CELAC SUMMIT 2017

DELEGATE BACKGROUND GUIDE

Staff

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A Letter From Your Director...

Dear delegates,

It is with the utmost pleasure that I welcome you to CELAC Committee of UTMUN 2017! My name is Aamer Ghuznavi and I shall serve as director for the CELAC committee, alongside with my vice-director, Rishika Wadehra, and moderator, Sara Seo. I am a first year MSc student at UofT in the department of Physiology and am doing a Collaborative Program in Neuroscience (CPIN). I also completed my undergraduate studies at UofT, majoring in Neuroscience and Biochemistry, and minoring in Biology. This is my first time participating in Model UN, and I look forward to organizing a fun and intellectually stimulating conference. My staff and I shall strive to ensure that everyone is included in discussions through this enriching, and passion-instilling experience.

This opportunity will provide you with a medium through which you can develop interpersonal, public speaking and diplomatic skills. Experience within the CELAC committee will allow you to learn about the geopolitical atmosphere within Latin America and the Caribbean by first-hand addressing key political issues concerning the economic environment within the region. The CELAC committee will require extensive collaboration and collaboration of participating countries to resolve pertinent political issues. Solutions to existing problems are seldom straightforward, especially when viewing situations through a regional or global lens. Make sure that you have extensively studied your countries' policies, foreign relations and are aware of their financial standing. Diligent research will be required to build a foundational background upon which you should be prepared to mediate and resolve important political issues.

I wish you the very best of luck during your preparation, and am looking forward to getting to meet all of you!

Best Regards,

Aamer Ghuznavi
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Photo: Ministerio de Relaciones Exteriore, Flickr

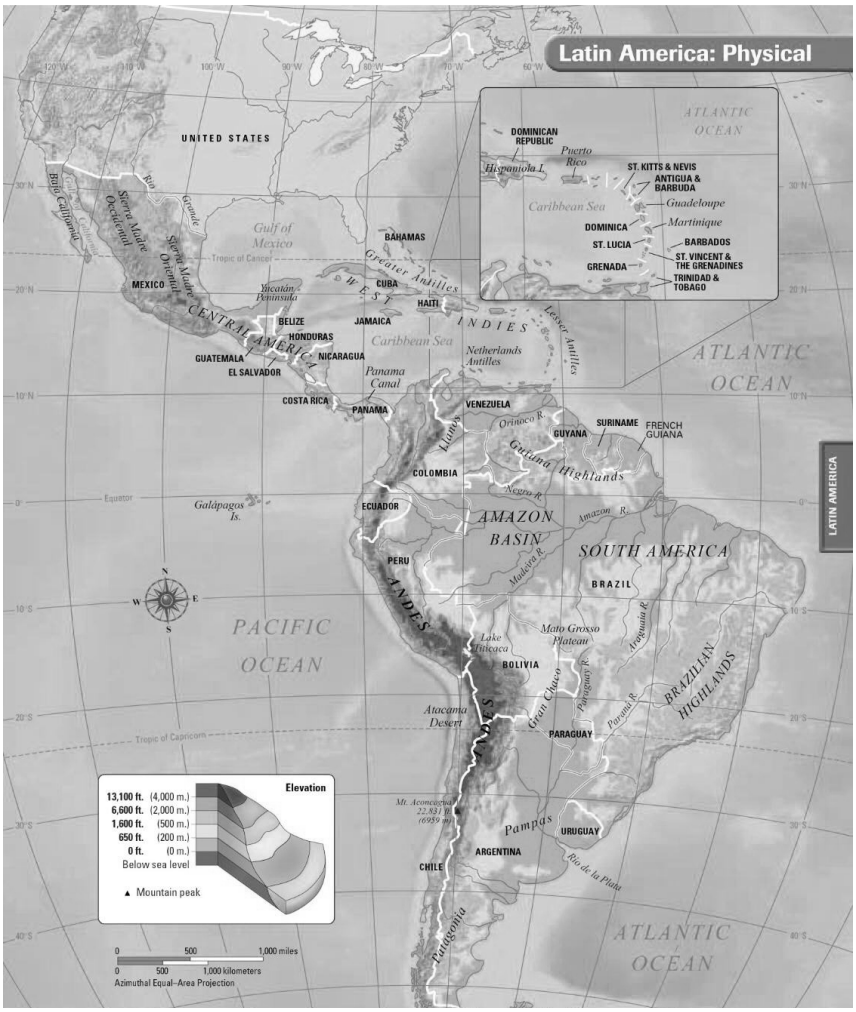
Historical Background & Development of CELAC

CELAC was created by The Declaration of Caracas in Venezuela, succeeding the Rio Group and the Latin America and Caribbean Summit on Integration and Development (CALC), on February 23, 2010. The union of Latin American and Caribbean countries was designed to arbitrate regional disputes, address regional corruption, lead the development of Latin America and the Caribbean economically, and to combat imperialism, in developing a regional body that excludes the United States of America (USA). It was developed in order to serve as an alternate governing body to the Organization of American States (OAS), without USA's political influencing reigning supreme over resolutions. However, it was met with some resistance as international leaders, and media outlets across Latin America argued that CELAC should act as a tool to mediate regional disputes, but should not replace the OAS, citing the positive affects US aid has had on the regions' development; formation of democratic governments, financial aid and military support.

