

General Assembly 1



The Venezuela Crisis

Welcome Note

To all who have joined our council, from the committee of General Assembly 1, welcome to the Integrated Programme Youth Leadership Conference (IPYLC) 2019! Over the course of these few days, we hope that all of you will not only be familiar with the proceedings of a Model United Nations (MUN) debate but also learn to appreciate the importance of current issues and how anyone has the potential to make an impact. Even if you decide that debating and current affairs do not interest you, we hope you will at least enjoy this experience and make some friends along the way.

Our council will be focusing on the Venezuela crisis, which has seen a once prosperous nation fall to hyperinflation with social and political instabilities, all due to over-reliance on its economy and a poor political regime. We chose this topic in the aim that all of you will learn to understand the impacts of a global crisis, regardless of how distanced you might seem from the situation.

We hope that you will enjoy your time in IPYLC 2019 and will step out of your comfort zones to participate. However, regardless of the outcome of your discussions, we hope that you will all uphold good sportsmanship in order to enjoy a fruitful experience in General Assembly 1.

All the best!

Your Chairs,

Gabriel Lee

Peace Lim

Jodie Heng

The General Assembly

The General Assembly (GA) is one of the six main organs of the United Nations (UN) and is the only one where all nations have equal representation, with one vote per nation. More importantly, the GA is also the main deliberative, policy-making and representative organ of the UN. It was first established in 1945 under the Charter of the United Nations with 51 members, and is already in its 73rd session, comprising of all 193 current member states of the UN in the UN permanent headquarters located in New York.

The GA is in charge of appointing the non-permanent member states of the United Nations Security Council, receiving reports from other sections of the UN as well as managing the UN budget. The GA also acts as a platform for member states to discuss issues and make recommendations to solve those issues in the form of General Assembly Resolutions. The 2000 Millennium Declaration and the 2005 World Summit Outcome Document show the commitment of Member States to attain peace, security and disarmament along with development and poverty eradication. This would allow us to safeguard human rights and promote the rule of law whilst still protecting our common environment as a means of strengthening the United Nations.

As all member states of the GA have equal representation, they are each allowed one vote, with no country possessing veto powers. Additionally, only a 50% majority is required for all procedural votes, while a $\frac{2}{3}$ majority is required to pass a resolution. Regarding these resolutions, they are legally non-binding, and the recommendatory nature of General Assembly resolutions has repeatedly been stressed by the International Court of Justice. It is important to note the GA will not be able to comment on issues that of peace and security, which will be dealt with by the UN Security Council. Alternatively, the GA can establish other subsidiary committees to deal with specific issues.

In the IPYLC, there are 2 GA councils, whereas in the UN the GA can be split into six different committees, namely the Disarmament and International Security Committee (DISEC), the Economic and Financial Committee (ECOFIN) the Social, Humanitarian and Cultural Committee (SOCHUM), the Special Political and

Decolonization (SPECPOL), the Administrative and Budgetary Committee (Fifth Committee) and the Legal Committee. Regarding our council's issue, due to it primarily being a domestic issue, your resolution will be based around utilising regional organisations as allowed in article 53. However, do keep in mind that the resolution is not one calling for immediate action, rather, it is one for the security council's approval.

History of the Venezuela Crisis

About Venezuela

Venezuela's economy is highly reliant on its natural oil reserves, having the largest proven reserves in the world with its crude oil production ranking the 10th highest in the world with 2 394 020 barrels per day. Oil revenues account for roughly 95% of its export earnings and the country uses this revenue to import goods from overseas. Due to high oil reserves, by 2012, it was estimated that 90 of every 100 dollars came from oil and oil products.

The Chávez Presidency

The Venezuela Crisis began under the presidency of Hugo Chávez, a former military officer who had led unsuccessful coups in 1992. Chávez was elected in 1998, winning through populist campaigns and propaganda. Venezuela enjoyed the highest level of national funds since the 1980s due to increasing oil prices in the 2000s, allowing Chávez to establish Bolivarian missions (social programs), aimed at providing public services to improve economic, cultural and social conditions as a means of maintaining political power. This resulted in an increased quality of life for Venezuelans according to a UN Index.

