



SC: Security Council

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Issue: The conundrum over sanctions on Venezuela

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I. Introduction

The United States of America's (USA) sanction over the Venezuelan government was first placed in 2005, concerning the lack of action against drug trafficking and terrorism ("Venezuela"). The main sanctions, however, putting a dent in Venezuela's economy came around 2015 to 2017, during the first years of President Nicolàs Maduro. In addition, this time it wasn't only the Americans, but European Union countries joining the sanctions as well. These sanctions had one major target in its way and that was to hinder the oil exports of the country, to which it was (and still today) very dependent. Oil being tougher to export, the Venezuelan economy trembled and since oil was the main factor holding up the economy, hyperinflation occurred. Already dealing with problems of poverty and basic needs, the Venezuelan people either fled or lived in hardship.

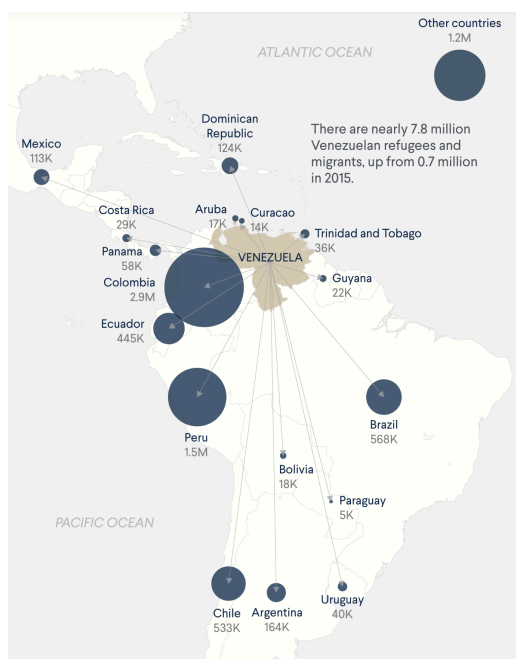


Image 1: Refugees' went to countries (Roy)

The main rationale behind the sanctions was centered around Maduro and the condition of the government. The oil industry is operated largely by the government in Venezuela, with the government's own company named Petróleos de Venezuela, S.A. (PDVSA) working with companies formed by foreign investments. Corruption and fraud are common words surrounding politicians in Venezuela, being accused



of stealing from the money inflow coming from PDVSA or other sources of income of the nation. Maduro's government was no special, as these allegations rose to their climax under him. One other concern of the US and European countries was the demise of democracy. Maduro was first brought to the presidency by the means of the death of another prominent figure in the nation's history, Hugo Chavez. Then, in 2018, he was elected for a second term with the majority of the votes. The election was regarded as invalid and fraudulent by many nations and people, accusing the Maduro government of electoral fraud and censorship of opposition.

The sanctions were lightened during 2022 and 2023 due to the Russian-Ukrainian War and the increasing problem of gas and energy, due to Russia sanctions (Roy). This came with a promise of free and fair elections in the summer of 2024. July 2024 elections saw Maduro being reelected for a third term and the same allegations of other elections thrown at the government, so the sanctions were imposed heavily once again. Venezuela is now once again under Maduro and is facing several sanctions from different nations. While all of the fault is easily thrown around Maduro and his corrupt government by the media, which is one cause of the situation in Venezuela, there is a much deeper background leading up to the current condition of Venezuelans.

The issue can be traced back to the early 1920s and the first traces of oil in the country, then followed up by dictators and authoritarians making decisions changing the oil industry and the economy, never-ending debates of corruption in the government, a momentary and a deceptive breath of free air during Chavez era, and finally the tipping point of Maduro. The reason the sanctions are debated on an international field, although not at all carried out by the United Nations (UN), is the main victims: Venezuelan citizens. The mentioned sanctions led to more poverty and lack of necessities, hyperinflation, taking refuge in neighboring nations, oppression, and limited free speech. A way out for both the Venezuelan government and its people is needed now more than ever.

