



## **UN Economic and Financial Committee**

# Background Guide

United Nations: Economic and Financial Committee

*Topic: Combating the situation of hyperinflation in The Bolivarian  
Republic of Venezuela*



# BME Model United Nations Conference 2019

*Budapest University of Technology and Economics, Budapest, HU*

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## Preface

The aim of this background guide is to collect relevant yet significant information about the topic at hand to support the reader in the process of researching said topic. It is worth mentioning that the information here is often narrowed down to serve that purpose. Having said that, this background guide serves as a map that points in the direction of further research that is necessary and advantageous for delegates. A more detailed background guide is also available upon request.

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## Regarding the Committee

### Decorum or Special Instructions

The voting procedures in ECOFIN are the same as those of the regular United Nations General Assembly committees and the Conference Rules of Procedure. A simple majority is required for procedural votes, except in the case of closure of debate. A two-thirds majority is required for substantive votes, while amendments of clauses of a resolution will require a simple majority. As delegates of ECOFIN, you are tasked to carry out its mandate with the formulation of policies which positively impact societies across the world.

### Introduction to Committee

The Economic and Financial Committee (Second Committee) of the General Assembly at its seventy-third session, is chaired by His Excellency Mr. JORGE SKINNER-KLÉE ARENALES of Guatemala. During this session, it will deal with issues relating to economic growth and development such as macroeconomic policy questions; financing for development; sustainable development; human settlements; globalization and interdependence; eradication of poverty; operational activities for development; agriculture development, food security and nutrition; information and communications technologies for development; and towards global partnerships.

- **Mandate of Committee**

The Economic and Financial Committee (ECOFIN) is the second of the six committees of the United Nations General Assembly. ECOFIN was established following the Second World War, and first met in January 1946. The committee now meets once every year in the fall for a 4-week session. The ECOFIN deals with issues regarding economic growth, and development with economics on the global level, and the formation of policies regarding trade and poverty. There is a total of 193 nations that are members of the ECOFIN. Each member has equal representation and voting rights, regardless of size or dependency.

None of the resolutions that are adopted by the committee are enforceable. The resolutions will only be adopted if the nation decides that they want to enforce it. The decisions by all the countries in the ECOFIN will form international economics. Over the course of time, ECOFIN has helped developing countries thrive economically through financial assistance and the opportunity to prosper. ECOFIN has set goals in lowering poverty and decreasing economic strain on nations facing large amounts of debt. The ECOFIN agenda starts with information and communications technologies for development and goes all the way down to permanent sovereignty of the Palestinian



people in the Occupied Palestinian Territory. Overall, the ECOFIN helps all nations to prosper, no matter what their current economic and social status may be.

- **History of Committee**

This committee was officially created in 1945 as one of the original general assemblies since ECOFIN is also known as the Second Committee. It first met in San Francisco on April 25th, 1945. ECOFIN is unique in that it focused on the globalized economy and support nations financially. Its membership is open to all member states of the United Nations as one of the General Assemblies and follows the same parliamentary procedures as any other main organ of the United Nations.

## Statement of the Problem:

### Overview

A socioeconomic and political crisis that began in Venezuela during the presidency of Hugo Chávez continued into the presidency of Nicolás Maduro. The situation is the worst economic crisis in Venezuela's history, and among the worst crises experienced in the Americas, with hyperinflation, soaring hunger, disease, crime and death rates, and massive emigration from the country. Observers and economists have stated that the crisis is not the result of a conflict or natural disaster but the consequences of populist socialist policies that began under the Chávez administration's Bolivarian Revolution, with the Brookings Institution stating that "Venezuela has really become the poster child for how the combination of corruption, economic mismanagement, and undemocratic governance can lead to widespread suffering."

On 2 June 2010, President Chávez declared an "economic war" because of the increasing shortages in Venezuela. The crisis intensified under the Maduro government, growing more severe as a result of low oil prices in early 2015, and a drop in Venezuela's oil production from lack of maintenance and investment. The government failed to cut spending in the face of falling oil revenues and has dealt with the crisis by denying it exists and violently repressed opposition. Political corruption, chronic shortages of food and medicine, closure of companies, unemployment, deterioration of productivity, authoritarianism, human rights violations, gross economic mismanagement and high dependence on oil have also contributed to the worsening crisis.