President Chavez of Venezuela and co-chair of CELAC at its inception had stipulated that the US interpretation of the Monroe Doctrine, a policy meant to oppose Spanish and Portuguese colonialism in 1823, and its reinterpretations at key historical time points, to be a driving force for excluding the US and in wanting to replace the OAS with the newly formed CELAC. The doctrine was met by British approval during its conception, when the US lacked a significant military force in the 1800s to secure territory in the New World, and it was considered internationally insignificant at the time. The doctrine allowed for the US to influence, and expedite the emancipation movement across Latin America from Spain and

Portuguese influences, notably in Colombia, Argentina and Mexico, and was met with great appreciation from South America. However, as the US developed, it applied and reinterpreted the doctrine to exert its military influence when it deemed appropriate. In 1843, the US allowed the British to retain sovereignty over the Falkland Islands, causing political tension in Argentina, Honduras and Belize. Conversely, during the Venezuela Crisis, the US threated action against Britain and arbitrated the land dispute over the Guayana Esequiba, exhibiting its power internationally. The US has also employed the doctrine to relay its naval strength, globally, but the addition of the Roosevelt Corollary allowed for the doctrine to evolve further, as a method for the USA to collect debts to the US and Europe from Latin nations by force, and was met with public outcry across South America.

Furthermore, application of the Monroe Doctrine was expanded during the Cold war, in which it allowed for US involvement by combating Communist governments tied to the Soviet Union across Latin America, in the late 1940s. America also provided military backing to combat the communist influence in Latin America during the Cuban Missile Crisis fighting against the installation of Soviet missiles in Cuba, resulting in extreme disruption of the geopolitical atmosphere and eliciting interregional tension across South America. The application of the Monroe Doctrine and the international repercussions during the Cuban Revolution resulted in further dissent across Latin America. Following independence from Spain, the communist, turned anti-communist, and US-backed Cuban President Batista developed lucrative ties to criminal organizations, and allowed for American saturation of the Cuban economy. The Batista government ruled iron-fisted, and legal arguments by the lawyer Fidel Castro, to address political corruption, were rejected by Cuban courts. Fidel Castro



sequentially founded The Movement, and led an armed revolution with Che Guevara that overturned the balance of power in Cuba. The introduction and implementation of novel laws by the Castro government increased the levels of education, healthcare and quality of life for Cuban citizens. However, Castro's resentment of the US aid to the Batista government during the revolution built turmoil in Cuba's international relationship with the US. Castro maintained Cuba as a socialist country while providing military aid to communist insurgencies globally, including contributing to Nicaragua, further straining US-Cuban relations following the Iran-Contra scandal. This led to the Eisenhower administration in instigating the Cuban Embargo in 1960, which still stands to this day, and is the longest standing foreign policy in American history. One of the major aims of CELAC is absolving the US-Cuban Embargo, and talks with the Obama administration have resulted in significantly alleviating the political strain; diplomatic ties are being developed between Cuba and the US, and a US Embassy recently opened in Havana, Cuba in 2015.

Regional Economic Crisis

FOREIGN RELATIONS

China played a key role in developing the economic landscape in Latin America, by forming ties and working as trading partners. China receives exorbitant amounts of raw materials and commodities from across the region. Latin America has developed significantly as of late, as it grows its economic wealth through collaboration with its competitors from the production market. There are 31 diplomats representing China distributed throughout Latin America notably across Brazil, Argentina, Chile and Cuba. China has advocated against the Monroe Doctrine, questioning its validity, and has offered mutually-beneficial and friendly relations with Latin America. The geopolitical effect of the developing Chinese-Latin American relationship serves as a strategic challenge to the United States. Furthermore, China trades military arms and technology, specifically with Venezuela and Bolivia. However, very recently the Chinese economy peaked in mid-2015, resulting in many Chinese investments in Latin America being pulled out and delayed.