II. Involved Countries and Organizations

Venezuela

Currently under Maduro for a third term, Venezuela is the main topic as it is facing sanctions. Maduro and his government are being accused of many crimes against democracy, the Venezuelan people's interest, and using the government budget for other purposes. The reason these issues are prominent is also because Maduro has no realistic rival in the nation. He is controlling the government, the national assembly, the legislature, the media, the economy, and the list goes on. Other than Maduro, the crucial issue for Venezuela is the lack of economic variety. When the oil prices are up around the world, Venezuela is doing good as they are exporting much oil; when it is down, the Venezuelan economy is doing bad. The



oil foundations of the nation became its own Dutch disease. Being limited in exports by the countries of the US, UK, and European Union, Venezuela is keeping close touch with other countries such as Russia, China, Cuba, Iran, and Turkey (Roy). Since their last dealing with the US of free elections did not hold up on the US side, the country is trying to battle inflation against the odds of the sanctions.

United States of America

The instigator of the sanctions over Venezuela, USA does not recognize the current government under Maduro and instead recognizes the “2015 democratically elected Venezuelan National assembly as the only legitimate branch of the Government of Venezuela” (“U.S. Relations with Venezuela”). The USA’s main goal is to pressure Maduro and his government by preventing their oil exports. The other goal is to ensure democracy can truly be seen in the nation. Most recent dialogues with Venezuelan authorities in 2023 seemed as though the issue was going to improve sanctions were going to be gradually lifted and bilateral relations would be fixed. All of these hopes went under the sea in the 2024 elections, however, as Maduro was the leader once again. The USA’s main problem is Maduro, but it should be kept in mind no matter what that the US is also trying to battle fraud and corruption in Venezuela as well, words not only mentioned with Maduro. On the other hand, the US is aiding the nation through different channels to lift up the humanitarian conditions.

European Union and the United Kingdom

Both the EU and the UK are dealing with the issue concerning Venezuela in a similar manner, exposing sanctions to blockade more oil trade whilst helping with the humanitarian situation in the nation. The two are also trying to tackle the refugee crisis, to help the host countries and find ways to give better conditions to refugees and help them economically as well.

China and Russia

As with most issues around the world, the two Eastern power holders, Russia and China, are siding with the Maduro government and are trying to keep the economy lively during these times of sanction. China has many agreements with Venezuela to benefit one another in many fields such as education, space, technology, and economy. Maduro was also one of the most prominent supporters of Russia during the initial stages of the Russia-Ukraine War and continued to express his aid for the benefit of Russia. The two countries, in return, are on the mission of finding ways to lessen sanctions, help the Venezuelan people through economic hardship, and prevent any intervention from the United Nations Security Council (UNSC) that might call for reelection or appeal sanctions from the UN to the country.

United Nations



The United Nations is trying to help the people of Venezuela through many of its sub-organizations. There is already a fund created to help specifically the Venezuelan government and its people. There are also organizations such as the Human Rights Watch (HRW) and the United Nations Human Rights Office of the High Commissioner (OHCHR) working on monitoring, reporting, and reacting to the humanitarian crises in the nation. The United Nations High Commissioner for Refugees (UNHCR) is also working on the fleeing Venezuelans and their well-being in host countries. Back in 2019, the UNSC discussed a resolution regarding another election to be held which was eventually vetoed by the Russian Federation. The UN is constantly on the lookout to improve bilateral relations of Venezuela with other Member States and improve the life of the people there.

III. Focused Overview of the Issue

To understand how the sanctions placed by the US, EU, or the UK had this major impact on Venezuela, an understanding of the recent history of Venezuela is necessary. Since all of the issues seem to be coming back to oil, the history here will start with oil.

Unfathomable Amount of Oil

One day, “Royal Dutch Shell geologists at La Rosa, a field in the Maracaibo Basin, struck oil, which blew out at what was then an extraordinary rate of one hundred thousand barrels per day.” (Roy) As Venezuela was not a large economy or a country prior to this large oil reserve being stumbled upon, the government had only the interest of growing this business as large as it got. The first thing that was realized was the potential foreign investment. Oil was booming around everywhere. Cars needed it, tanks needed it, machines needed it... Every nation and corporation demanded oil and wanted to buy it. So, the Venezuelan government under dictator Juan Vicente Gomez, opened the country's borders to any who wanted to produce oil. The economy grew exponentially in a very short period of time and by the end of the 1920s, Venezuela was second to the US in oil production (Roy).