The contraction of national and per capita GDPs in Venezuela from 2013–17 was more severe than that of the United States during the Great Depression, or of Russia, Cuba, and Albania following the collapse of the Soviet Union. In recent years, the annual inflation rate for consumer prices rose hundreds and thousands of percentage points, while the economy contracted by nearly 20% annually.

The crisis has affected the life of the average Venezuelan on all levels. By 2017, hunger had escalated to the point where nearly 75% of the population had lost an average of over 8 kg (over 19 lbs.) in weight, and more than half did not have enough income to meet their basic food needs. By the end of 2018, over 90% of the population was below the poverty line, and almost 1/10th of Venezuelans (3 million) had left their country. Venezuela led the world in murder rates, with 56.3 per 100,000 people killed in 2016 (compared to 5.35 per 100,000 in the US or 1.68 per 100,000 in Canada) making it the third most violent country in the world.



## History of the Problem

### Chávez presidency

Hugo Chávez was a former military officer of notable reputation, despite having established and led unsuccessfully executed coups in 1992. Later, in 1998, he was elected President of Venezuela.

Increasing oil prices in the early 2000s led to levels of funds not seen in Venezuela since the 1980s. Intending to maintain political power through social programs, Chávez established Bolivarian missions, aimed at providing public services to improve economic, cultural, and social conditions. The Missions entailed the construction of thousands of free medical clinics for the poor, and the enactment of food and housing subsidies. A 2010 OAS report indicated achievements in addressing illiteracy, healthcare and poverty, and economic and social advances. The quality of life for Venezuelans had also improved according to a UN Index. Teresa A. Meade wrote that Chávez's popularity strongly depended "on the lower classes who have benefited from these health initiatives and similar policies". However, Venezuela began to face economic difficulties due to Chávez's populist policies and on 2 June 2010, he declared an "economic war".

The social works initiated by Chávez's government relied on oil products, the keystone of the Venezuelan economy, with Chávez's administration suffering from Dutch disease as a result. By the end of Chávez's presidency in the early 2010s, economic actions performed by his government during the preceding decade, such as overspending and price controls, proved to be unsustainable. Venezuela's economy faltered while poverty, inflation and shortages in Venezuela increased.

According to analysts, the economic woes Venezuela continued to suffer under President Nicolás Maduro would have occurred even if Chávez were still in power. In early 2013, shortly after Chávez's death, Foreign Policy stated that whoever succeeded Chávez would "inherit one of the most dysfunctional economies in the Americas—and just as the bill for the deceased leader's policies comes due."

### Maduro presidency

Following Chávez's death, Nicolás Maduro became president after defeating his opponent Henrique Capriles Radonski by 235,000 votes, a 1.5% margin. Maduro continued most of the existing economic policies of his predecessor Chávez. Upon entering the presidency, Maduro faced a high inflation rate and large shortages of goods, problems left over from Chávez's policies.

Maduro has blamed capitalist speculation for driving high rates of inflation and creating widespread shortages of necessities. He has said he is fighting an "economic war", referring to newly enacted economic measures as "economic offensives" against political opponents, who he and loyalists state are behind an international economic conspiracy. However, Maduro has been criticized for only concentrating on public opinion, instead of tending to practical issues which economists have warned about or creating ideas to improve Venezuela's economic prospects.

By 2014, Venezuela had entered an economic recession and by 2016, the country had an inflation rate of 800%, the highest rate in its history. The International Monetary Fund expects inflation in Venezuela to be 1,000,000% for 2018.

## Discussion of Problem and Current Situation

### Hyperinflation

The value of one US dollar in Venezuelan bolivars Fuertes (before 20 August 2018) and soberanos on the black market through time, according to DolarToday.com. Blue and red vertical lines



represent every time the currency has lost 90% of its value. This has happened seven times since 2012, meaning that the currency is worth, as of mid-February 2019, 30,000,000 times less than in August 2012, since it has lost more than 99.99999% of its value. The rate at which the value is lost (inflation) is accelerating. The first time the money took 2 years and 2 months to lose 90% of its value, the second time 1 year and 10 months, the third time 10 months, and the most recent time only 3 months.

