

**Security Council (SC) Background Guide**

**Topic:** **The Situation in Venezuela**

Welcome Delegates to the 3rd annual Charger Model United Nations Conference on Sunday December 8th from 8am to 5:30 pm. We are honored, as your Dais, to host you here at the University of New Haven and to help you grow and learn as delegates from the experiences and skills that we have gained through our Model United Nations program. We hope to be a conduit to help you grow as students and as thinkers through gaining insight into global politics and international relations. This conference will consist of 2 committee sessions and then a voting bloc. We encourage friendly participation and interaction between delegates who are willing to collaborate and build off of one another’s ideas.

 As your Dais, we both look forward to seeing the work you will put forth during the sessions to come. The chair for this committee is Shivani Patel. Shivani is a Criminal Justice major from the University of New Haven and has participated in the Model United Nations Program for three semesters, including one as Assistant Head Delegate. The co-chair for this committee is Marcin Stankevich. Marcin has participated in four Model United Nation conferences at the University of New Haven, including one as Head Delegate as well as an international conference. We are thrilled to be your Dais for Security Council.

Committee sessions are comprised of Formal Session, Moderated Caucus, and Unmoderated Caucus. Once committee is started delegates will use their placards to be placed on the Speakers’ List and there will be points throughout committee where delegates will be asked if they would like to be added to the list. Speeches will occur during Formal Session and are to be a 90 second speech from the point of view of the delegates’ country and to be focused on the topic at hand. Working Papers will be worked on during Moderated and Unmoderated Caucus. These papers should be a collaborative effort and will be turned into the Dais in order to receive feedback. Once Voting Bloc is opened the Working Papers will be adopted as Draft Resolutions and then voted on by delegates.

***Committee Charter and Mandate***

The purpose of the Security Council is to “investigate any dispute or any situation which might lead to international friction or give rise to a dispute, in order to determine whether the continuance of the dispute or situation is likely to endanger the maintenance of international peace and security.” The Security Council must respond to such instances by investigating any situation that may threaten international peace; recommending procedures for peaceful resolution; calling upon other Member States to completely or partially interrupt economic relations as well as sea, air, postal and radio communications or to sever diplomatic relations; and enforcing its decisions militarily, if necessary[1]. Security Council resolutions are binding, which means all Member States must adhere to the rules and regulations as written in the document.

***Topic Introduction***

Venezuela has been in decline for years with growing political unrest which is exacerbated by hyperinflation, power cuts, and medicine and food shortages. Because of this, over 3 million people have fled the country[2]. Venezuela is supported primarily by their oil industry as well as their tourism industry. Because of the country’s halt in development and political unrest, tourism has declined which in turn harms the economy as not enough goods are being bought. This results in a lower Gross Domestic Product (GDP) for the country. The decrease in value of the Bolivar, Venezuela’s currency, has forced people to spend their money at a rapid rate before it decreases more in value. This crisis is a global issue as the people who are fleeing the country have sought refuge in others. Venezuelans are migrating in large groups, populating other countries who cannot accommodate a massive influx of people. It is up to the collective effort of member states to ensure that these people find their way back to a stabilized country.

***History of the Problem***

Since the 20th century, Venezuela has been a significant exporter of oil. Their oil exports made up  90% of Venezuela’s export revenues. As a result, other economic sectors like agriculture accounted for a small amount of the country’s economic activity. When oil prices rose, so did Venezuela’s GDP. The economy was at its peak when oil prices quadrupled during the 1978 Organization of the Petroleum Exporting Countries (OPEC) embargo. Oil prices then began to grow unstable in 1999, the year  that Hugo Chavez became president of Venezuela. Venezuela’s economy jumped from one crisis to the next, like budget cuts and food shortages. This provided background for Chavez’s election in 1998. Venezuelans were struggling due to the economic uncertainty and consistent decline. The GDP per capita had dropped by 27 percent in 20 years between 1979 and 1999. As a result, poverty rose from 15 percent to over 65 percent. Chavez attempted to raise oil prices to fix the economy and toured OPEC member countries and convinced the OPEC heads in the state of Caracas to adhere to oil production quotas and raise oil prices.