However, Venezuela soon began to face economic difficulties due to Chávez's populist policies and poor economic decisions. This was caused by him nationalising industries and bloating the state bureaucracy at great national expense. In order to fund these, Chávez increased oil prices and resorted to unchecked borrowing from other countries such as the United States, Russia and China, causing Venezuela to be heavily in debt. This, in turn, resulted in Chávez declaring an "economic war" on 2 June 2010. Additionally, due to Chávez's social works being reliant on oil products (oil being the keystone of the Venezuelan economy), Chávez's administration suffered as the increase in the economic development of the oil sector resulted in a decline in others, also known as Dutch disease. By the end of Chávez's presidency, economic actions performed by his government had become unsustainable, Venezuela's economy faltered and poverty, inflation and shortages increased.

The Maduro Presidency

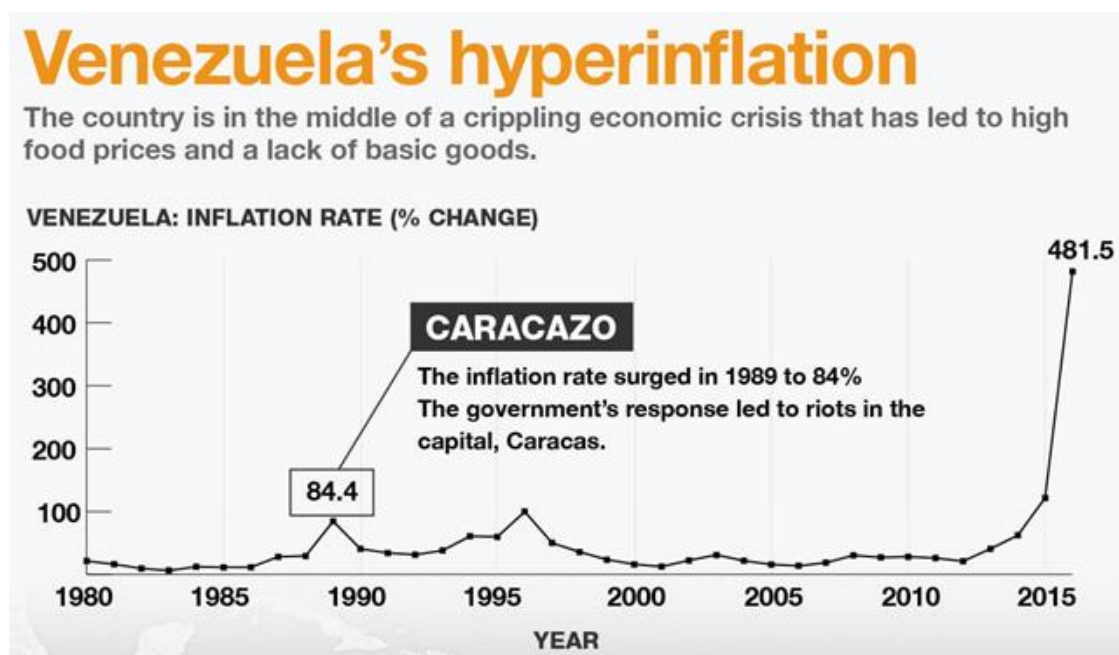
Following the death of Hugo Chávez in 2013, Nicolás Maduro won the Venezuelan presidency and kept most existing economic policies of Chávez, refusing to outline firm economic policies. At the same time, Maduro faced a high inflation rate and large shortages of goods left over from the previous presidency. Since being elected in 2013, Maduro has been criticised for only concentrating on public opinion instead of tending to practical economic issues. By 2014, Venezuela had entered an economic recession. To worsen the situation, in 2014, oil prices plummeted by roughly 40 percent due to numerous contributing factors, including lower demand and higher supply and competition by new competitors. Since Venezuela had always been rich in oil, relying almost solely on oil exports revenue for 90% of its export earnings, they did not produce much of anything else. Venezuela was faced with a shortfall in revenues of the US currency along the commodities, making it difficult to import goods at the same level as before. With the government's failure to make policy changes to adapt to the low petroleum price, they continued to be unable to import enough goods to sufficiently meet the demand. Hence, this continued to the point where Venezuela had an inflation rate of 800% by 2016, the highest in its history.

Additionally, Venezuela has faced other political matters, and President Maduro refuses outside help. In fact, Maduro (part of the socialist party who have ruled for 19 years), who claims to have won at least 90% of votes in the last election, has been accused of manipulating the elections in a bid for dictatorship. In response, Maduro, accused the opposition of conspiring with foreign entities, specifically the United States, to destabilise the country. This sparked many protests throughout the country, including the 2017 riot, in which approximately 165 people died with another 15000 sustaining injuries. Yet, Maduro still refuses to acknowledge that he has a crisis in his hands, as this would be equivalent to acknowledging that their socialist political model has failed.