Inflation in Venezuela remained high through Chávez presidency's and towards the end of his tenure. By 2010, wage increases began to be futile since inflation would simply remove any advancement. Inflation rate in 2014 reached 69% and was the highest in the world. The rate then increased to 181% in 2015, 800% in 2016, 164,000% in 2017 and 2,688,670% in January 2019.

In November 2016, Venezuela entered a period of hyperinflation. The Venezuelan government "has essentially stopped" producing official inflation estimates as of early 2018.

In August 2018, President Maduro announced that the country will issue a new currency, the sovereign bolivar to fight hyperinflation. The new currency replaced the existing paper bolivar at a rate of 1/100,000: a 100,000 bolivar note becoming a 1 sovereign bolivar note. The new bills were introduced to the country on August 20, 2018. At the end of 2018, inflation had reached 1.35 million percent.<sup>1</sup>

## **Debt**

Venezuela's outstanding debt is estimated to be around \$140 billion (€123.7 billion) at the end of 2018. A major problem for the petrostate is that it owes so much money to so many different parties.

More than \$65 billion is due to international bondholders, while China and Russia have outstanding claims of \$40 billion under their respective loan-for-oil deals. And finally, unpaid suppliers have claims, too.<sup>2</sup> International debt investors are already closing in on the government in Caracas demanding in January more than \$9 billion in overdue bond payments. The urgency increased after ConocoPhillips and Crystallex managed to wring \$1 billion out of the government by threatening to lay claim to Venezuela's assets abroad.

Until then, the government of President Nicolas Maduro favored servicing debt borrowed from Russia and China, which is unsurprising given that the two countries are among the few supporting the authoritarian ruler.

## **Unemployment**

As a result of the crisis, Venezuela suffered its highest unemployment rate in years. Due to the inflation and expropriations by the Venezuelan government to private companies, many others left the country, which in turn increased unemployment for those remaining.

## **Shortages**

Shortages in Venezuela have been prevalent following the enactment of price controls and other policies during the economic policy of the Hugo Chávez government. Under the economic policy

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<sup>1</sup> [https://en.wikipedia.org/wiki/Crisis\\_in\\_Venezuela#Inflation](https://en.wikipedia.org/wiki/Crisis_in_Venezuela#Inflation)

<sup>2</sup> <https://www.dw.com/en/how-to-resolve-the-venezuelan-debt-conundrum/a-47483575>



of the Nicolás Maduro government, greater shortages occurred due to the Venezuelan government's policy of withholding United States dollars from importers with price controls.

Shortages occur in regulated products, such as milk, various types of meat, chicken, coffee, rice, oil, precooked flour, butter prices; and, necessities like toilet paper, personal hygiene products and medicine. As a result of the shortages, some Venezuelans must search for food, occasionally resorting to eating wild fruit or garbage, wait in lines for hours and sometimes settle without having certain products.

## **Oil Industry**

Venezuela, home to the world's largest oil reserves, is a case study in the perils of petrostatehood. Since its discovery in the 1920s, oil has taken Venezuela on an exhilarating but dangerous boom-and-bust ride that offers lessons for other resource-rich states. Owing to high oil reserves, lack of policies on private property and low remittances, by 2012, of every 100 dollars, more than 90 came from oil and its derivatives. With the fall in oil prices in early 2015 the country faced a drastic fall in revenues of the US currency along with commodities.

In addition, the government has not made policy changes to adapt to the low petroleum price. In early 2016, The Washington Post reported the official price of state-retailed petrol was below US\$.01 per gallon, and the official state currency exchange rate valued the US dollar at 1/150 what the black market did.<sup>3</sup>

## **Housing**

Since the mid-2000s during Chávez's presidency, Venezuela has suffered from a housing crisis. In 2005, the Venezuelan Construction Chamber (CVC) estimated that there was a shortage of 1.6 million homes, with only 10,000 of 120,000 promised homes constructed by Chávez's government despite billions of dollars in investments. Due to the shortages, poor Venezuelans attempted to construct homes on their own despite structural risks.

By 2011, Venezuela suffered from a housing shortage of 2 million homes, with nearly twenty prime developments being occupied by squatters following Chávez's call for the poor to occupy "unused land". Up to 2011, only 500,000 homes were constructed under Chávez. By the end of Chávez's presidency in 2013, the number of Venezuelans in inadequate housing had grown to 3 million. Maduro announced in 2014 that due to the shortage of steel, abandoned cars and other vehicles would be acquired by the government and melted to provide rebar for housing. In April 2014, Maduro ruled by decree that Venezuelans who owned three or more rental properties would be forced by the government to sell their rental units at a set price or they would face fines or have their property possessed by the government. By 2016, residents of government-provided housing, who were usually supporters of the Government, began protesting due to the lack of utilities and food.

