuela (UN Watch)

<https://unwatch.org/draft-resolution-suspend-venezuela-un-human-rights-council/>

World report 2019: Venezuela

<https://www.hrw.org/world-report/2019/country-chapters/venezuela>

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