Current Situation

Venezuela is currently plagued by hyperinflation, with the annual inflation rate reaching 83,000% in July 2018 and prices doubling every 26 days on average. \$1 USD was worth 248,000 Bolivars at official exchange rates. In response to this, the government created the “sovereign bolivar” to replace the country’s old currency as part of an “economic package” of measures which the government says is the “magic formula” to help Venezuela’s economy recover. However many of Venezuela’s citizens have been leaving the country in response, with 2.3 million Venezuelans having left the country since 2014, most of whom end up as refugees in Colombia. Those who remain in the country face power cuts, food shortages and malnutrition, rising prices and lack of running water.

With oil production and prices rapidly dropping, inflation and debt increasing, and a President in denial, Venezuela faces a crisis that has caused many to flee the country, seeking hope in other surrounding countries.



Recently, the crisis has developed with Maduro giving US diplomats 72 hours to leave the country in January 2019 and breaking off relations with the US following its decision to recognise opposition leader Juan Guaidó as interim leader. Since then, the US as well as the opposition have frequently come to blows with Maduro, with the US vowing to cut off money to Maduro in late January after labelling him “illegitimate”, Guaidó facing a travel ban after declaring himself president, attempting to appeal to the strongly-Maduro Venezuelan military and

renewing his call for polls. Additionally, at the start of February 2019, the US mobilised humanitarian aid for Venezuela following a request from Guaidó, while Maduro himself warned of a civil war as he continues to defy calls to step down from his presidency.

Sub-Issue 1: Excessive Migration

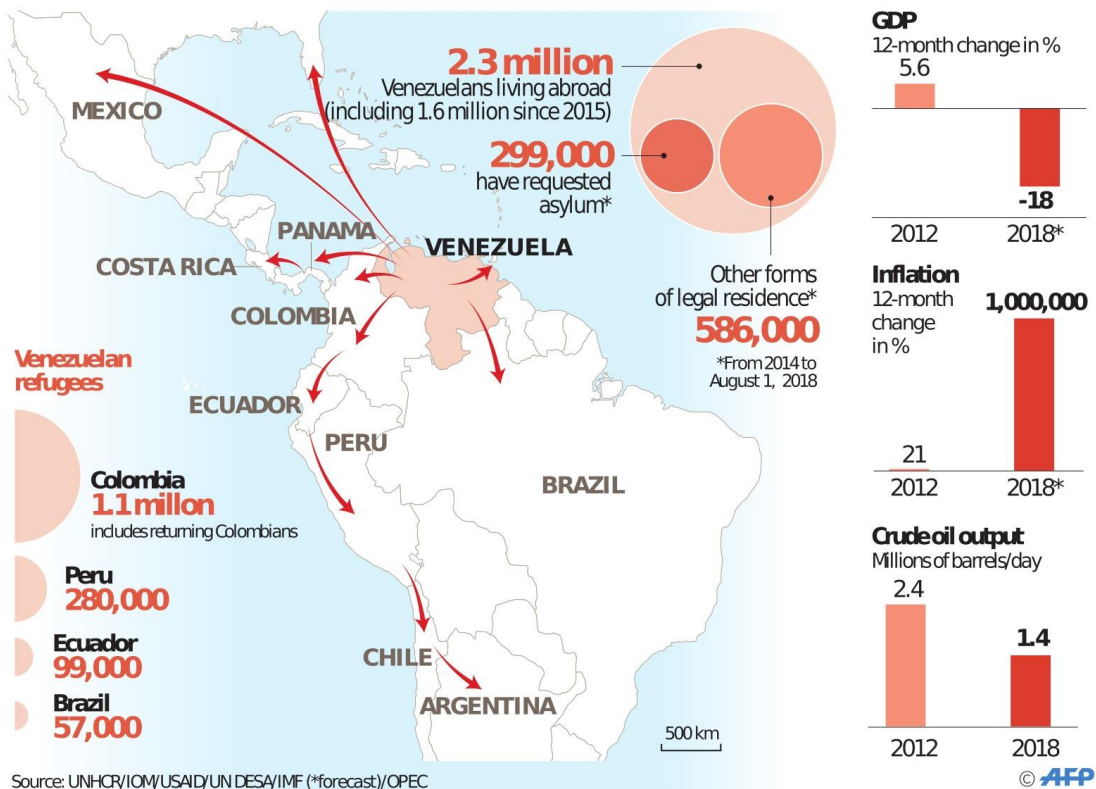
The Venezuela Crisis is currently recognised as one of the worst migration crises in Latin American history, to the point where the United Nations has said it could reach a “crisis point” comparable to what was seen in the a Mediterranean in 2015, during which at least 219,000 people crossed the Mediterranean in 2014 alone, and 89,500 crossing in the first 5 months of 2015, based on statistics provided by the UN refugee agency United Nations High Commissioner for Refugees (UNHCR). 2.3 million people have left the country since 2014, roughly 7% of its population.