## **Gross domestic product**

Due to the crisis, in 2015 the Venezuelan economy contracted 5.7% and in 2016 it contracted by 18.6% according to the Venezuelan central bank.

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<sup>3</sup> <https://www.cfr.org/backgrounder/venezuela-crisis>



Venezuela has a strong dependence on oil, which generates about 96% of its export revenues. The fall in oil prices has occurred at a time when the South American country faces runaway inflation and a severe scarcity of basic products.

In reference to the violent anti-government protests that shook Venezuela earlier this year and alleged plans to "destabilize the country", which President Maduro said included smuggling and hoarding essential products, the central bank said that those "actions against the national order prevented the full distribution of basic goods to the population, as well as the normal development of the production of goods and services. This resulted in an inflationary upturn and a fall in economic activity".

## **Business and industry**

At the beginning of the crisis, international airlines (which depart from Maiquetia international airport in Caracas) had problems getting their normal flights to and from Venezuela, and as a result, many airlines have left the country. As of 2018, a total of 19 airlines have left the country.

Airlines such as Air Canada, Alitalia, Lufthansa, among others, stopped or indefinitely suspended service to the country, making travel to the country even more difficult. Most other airlines reduced the number of flights and the size of the planes, to stay in the country.

According to the International Air Transport Association (IATA), the Government of Venezuela retained US\$3.8 billion from the airlines. As a result of this, the country lost business opportunities, aggravating the deep crisis that it suffered.

Several foreign firms have left the nation, often due to quarrels with the socialist government.

## **Corruption**

Corruption in Venezuela is high according to Transparency International's (TNI) Corruptions Perceptions Index and is prevalent throughout many levels of Venezuela's society. In the case of Venezuela, the discovery of oil in the early twentieth century has worsened political corruption. While corruption is difficult to measure reliably, Transparency International currently ranks Venezuela among the top 20 most corrupt countries, tied with four other countries as the 8th most corrupt nation in the world. A 2014 Gallup poll found that 75% of Venezuelans believed that corruption was widespread throughout the Venezuelan government. Discontent with corruption was cited by opposition-aligned groups as one of the reasons for the 2014 Venezuelan protests. Venezuela used to be a wealthy nation of Latin America, but a corrupt system along with drop in oil prices drove the country into political and economic crisis.

## **Hunger**

The annual "Venezuela's Living Conditions Survey" (ENCOVI) by three universities found nearly 75 percent of the population said they had lost an average of at least 8.7 kg (19.4 lb.) in weight due to a lack of proper nutrition in 2016 and 64% said they lost 11 kg (24 lbs.) in 2017. When the price of petroleum was high, Venezuela became dependent on food imports, and once the price declined the government became unable to afford the imports. According to Al Jazeera, following the fall in the price of petroleum, food rationing grew so severe that Venezuelans spent all day waiting in lines. Pediatric wards filled up with underweight children, and formerly middle-class adults began picking through rubbish bins for scraps.





According to the head of waste collection in the city of Maracaibo, Ricardo Boscan, 6 out of every 10 garbage bags or trash cans are being looted by hungry people. Other signs of hunger in Venezuela include the killing of dogs, cats, donkeys, horses and pigeons—whose dismembered remains are found in city garbage dumps—and of protected wildlife such as flamingos and giant anteaters.

Corruption is a problem in the distribution of food. According to an operations director at one food import business, "You have to pay for [the military] to even look at your cargo now. It's an unbroken chain of bribery from when your ship comes in until the food is driven out in trucks." While using the military to control food distribution has "drained the feeling of rebellion from the armed forces" by giving soldiers access to food denied others, the resulting corruption has increased shortages for the general public.