Oil prices rose as a result of the Iraq War in 2003. The rise in price steadied itself; each barrel of oil was $140 before the collapse and global financial crisis of 2008 . The economy boomed and per capita GDP rose steadily, showing an increase of 35 percent. Poverty dropped by half from 54 percent to 27 percent of households between 2003 and 2007. This financial crisis caused Chavez to reduce public spending. He attempted to diversify the economy by investing billions of dollars from oil revenues in agriculture and industrial production. Diversification failed and the economy plundered. Nicolas Maduro replaced Chavez after he died in March of 2013. The gap between the currency exchange rate and the black-market exchange rate began to increase to extreme levels, inviting inflation, corruption, and various shortages. Oil prices declined during Maduro’s first year in office which in turn reduced imports. Maduro attempted to adjust his economic policies by adjusting the exchange rate, but the gap continued to increase.

Former United States  President Barack Obama declared Venezuela to be an “unusual and extraordinary threat to the national security of the United States,” which allowed him to impose sanctions against government officials that the U.S accused of being involved in drug trafficking organizations or corruption. These sanctions caused  a series of financial restrictions on Venezuelan financial transactions and bank accounts. This lead to the closure of banks, as well as increased difficulty for the government to increase imports and financial restructuring. In 2017, President Trump intensified the severity of the sanctions which made it extremely challenging for Venezuela to restructure its debt. It also restricted the government's ability to participate in international trade. Oil production decreased further from 2 million barrels per day to 1.2 million between August of 2017 and 2018.

The rapid decline in oil revenues from 93.6 billion in 2012 to 30.9 billion in 2018 led to a significant decline in trade. This decline along with the smuggling of subsidized products to Brazil and Colombia caused shortages of food and medicine. The shortages were so severe that by late 2017 hyperinflation set in and continued to rise because of the ever-increasing monetary exchange rate and black market exchange rate. Due to the increase in products that were imported without subsidies, Venezuelans were forced to spend their money rapidly to combat the decreasing value of the nation’s currency.  This made it impossible for the people of Venezuela to restructure their debt, save their money, and contribute to the economy.

***Current Situation***

For years, Venezuela has been trying to find a path out of the corruption through elections, protest marches, referendums and an officialist constituent assembly. After Maduro refused to rewrite the Venezuelan constitution, the  economic sanctions imposed by the United States and other countries increased. Thirteen countries signed the *Lima Declaration*, which "Integrates in a balanced way all three dimensions of sustainable development – economic, social and environmental – we believe that the effective measures towards inclusive and sustainable industrial development should encompass enhancing productive capacities in a way that supports the structural transformation of the economy; encourages economic growth and the creation of decent jobs; enhances productivity and development, transfer and absorption of technology on mutually agreed terms; and supports related research and development”.

Maduro responded to the Lima Declaration by calling for a new “dialogue of respect for Venezuela” among his Bolivarian Alliance for the Peoples of Our America (ALBA) allies and four of the deceleration’s signatories: Mexico, Columbia, Peru and Argentina. His proposal is to create a smaller Latin American group to counter the ‘failed efforts’ of the Organization of American States (OAS). Maduro continues to deny that there is a crisis in Venezuela despite his opponent, Juan Guaido spearheading initiatives to  organize the delivery and distribution of aid. The military continues to support Maduro, despite the current state of the nation. They have managed to block shipments of US aid from coming across the border with Colombia. The military rejected a call by US President Donald Trump, urging them to switch allegiance to Guaido. This economic downfall has led to an unemployment rate that is projected to reach 49% by 2020. Protests that have been going on since 2014 have only increased in violence and destruction, calling for change that still has yet to be delivered.

***Conclusion***

As part of your ongoing research, we encourage all delegates to fully understand and comprehend the policies and practices that their Member State has already implemented in regard to the crisis and its impact on the international community. Research should not be limited to strictly their own Member States. We recommend that you understand the actions other states have made to see if there are other regions that align with the ideas of your state. This can foster strong partnerships during your time in committee. This additional research can spark creative and innovative solutions that can fully address the complexity of the issue in Venezuela.

Please also focus on what the United Nations has done to combat this issue. One area to look at is UN News and their reports on the current crisis in Venezuela along with the United Nations Office on Human Rights. This committee topic is not limited to the financial and economic issues, it includes the suffering people constantly endure in an impoverished country. The most recent discussions are involving the various protests that have sparked up in the country.

While we have given you a few pointers, it is imperative that you prepare yourself for a rigorous day of work and discussion. The more you know about this topic, the easier it will be for you to navigate your way during committee. Finally, it’s important to have fun! While this is a simulation, it proves how far people are willing to go to incur change in their world. We wish you good luck delegates and look forward to seeing you in December.

References

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[1] *The United Nations*, *United Nations Security Council Function and Powers* (The United Nations, 2019)

[2] *Adam Taylor, 3 million Venezuelans have fled their country, according to new U.N. estimate* (The Washington Post, 2018)