Reasons behind this exodus include political instability and riots caused by political mismanagement, as well as the hyperinflation that currently continues to plague the nation. Venezuelans are also being forced out by food shortages, lack of running water and power cuts caused by a lack of investment in Venezuela’s crumbling infrastructure. Over a million Venezuelans have entered Colombia and over half a million have entered Ecuador this year, some of which are on their way to Peru, in which asylum applications have tripled from last year. Venezuelans have also crossed into Brazil, however, migrant camps are frequently attacked.

As of September 2018, tensions have been mounting among Venezuela’s neighbours, with clashes on the Brazil-Venezuela border between migrants and locals occurring in August and Ecuador and Peru restricting entry of Venezuelans to those carrying passports. Ecuador’s decision was later overturned by a judge after drawing criticism from neighbouring countries such as Colombia but has also declared a state of emergency in parts of the country most affected by migration. Brazil is currently attempting to relocate Venezuelans from the north of the country to larger cities such as Rio de Janeiro and São Paulo.

Venezuelan migration routes

Hundreds of thousands flee economic crisis



Recently, thousands more Venezuelans have left the country as the political situation continues to worsen, food prices continue to rise and clean water and medicine lessen in supply, resulting in a collapsing health system. The situation is worsened by how President Maduro has blocked the first aid vehicles sent by the US containing food, water and medicine fearing that accepting their aid would open the way for US military intervention to oust him.

Sub-Issue 2: Political Instability

This crisis began in 2010 under president Hugo Chávez and is currently continuing under Nicolás Maduro, who was elected in April 2013, narrowly defeating the opposition, before being formally inaugurated later the same month. For most of his presidency, Maduro has ruled by decree and relied on Venezuela's military to maintain power since being elected into office. Discontent with the Government saw the opposition hold the majority in the National Assembly following the 2015 parliamentary election. However, before the opposition was sworn into office, Maduro stacked the Supreme Court with his supporters to black

any impeachment attempts, resulting in political gridlock and furthered tensions between Maduro and opposition leaders.

In March 2017, the Maduro-backed Supreme Court attempted to dissolve the National Assembly and pushed to ban potential opposition presidential candidate Henrique Capriles from politics for 15 years. This sparked a wave of nearly daily protests that continued throughout the year. By late July of the same year, over 100 people had been killed.

Sub-Issue 3: Lack of Foreign Investment and International Debt

Foreign Direct Investment (FDI) inflows into Venezuela have decreased in the last few years due to the aforementioned economic crisis, social and political instability. Venezuela's uncertain business climate born of the 'Bolivarian' reforms, which include infringement of private property rights, foreign currency controls, increasing regulations, nationalisations, et cetera. and the ineffectiveness of the port system are some of the various hindrances to investment. The new government is combining regional and revolutionary politics, without closing its door to foreign investment, which it needs badly. Nevertheless, the 'Bolivarian' socialism pursued by the rather interventionist government hinders the increase of FDI flows. A 2014 foreign investment law reduced foreign investors' statutory rights compared to the prior regime.

According to UNCTAD's 2018 World Investment Report, Venezuela's stock of FDI, estimated at USD 22.1 billion, was worth just 8.8% of GDP, which was around 32% in 2001, by far the lowest figure in Latin America. For comparison, the total stock of FDI of Peru, which has a similar population and is located in the same region, stood at USD 98.2 billion, worth 47.4% of GDP. For Venezuela in 2017, the inflow was negative (USD -68 million). Many MNEs, including General Mills, General Motors and Kimberly-Clark from the United States, left the country, selling their assets on the cheap or abandoning them outright. About 150 MNEs still maintain a presence in the economy, awaiting an upturn. They interrupted or reduced production and put workers off work while continuing to provide them with a minimum income and, in many cases, meals.