## **Crime**

Escalating violent crime, especially murder, had been called "perhaps the biggest concern" of Venezuelans during the crisis. According to the think tank Observatory of Venezuelan Violence, 27,875 homicides were committed in Venezuela in 2015, a rate of about 90 per 100,000 people (compared to 5 per 100,000 for the US or 30 per 100,000 for Brazil). 23,047 homicides were committed in Venezuela in 2018, a rate of 81.4 per 100,000 people. According to *The New Yorker* magazine Venezuela has, "by various measures, the world's highest violent-crime rate". Less than two percent of reported crimes are prosecuted.

As a response to the high rate of crime the Venezuelan government has attempted to ban all privately held firearms. There are an estimated six million firearms in Venezuela. However, voluntary surrenders in 2013 accounted for only 37 firearms surrendered, while 12,603 were confiscated. The national homicide rate rose from 73 per 100,000 in 2012 to 90 per 100,000 in 2015. At the same time the Venezuelan government has provided firearms for militant supporters.

## **Emigration**

The exodus of millions of desperate impoverished Venezuelans to surrounding countries has been called "a risk for the entire region". Millions of Venezuelans have voluntarily emigrated from Venezuela during the Chávez and Maduro presidencies. In November 2018, the United Nations High Commissioner for Refugees (UNHCR) and the International Organization for Migration (IOM) said the number of refugees had risen to 3 million, most of whom had gone to other Latin American countries and the Caribbean. This contrasts with Venezuela's high immigration rate during the 20th century.

Emigration has been motivated by economic collapse, expansion of state control over the economy, high crime, high inflation, general uncertainty, and lack of hope for a change in government. The PGA Group estimates more than 1.5 million Venezuelans emigrated between 1999 and 2014 but an estimated 1.8 million left by 2015. In the first part of 2018, emigration from Venezuela was estimated to average 5000 a day. It has been estimated that in 2016 alone, over 150,000 Venezuelans emigrated, with *The New York Times* stating that it was "the highest in more than a decade, according to scholars studying the exodus". Venezuelans have opted to emigrate in various ways, though images of Venezuelans fleeing the country by sea have also raised symbolic comparisons to the images seen from the Cuban diaspora. IOM says more than 1.6 million Venezuelans have left the country since 2015.



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Many Venezuelans have crossed into neighboring countries. The Colombian Red Cross has set up rest tents with food and water on the side of the roads for Venezuelans. Venezuelans also cross into northern Brazil, where UNHCR has set up 10 shelters to house thousands of Venezuelans.

## Health care

Following the Bolivarian Revolution, the new government initiated the installation of free healthcare, and assistance from Cuban medical professionals providing aid. The government's subsequent failure to concentrate on healthcare for Venezuelans, the reduction of spending on healthcare, as well as unchecked government corruption eventually resulted in avoidable deaths due to severe shortages of medical supplies and equipment, and the emigration of medical professionals to other countries.

Venezuela's reliance on imported goods and the complicated exchange rates initiated under Hugo Chávez led to increasing shortages during the late 2000s and into the 2010s that affected the availability of medicines and medical equipment in the country. By 2010, the Government stopped publishing medical statistics. Throughout Chávez's presidency, the Health Ministry changed ministers' multiple times.

Into the Maduro presidency, the Government could not supply enough money for medical supplies among healthcare providers, with doctors saying that 9 of 10 of large hospitals had only 7% of required supplies and private doctors reporting numbers of patients that are "impossible" to count dying from easily treated illnesses due to the "downward sliding economy" in 2014. Due to such complications, many Venezuelans died avoidable deaths. By early 2015, only 35% of hospital beds were available and 50% of operating rooms could not function due to the lack of resources.

In March 2015, a Venezuelan NGO, Red de Medicos por la Salud, reported that there was a 68% shortage of surgical supplies and a 70% shortage of medicines in Venezuelan pharmacies. In May 2015, the Venezuelan Medical Federation said that 15,000 doctors had left the public health care system because of shortages of drugs and equipment and poor pay.

In 2016, infant mortality increased 30.12% to 11,466 deaths, maternal mortality increased 65.79% with 756 deaths and malaria increased 76.4% to 240,613 cases. Cases of diphtheria, which was thought to have been eradicated from Venezuela in the 1990s, had also begun to reappear in the country during the year. One study of 6,500 households found that "74% of the population had lost on average nineteen pounds in 2016". Shortly after the 2016 health statistics were released to the public in May 2017, President Maduro replaced Minister of Health, Dr. Antonieta Caporale, with a pharmacist close to vice-president Tareck El Aissami, Luis López Chejade.