This amount of money and production also meant other things for the country though, as labor shifted majorly from other industries to oil as well. People left their jobs as farmers and joined the companies producing and selling oil. Economists usually view agriculture and technology-related jobs as channels for economic and national growth, not oil. This could not, of course, be observed in a ten year time period, but this massive shift of focus in the Venezuelan economy was the news of its Dutch Disease, focusing too much on one part of the economy, while leaving the other without attention.

While allowing foreign investors to take control of the oil production and sector created three monopolies controlling it: Gulf, Royal Dutch Shell, and Standard Oil (Roy). The government decided to take



action to furthermore ensure money flow into the federal budget, by implementing what every government does to earn money: tax. The government produced the Hydrocarbons Law in 1943, enabling them to take half of what each company on Venezuelan soil was profiting from oil. The law was a hit for the government, taking government income to another level. In only 30 years of oil, the Venezuelan economy was one of the greatest.

The Rise of Democracy and, Once Again, Oil

Venezuela was run by military dictatorships until the year of 1958, when the government shifted into a democratic system consisting of parties. One tangible product of democracy was the Punto Fijo pact. The pact was between the three leading parties in Venezuela and it was to ensure fair distribution of government jobs and resources. The one with the most votes in the election, had the most say and control over these sources and the opposite. This was a great step in the way of democracy, however, it did contain one setback. It ensured that all agreed oil profits by the legislation would be run by the government and different actors could use that money differently, opening the way for corruption.

On the oil side of things, things were about to change even for the better. In 1960, Venezuela joined the Organization of the Petroleum Exporting Countries (OPEC). This particular act became important 13 years later, in 1973 when the Yom Kippur War occurred and OPEC countries placed an embargo on Israel and its beneficiaries. This wasn't a small party, including states such as the US, and Venezuela took advantage of it. Due to oil becoming harder to purchase from the embargoes, the prices flew to the top and Venezuelans sold oil at a high price. Billions of dollars flowed into the economy, some being kept in the government budget, some being stolen by authorities going unnoticed in the huge flow of cash. During these times the government also took an interest in nationalizing the oil industry by first opening the Venezuelan Petroleum Corporation and then in 1976 forming the PDVSA and running it in cooperation with foreign investors.

The Wake-Up Call

The high prices and being the dominant seller didn't last forever unfortunately for Venezuela and by the time it was the 1980s, oil prices dropped. By dropped, it's more like fell down. With prices lower than ever before the Venezuelan government entered a tough time. The leader of the government of that time, Perez, bought a foreign refinery from the US, putting the government into debt and not being able to make up for it (Roy). Venezuela took a financial bailout from the IMF and inflation showed itself to the public. Inflation mixed up tough policies that affected the people in a time of economic hardship and showed itself in outbursts and riots against the government. The government was not so kind towards the protests and sometimes took extreme measures, shooting the people peacefully protesting.



Image 2: Images from Caracazo riots (Estanislau)

Among these riots, there was a failed coup attempt as well. The coup attempt failure was no hindrance for the person leading the coup, starting to make his name known to the public and becoming popular. So popular that, in the upcoming election being elected as president. This person was none other than Hugo Chavez.

Chavez

Leading up to Chavez's election, the situation of the Venezuelan people was not great. A considerable amount of the population was living in poverty and there was certainly not enough investment towards the people and society. Being elected through a socialist group in 1998, Chavez immediately took action to mend this as much as he could. His Bolivarian Missions "expanded social services and reduced poverty by some 20 percent" (Roy). These investments to the people were not cheap, however, and it did cost Chavez a whole lot of debt money.