FDI Inward Flow (<i>million USD</i>)	769	1,068	-68
FDI Stock (<i>million USD</i>)	28,142	23,569	22,175
Number of Greenfield Investments***	3	8	6
FDI Inwards (<i>in % of GFCF****</i>)	1.5	8.9	n/a
FDI Stock (<i>in % of GDP</i>)	10.9	10.5	n/a

Key Concepts

Foreign Direct Investment: an investment made by a firm or individual in one country into business interests located in another country. Generally, FDI takes place when an investor establishes foreign business operations or acquires foreign business assets, including establishing ownership or controlling business in a foreign country

Hyperinflation: very high and typically accelerating inflation. It quickly erodes the real value of the local currency, as the prices of all goods increase.

Military-backed Regime: Political regime in which the military acts as an organisation holds a preponderance of power

Nationalise: To transfer a business or asset from private to state ownership or control

Populism: a range of political approaches that deliberately appeal to "the people", often juxtaposing this group against a so-called "elite"

Political Gridlock: a situation when there is difficulty passing laws that satisfy the needs of the people.

Political Instability: the propensity for regime or government change or the incidence of political upheaval or violence in a society, such as assassinations, demonstrations, and so forth

Shortage of Goods: when the demand for a good is greater than the supply

Dutch Disease: the relationship between an increase in the economic development of a certain sector and decline in other sectors

Global Response

President Donald Trump has declared that he is not going to rule out military confrontation as a possible solution for the crisis in Venezuela. Luis Almagro, who is the Secretary general of the organization of American states also acknowledges the possible advantages of using military force to intervene in the situation. Several countries of the Lima group, an organisation which formed to discuss the Venezuela crisis, such as Canada, Colombia and Guyana refused to sign the Lima groups document rejecting military intervention in Venezuela. The Lima group also supported the sanctions placed on high-level Venezuelan officials by Panama, which had accused Venezuela of money laundering, supporting terrorism and the funding of weapons of mass destruction

In October 2018, the USNS, which is a mercy class hospital ship in the US Navy set out for an eleven-week Operation in Latin America. The aim of the mission is to provide assistance for Latin American countries affected by the Venezuelan Crisis who had refugees in the country. The main goal was to provide medical assistance to relieve the health systems of nations such as Colombia, Ecuador and Peru who had received many Venezuelan Immigrants.

More recently, the US has cut funding to Maduro and begun mobilising humanitarian aid for Venezuela, however these efforts have been blocked by Maduro.

Key Stakeholders

Venezuela

The medical situation in Venezuela is also lacking, with an estimated 85% of basic medicines being difficult to obtain or even unavailable. Hospitals have a shortage of basic supplies like bandages, antibiotics and soap, and both infant mortality and maternal mortality have risen drastically. Diseases previously believed to have been eradicated, such as diphtheria and malaria have also come back. Those currently living in Venezuela are met with poor living conditions as well as lack of access to basic necessities such as food.

The Venezuelan government blames an international boycott led by the United States for Venezuela's economic crisis.

United States of America

290,224 migrants currently residing in the country. The US government has imposed sanctions on officials in the Venezuelan government, accusing it of dictatorial behaviour and encouraged other countries in the region to do the same. In 2014, the United States House of Representatives passed the Venezuelan Human Rights and Democracy Protection Act. This bill imposes sanctions specifically against Venezuelan officials who were involved in the mistreatment of Venezuelan protests by freezing their assets. He has also signed an executive order barring US-based financial transactions that involve Venezuela's new cryptocurrency. President Donald Trump has stated that "he is not going to rule out a military option", to confront the Venezuelan government. In September 2018, U.S. Secretary of State Mike Pompeo has stated the government have plans for actions to pressurise the Venezuelan government into giving their citizens a say. The US has even imposed sanctions on Venezuela first lady, Cilia Flores. President Trump had offered to meet President Nicolás Maduro, however, President Maduro declined so.

Vice President Pence promised that the country would contribute \$16 million in humanitarian aid for those who have fled Venezuela, specifically those in Colombia and Brazil.