## Past UN Actions

### Economic sanctions

Economists have stated that shortages and high inflation in Venezuela began before sanctions were directed towards the country. The Wall Street Journal says that economists place the blame for Venezuela's economy shrinking by half on "Maduro's policies, including widespread nationalizations, out-of-control spending that sparked inflation, price controls that led to shortages, and widespread graft and mismanagement." The Venezuelan government has stated that the United States is responsible for its economic collapse.

In 2011, the United States sanctioned Venezuela's state-owned oil company *Petróleos de Venezuela*. According to executives within the company as well as the Venezuelan government,



the sanctions were mostly symbolic and had little effect (if any) on Venezuela's trade with the US.<sup>4</sup> Under the sanctions, PDVSA cannot enter into contracts with the US government and will be barred from import-export financing. But the company's sale of oil to the US and the operations of its US-based subsidiary Citgo are unaffected.<sup>5</sup> On March 9, 2015, Barack Obama signed and issued an executive order declaring Venezuela a national security threat and ordered sanctions against Venezuelan officials.

The sanctions did not affect Venezuela's oil company and trade relations with the US continued. In 2017, Donald Trump's administration imposed additional economic sanctions on Venezuela which aim to block the Maduro government from accessing the country's oil revenues.<sup>6</sup> <sup>7</sup> According to the Wall Street Journal, new 2019 sanctions are the most significant sanctions to date and are likely to affect the Venezuelan people.<sup>8</sup>

In 2019, former UN rapporteur Alfred de Zayas asserted that US sanctions on Venezuela were illegal as they constituted economic warfare and "could amount to 'crimes against humanity' under international law". His report (which he says was ignored by the UN) was criticized by the Latin America and Caribbean programme director for the Crisis Group for neglecting to mention the impact of a "difficult business environment on the country", which the director said "was a symptom of Chavismo and the socialist governments' failures", and that "Venezuela could not recover under current government policies even if the sanctions were lifted. On August 11, 2017, U.S. President Donald Trump said that he is "not going to rule out a military option" to confront the autocratic government of Nicolás Maduro and the deepening crisis in Venezuela. Trump's US advisers explained that it is not wise to even discuss a military solution due to the long history of unpopular intervention in Latin America by the United States. Venezuela's Defense Minister Vladimir Padrino immediately criticized Trump for his statement, calling it "an act of supreme extremism" and "an act of madness". The Venezuelan communications minister, Ernesto Villegas, said Trump's words amounted to "an unprecedented threat to national sovereignty".

Representatives of the United States were in contact with dissident Venezuelan military officers during 2017 and 2018 but declined to collaborate with them or aid them. The opinion of other Latin American nations was split with respect to military intervention. Luis Almagro, the Secretary General of the Organization of American States (OAS), while visiting Colombia, did not rule out the potential benefit of the use of military force to intervene with the crisis. Canada, Colombia and Guyana, which are members of the Lima Group, refused to sign the organization's document rejecting military intervention in Venezuela.

During the 2019 presidential crisis, allegations of potential United States military involvement began to circulate once more. However, military intervention in Venezuela was already being executed by the governments of Cuba and Russia. According to Professor Erick Langer of Georgetown University, while it was being discussed whether the United States would militarily intervene, "Cuba and Russia have already intervened". Hundreds or thousands of Cuban security forces have allegedly been operating in Venezuela while Professor Robert Ellis of United States Army War College described the between several dozen and 400 Wagner Group mercenaries provided by Russia as the "palace guard of Nicolás Maduro".

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4 [https://en.wikipedia.org/wiki/Crisis\\_in\\_Venezuela#Economic\\_sanctions](https://en.wikipedia.org/wiki/Crisis_in_Venezuela#Economic_sanctions)

5 <https://www.bbc.com/news/world-latin-america-13542239>

6 <https://www.reuters.com/article/us-usa-venezuela/u-s-sanctions-venezuela-officials-trump-slams-maduro-idUSKCN1M51WC>

7 <https://www.focus-economics.com/country-indicator/venezuela/unemployment>

8 <https://www.wsj.com/articles/venezuelans-fear-new-u-s-oil-sanctions-will-hit-them-hardest-11548804430>



## Juan Guaidó

National Assembly leader Juan Guaidó, who declared himself Venezuela's interim president two weeks ago, [urged Beijing](#) this weekend to abandon China's support for incumbent President Nicolás Maduro. The United States, Canada and Australia, along with several of Venezuela's Latin American neighbors and [now a number of European countries](#), have [recognized](#) Guaidó as the legitimate democratic representative of Venezuela.