Chavez did not respond kindly to strikes firing up in the PDVSA and decided to fire a lot of people in the corporation. The people he fired were technical experts and experienced in the field of oil and they knew how the company operated. The result was decreasing oil production and since Chavez also started subsidizing oil to countries nearby, oil was getting lower day by day in the country, and the debt was growing (Roy).

The other actions that Chavez took set the way for his followers to establish his reign over the country, here are some of the examples: "ending term limits (being able to run for presidency forever), taking control of the Supreme Court, nationalizing private businesses..." (Roy) There is no denying that Chavez was a leader who, in contrast with other Venezuelan leaders, tried to improve people's lives for the better. However, in doing so, he was not careful enough to look at the situation the country was heading and what kind of government he would leave behind.



Democracy under Threat

Chavez died in 2013 and was replaced by his vice-president Maduro as an interim. Soon after, elections took place and since Maduro was seen as the second man after Chavez, he was elected. Maduro's time saw the worst of the economy. Falling oil prices and the debt adding up over the last 30 years meant Maduro had to come up with an economic plan to fix it all in some way. This never came from Maduro, instead, he has continually been accused of using government money for his own interests and personal life.

Maduro was also accused of censoring opposition candidates and controlling social media channels to make opposition publications invisible. During his second time running for office, he faced a new allegation of electoral fraud, and the elections were deemed invalid by nations such as the US, the UK, and most European countries. The piled-up allegations and evidence against Maduro caused these nations to take action by sanctioning Venezuela's oil trade and furthermore damaging its economy. The Maduro government responded by printing money, which did not improve the economy in any way, juxtaposingly, hurting it. Hyperinflation was seen in the country, and people's access to basic needs became tougher.

There was a time period under the Biden administration of possible sanctions being completely lifted for free and fair elections in 2024, but Maduro ended up winning the election for the third time and naturally being accused of the same old allegations, so the sanctions stayed.

There is also the humanitarian situation in the nation. Since Maduro came into power, Human Rights Watch has reported approximately 16 thousand people being abused, tortured, or killed due to political reasons ("Venezuela: Events of 2023"). The judicial state of the country is also in ruin as most cases usually get delayed to eternity or never open in the first place. Refugee situation, access to basic necessities, freedom of expression... These are all areas where Venezuelans are demanding help from the international community and the sanctions are damaging not only Maduro but the people inside as well.

IV. Key Vocabulary

Term 1: Petrostate

The Council on Foreign Relations defines the term "petrostate" as having the following three attributes attached to the nation: "government income is deeply reliant on the export of oil and natural gas, economic and political power are highly concentrated in an elite minority, and, political institutions are weak and unaccountable, and corruption is widespread." (Roy). The country of Venezuela is a prime example of what a petrostate is.



Term 2: Dutch Disease

According to the definition of Corporate Finance Institute, the term Dutch Disease means “a paradoxical situation where good news for one sector of the economy, such as the discovery of natural resources, results in a negative impact on the country’s overall economy.” (“What is Dutch Disease?”)

Term 3: Sanction

The Cambridge Dictionary defines the term sanction as “an official order, such as the stopping of the trade, that is taken against a country in order to make it obey international law.” (“Sanction”)

Term 4: Hyperinflation

The website Investopedia defines the term hyperinflation as “rapid and unrestrained price increases and inflation in an economy over time, typically at rates exceeding 50% each month.” (Kenton) The website also states that a possible explanation for hyperinflation is “the nation’s central bank printing excessive money” (Kenton). The end product of hyperinflation is an immense surge in essential goods.

V. Important Events & Chronology

Date (Day/Month/Year)	Event
1922	With the help of geologists, Venezuela discovers a huge oil reserve lying at La Rosa. The reserve immediately starts being used and the dictator of the time Gomez allows the foreign exportation of oil.
1943	The Hydrocarbons Law of 1943 was inaugurated. The law enables the government to take its share of the highly profiting foreign oil companies operating in Venezuela.
1958	First democratic elections are held in the nation and the three parties of the nation sign the Punto Fijo Pact. The pact ensures that the three sides will share the “state jobs and, notably, oil rents” with respect to voting percentages. (Roy)
1960	Venezuela joins the Organization of the Petroleum Exporting Countries (OPEC). The first state firm is also established on oil and the tax from oil companies is increased to 65%.
1973	The Yom Kippur War between the Arab nations and Israel led to a ban from OPEC against Israel-supporting nations