Colombia

Living conditions of the Venezuelan refugees along the border region are bleak, and the refugees lack basic necessities, such as housing, food and medical care. Many cannot find jobs as they have no permit to work and often have to beg. The arrival of refugees in Colombia has caused an increased rate of crime in the country and healthcare in Colombia has worsened. For example, the Cúcuta's public hospital has gone into debt due to the increased influx of Venezuelan patients, and diseases previously believed to be eradicated, such as measles, are back.

Latin American countries

Latin America has taken the main brunt of refugees fleeing from Venezuela. Most Latin American countries embraced non-intervention regarding the Venezuelan crisis. Furthermore, Latin America is known to be one of the most accommodating of fleeing refugees. Countries such as Peru has even established special visa programs to assist refugees. Countries in the Rio de la Platta region, despite being geographically far from Venezuela, is an increasingly common destination for migrants as in countries like Argentina and Uruguay, the governments have welcomed them. One of the reasons is that those who can afford to travel further to these countries often have higher qualifications and are more skilled and this in turn contributes to the country. For example, half of the Venezuelan migrants in Argentina hold a university degree.

In addition, many people in Argentina and Uruguay feel indebted to Venezuela as the country had previously accepted many asylum seekers in the 1970s. However, this is not consistent across all South American countries. Countries such as Chile and Colombia have recently tightened visa requirements, and many islands off the Venezuelan coast has increased scrutiny of Venezuela. In Brazil, one of the state governors has complained that “looking after the needs of Venezuelans to the detriment of Brazilians”, and the country also briefly closed its borders with Venezuela during August 2018. Ecuador has even declared Venezuela a state of emergency and imposed restrictions on migrants.

In 2018, 11 Latin American Nations, including Argentina, Brazil, Chile, Colombia, Costa Rica, Ecuador, United Mexican States, Panama, Paraguay, Peru

and Uruguay, signed the joint Declaration of Quito on Human mobility of Venezuelan citizens in the region. On 26 September 2018, 5 Latin American countries, Argentina, Chile, Colombia, Paraguay, and Peru, alongside with Canada referred the crisis for investigation to the International Code Council (ICC) prosecutor, marking the first time that governments have called for an investigation of potential crimes against humanities on the territory of another country.

China

China, who is already one of Venezuela's major economic partners, has agreed to invest USD \$5 billion more in Venezuela, and the two countries have a deal where Venezuela will increase production and the export of oil to China by 1 million barrels a day. Over the last decade, China has given Venezuela \$65 billion in loans, cash and investment and Venezuela owes China more than \$20 billion. However, there was no public statement from Beijing saying it had agreed to provide new funds to Maduro's government.

A Chinese hospital ship, the Peace Ark, also docked in Venezuela for a week in 2018 to help with the humanitarian crisis.

Possible Solutions

Military Intervention

With Venezuela being a potential security threat to other nations such as the United States and nations in Latin America, more and more officials argue that military intervention, specifically American-led military intervention in Venezuela would be beneficial to all parties involved. This would likely result in the establishment of a military-backed regime in Venezuela.

Establishment of Multinational Fund

Since it is inevitable that refugees will continue to flee Venezuela to neighbouring countries, the establishment of a multinational fund could help Latin American countries that are currently facing the brunt of the Venezuela crisis. The fund could possibly help improve healthcare as well as living conditions of refugees, such as by giving them access to basic necessities and medical care. Countries may also be more willing to absorb the refugees if they are given financial support.

Implementation of Migrant Rights:

With migrants fleeing to other countries and funds being invested in helping them, their human rights still have to be protected and specific laws must be laid down and implemented, particularly for the more vulnerable, such as women and children. Oftentimes, migrants face not only physical abuse, but also civil and political violations, hence such legislations would help to mitigate such issues.

Guiding Questions

- Is your country likely to favour a policy of non-interference?
- What statements has your country and its leaders made regarding the issue?
- How has your country reacted in the past regarding foreign domestic issues?
- Has your country already acted towards this crisis yet?
- Which possible solutions are your country able to support?

Helpful Links

Articles

- <https://www.bbc.com/news/world-latin-america-36319877>
- <https://www.theguardian.com/world/2018/dec/06/on-the-road-venezuela-20-years-after-hugo-chavez-rise>

Vox on the Venezuela Crisis

- <https://www.youtube.com/watch?v=S1gUR8wM5vA>
- <https://www.youtube.com/watch?v=NU0RqwweuWY>