But two countries — China and Russia — stand out for their opposition to outside interference in Venezuela and their support for the status quo under Maduro.<sup>9</sup> President Donald Trump backed Venezuela's National Assembly leader Juan Guaidó as the country's legitimate leader on Wednesday, paving the way for allies across Latin America to do the same. President Nicolás Maduro has called the move a coup and still holds the support of allies China, Russia, Cuba and Turkey. [Nations](#) including members of the European Union are withholding support for either leader and instead calling for immediate talks and an election.<sup>10</sup> France, Germany, Spain, the U.K. and other European countries have officially recognized Juan Guaidó as interim president of Venezuela.<sup>11</sup>

## Humanitarian Aid

The Venezuelan government has denied entry at its borders to hundreds of tons of humanitarian aid. Lorries containing supplies from the United States, Brazil and Colombia were turned away. The US, which supports the Venezuelan opposition leader Juan Guaidó, says it's offering to provide \$20m (£15m) of humanitarian supplies. But despite the recent stand-off, not all international assistance has been rejected. The Venezuelan government has praised Russia, an ally of president Nicolás Maduro, for sending aid and said 300 tons of it had been transported to Venezuela.<sup>12</sup>

Venezuela's President Nicolás Maduro has closed the border with Brazil amid a row over humanitarian aid. The embattled leader said he could also shut the key border with Colombia to stop the opposition bringing in relief. Venezuela's inflation rate has seen prices soar, leaving many Venezuelans struggling to afford basic items such as food, toiletries and medicine. President Maduro denies any crisis and calls the aid delivery plans a US-orchestrated show.<sup>13</sup>

## Colombia

Colombia calls at U.N. for action on Venezuela crisis

February 2019, Colombia called for action to end Venezuela's humanitarian crisis and bring about a political transition leading to free elections. Francisco Barbosa Delgado, human rights counselor to Colombian President Ivan Duque, was addressing the U.N. Human Rights Council hours in Geneva before Venezuelan Foreign Minister Jorge Arreaza was due to take the floor. Some European and Latin American ambassadors were expected to boycott Arreaza's speech, as more countries back opposition leader Juan Guaidó and spurn President Nicolás Maduro, diplomats said.

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<sup>9</sup> [https://www.washingtonpost.com/news/monkey-cage/wp/2019/02/05/why-did-china-stand-by-maduro-in-venezuela/?noredirect=on&utm\\_term=.4ea044301708](https://www.washingtonpost.com/news/monkey-cage/wp/2019/02/05/why-did-china-stand-by-maduro-in-venezuela/?noredirect=on&utm_term=.4ea044301708)

<sup>10</sup> <https://www.bloomberg.com/news/articles/2019-03-03/guaido-nears-return-to-venezuela-with-potential-arrest-looming>

<sup>11</sup> <https://www.politico.eu/article/eu-countries-recognize-juan-guaido-as-venezuelas-president-nicolas-maduro/>

<sup>12</sup> <https://www.bbc.com/news/world-latin-america-47369768>

<sup>13</sup> <https://www.bbc.com/news/world-latin-america-47325201>



“Action and solidarity should be based on full rejection of dictatorship of Nicolas Maduro in Venezuela,” Barbosa told the meeting. “Last weekend, the world saw directly that the terror regime, whose main characteristic is violation of human rights, burned food and medicine being sent to hungry, famished people in Venezuela,” he said.

Guaido, recognized by most Western nations as Venezuela’s legitimate leader, slipped into neighboring Colombia last week to lead an abortive effort to bring in humanitarian aid. He is expected to slip back across the border in coming days. “In the face of such situations, we cannot remain silent,” Barbosa said.

“What is needed are actions that promote transition and the holding of free, transparent elections with international monitoring in order to guarantee as soon as possible the establishment of democracy in Venezuela.” Maduro denies that there is a crisis, despite overseeing a hyperinflationary economic meltdown that has spawned widespread food and medicine shortages.<sup>14</sup>

## **Hungary**

It may come as a surprise to see refugees from the turmoil in Venezuela warmly welcomed in Hungary - by a government widely known to be hostile to immigration and asylum.