	and oil prices increase. Venezuela gains a lot of money from this event.
1976	The PDVSA is formed and all oil operations are ensured to be run under a national corporation.
1989	Due to a fall in oil prices, the Venezuelan government struggles financially and finds itself in 30M dollars of international debt. The government is forced to take a bailout from the International Monetary Fund, while inflation increases.
1998	Hugo Chavez was elected as president and began to change some manners of the government's spendings and support the poverty driven people.
2005	The first US sanctions are placed upon Venezuela on the grounds of anti terrorism and anti drugs
2013	Chavez dies and is replaced by his Vice-President Maduro for one month as an interim, then gets elected.
2017	More severe sanctions are placed by both the US and the EU on Venezuela on increasing corruption, oppression, censorship, and abuse in the country.
2018	Maduro is reelected for a second term. However, most people in the nation and other international powers view the election as fraudulent.
2021	Maduro takes control of the National Assembly, the last standing ground of the democratic opposition.
2022	The US administration under Biden lifts some sanctions over promises of fair elections in the upcoming 2024 presidential elections.
2024	The summer sees Maduro rise up for the president of the country once again for a third time and the US is not satisfied with the election conditions. Sanctions are kept and increased.

VI. Past Resolutions and Treaties

Punto Fijo Pact



While the pact did accomplish to ensure democratic processes by having the three parties receive a proportional say according to the votes they received, it also stood as a guarantor of oil profits being kept to the government and its officials.

There are no passed resolutions on the issue of Venezuela as some have been vetoed by a P5 nation or did not pass, the draft resolutions can be found in the Useful Links section.

VII. Failed Solution Attempts

The most clear solution to the situation was the sanctions itself as its goal was to prompt Maduro to change the way he handled the government and treatment of the people in the country. Seeing the unresponsiveness of the Maduro government shows that no matter the weight of the sanctions, the government gets its share from other international partners such as Russia and China, so the sanctions currently continue to damage the economy of Venezuela, but whether it is Maduro's economy that is being damaged or the people's is the main question regarding the sanctions and their failure to solve the issue.

Other than that, the Biden administration's talks were definitely a positive way in the debate on the sanctions, despite its ending. For democratic election purposes UN is a possible answer to step in which brings the conversation to the next failed solution attempt, resolutions. As of current, the UNSC is yet to pass a single resolution taking action in Venezuela due to the conflicting nature of both sides: one accepting the Maduro government as the truly elected side, one denying it and still recognizing the National Assembly from 2015. So, new ways to come to a common ground must be established between the two conflicting parties.

VIII. Possible Solutions

A possible solution for one of the humanitarian issues, the refugees, can be to bring together the host nations in a meeting to discuss how to handle the situation and integrate the refugees into the new communities they are a part of. How to divide up the refugees, how to allocate the funds coming into the previous funds established, and how to ensure the eventual safe return of the refugees to Venezuela, with the eventual goal of fixing the situation in Venezuela, can be some of the questions that can be discussed in the said meeting.

Delegates must also find ways to incentivize domestic or foreign investments in Venezuela other than the oil sector. The problem in Venezuela will never be solved until the nation has more than one house of economic profit. This can be agriculture, Artificial Intelligence, car manufacturing, or anything but the economy must be dependent on at least one or two more things other than oil. The Maduro government



must be cooperated with to initiate the incentives and subsidies that can be given to any entrepreneurship attempt at these organizations.

Regular bilateral, trilateral, or multilateral meetings between the Maduro government, the US, China, Russia, the UK, and European countries are needed to come to a conclusion on the issue. If the sides can't even come to an agreement on which side to recognize and make dialogue with, then the problem is complicated even from the start line.

IX. Useful Links

[Security Council Documents for Venezuela](#)

[List of sanctions from nations on Venezuela](#)

[Human Rights Watch Report on Venezuela](#)



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