About 350 have already arrived on plane tickets funded by the state. Another 750 are on a list, waiting in Caracas, and more may follow. All those who apply must prove Hungarian ancestry, however distant that might be.

Government spokesmen have been at pains to insist that they are genuine Hungarians "coming home", though very few were born in Hungary, let alone speak Hungarian<sup>15</sup>

## **Russia**

In July 2017, during the crisis in Bolivarian Venezuela, in an article of Russia's Military-Industrial Courier, a journal popular with military officers of the Russian Armed Forces, in the event of a Venezuelan civil war, it was recommended that the Russian government provide military intelligence to the Bolivarian government, establish alliances with ALBA and to assist proxy leftist militant forces, such as colectivos, to maintain the Bolivarian government's power.

Maduro was reelected for a second term in May 2018, but the result was denounced as fraudulent by most neighboring countries and the United States. Russia, however, recognized the elections and Russian president Vladimir Putin congratulated Maduro. In December 2018, Russia sent two Tupolev Tu-160 bombers to Venezuela. These jets can carry nuclear weapons. The Russian and Venezuelan militaries later conducted joint military exercises.

In January 2019, the opposition-controlled National Assembly declared that Maduro's reelection was invalid and declared its president, Juan Guaidó, to be acting president of the Venezuela. The United States, Canada, Brazil and several Latin American countries recognized Guaidó as interim president. Russia, however, continued to support Maduro and accused the United States of trying to perpetrate a coup d'état.

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<sup>14</sup> <https://www.reuters.com/article/us-venezuela-politics-colombia-un/colombia-calls-at-un-for-action-on-venezuela-crisis-idUSKCN1QG1FU>

<sup>15</sup> <https://www.bbc.com/news/world-europe-47401440>



## Brazil

Brazil's Bolsonaro taking a risk on Venezuela. By siding with the United States in recognizing Juan Guaidó as Venezuela's interim president and dismissing Nicolás Maduro as an illegitimate "dictator," Brazilian far-right leader Jair Bolsonaro is making a risky bet, analysts and former diplomats say. Firstly, he is breaking with Brazil's tradition of trying to maintain cordial relations with governments of all stripes.

Secondly, he is thrusting Brazil into a showdown that, in the words of Rubens Ricuperro, a former Brazilian ambassador to the US speaking to the newspaper *O Globo*, "could have unpredictable consequences for the region" if not quickly resolved. In a worst-case scenario, Brazil could find itself involved in military action against a neighboring country for the first time in a century and a half. After the United States, Brazil is probably the most important country to watch in the geopolitically fuelled crisis unfolding in Venezuela.

The vast nation, which borders Venezuela, is host to thousands of Venezuelans who have fled economic collapse at home. It is a leading member of the Lima Group, a regional club challenging Maduro's rule, and of the Organization of American States, a Western Hemisphere political forum. It has Latin America's biggest military.

**Mexico**, alone among Latin America's biggest powers, has said it still recognizes Maduro as leader. Oliver Stuenkel, a professor in international relations at the Getulio Vargas Foundation, agreed that Brazil had cut itself off from any possibility of dialogue with Maduro's regime. But he noted that Brazil would have been "isolated" in the region if it had not gone along with recognizing Guaidó.

## Questions a resolution should answer

- How can humanitarian aid be provided to the citizens of Venezuela?
- What are the most important factors affecting the demise of Venezuela's petroleum trade?
- How is Venezuela's government controlling essential amenities?
- How can we combat outflows from illegal trafficking?
- How can developed countries play their part when it comes to curbing illicit inflows received from Venezuela?
- What steps be taken in order to ensure better treatment of the suffering people?

## Recommended videos

- Why Are People in Venezuela Starving (Hyperinflation Explained)?  
<https://www.youtube.com/watch?v=ah9i3R9pRpg>
- Why Colombia has taken in 1 million Venezuelans:  
<https://www.youtube.com/watch?v=NU0RqwwewY&t=115s>
- Who Is the New Self-Declared President of Venezuela? | NYT News:  
<https://www.youtube.com/watch?v=whTzJkzZ5Fo>

## Further references

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