Russia also trades extensive amounts of military arms with Latin America, and

has established strong relations with the Bolivarian Alliance for the Peoples of Our America (ALBA), formed by President Hugo Chavez. Russia exports significant quantities of weaponry notably to Venezuela, Cuba, Peru, Brazil and Nicaragua. Russia has also assisted in setting up a nuclear reactor for a power plant in Argentina, and forgave the Cuba-Soviet debt, as it sought to develop political ties within the region. However, recent internal political battles within Argentina, Brazil and Venezuela have resulted in fractured ideological left factions, supporting Russia falling from power and the opposing right rising; with whom the Kremlin failed to develop ties.

The EU has formed trade agreements with Latin America, and has developed political ties through the relatively, long standing EU-CELAC summit. The European Union seeks to provide mediations for international disputes, developing good governance and advocating for human rights within the region. The EU also served to play a significant impact in Latin America as it suspended FARC from the terrorist list in order to assist the Colombian government negotiate a peace deal, after decades of unrest.

The US has always played a pivotal role in Latin America's political climate, and in the 1980s it provided strong support to the anti-communist parties functioning within Latin America. Drafting of the North American Free Trade Agreement (NAFTA) in 1994, significantly increased trade between North America and Mexico, and generated immediate growth in the Latin American economy. Large scale Mexico immigration resulted in millions of undocumented immigrants living in the US. Consequentially, due to US's rapid economic growth, drug cartels from Central America sought to export illegally to the US and controlled the drug supply.

ECONOMIC CLIMATE

Global trade loss in 2008 led to the largest commercial crisis in Latin America as exports fell by a quarter of its output, and the cascading effects resulted in a fall of the employment rate, an increase in poverty and an increase in rate of crime. The result of global trade depreciation was so detrimental to Latin America since the majority of its revenue is generated through its international exportation of goods. In the following years the economy slowly recovered with the rest of the world, and Latin America increased its export of commodities. Due to the development of further international relations and free trade agreements, notably from China, the economy in Latin America experienced tremendous growth due to increase in the export of vast amounts of commodities and overall, resulted in an increase in citizens' quality of life. And in 2011, Brazil peaked and it was the largest economy in Latin America with a GDP of $2.614 trillion.

However, recent external influences of depreciating oil prices, modification of monetary policies in the US, and most significantly with China stagnating on its investments, resulted in the economic climate in the politically tense Latin American region to worsen. Cumulatively as a result, Latin America is experiencing its first region-wide economic downturn since the crisis in 2008, and is being significantly being weighed down by the steep recession in Brazil. Decrease in the global oil market is causing Venezuela to experience extreme inflation, approaching 100%, and adversely affecting Mexico. Most significantly, decreased levels of importation by China in addition to the current economic problems leads to political discord, and furthering disrupts the delicate geopolitical and economic atmosphere.

Brazil, the once leading, and booming economy is straining Latin America, following the fiasco of the Rio Olympic games, during which Brazil overspent $8 billion on its budget for

the games, the region experienced extreme monetary restrictions by the federal government. The declared state of financial emergency 49 days prior to the beginning of the games resulted in delay of salary to doctors, teachers and police officers, prompting widespread strikes. The timeline of this financial strain overlapped with the spread of the Zika Virus which also significantly drained the countries coffers, by approximately $750 million dollars. The Olympic games that were heralded to boost the economy following years of turmoil, served to further drag the Brazilian economy, and marked the 8th consecutive quarter of GDP decline. Depreciated economic power of the leading countries in Latin America further dysregulates the cash flow interregionally, and adversely affects all countries within CELAC.

Economic Impact And Corruption Involving The Rio 2016 Olympics

The 2016 Rio Olympics came to Brazil in a time when the country's once rapidly growing economy was going into its third straight year of recession, with unemployment rising steadily, cuts in public services, and the currency reaching new lows against the dollar. This is a drastic change to Brazil's state at the time it was selected as the host country in 2009, having the seventh largest economy in the world, and was being regarded by the rest of the world as a budding economic power. The build-up towards the Games was plagued by numerous problems that brought Rio into a negative light, with not only the worst recession in over 100 years, but also a presidential impeachment and a global health crisis due to the Zika Virus.

The negative economic impact of the Rio Olympics was visible even prior to the start of the Games, when Francisco Dornelles, the governor of Rio de Janeiro, declared a state of financial emergency 49 days before they began, asking for federal financial support from Brazil to avoid a collapse in public security, education, health, transport, and environmental management. The state government slashed health, education, and police budgets due to falling tax revenues, resulting in teachers and doctors facing salary delays, prompting strikes and occupations of schools and hospitals. By declaring a state of emergency, Dornelles ensured that the Rio government could borrow funds without approval from the state legislature, largely to complete their obligations of infrastructure like the MetroRio extension

and clean-up of sewage and pollution in Guanabara Bay. The responsibility of funding Olympic projects was divided among private companies, Rio City, and the state of Rio, with the state being in the worst financial position.

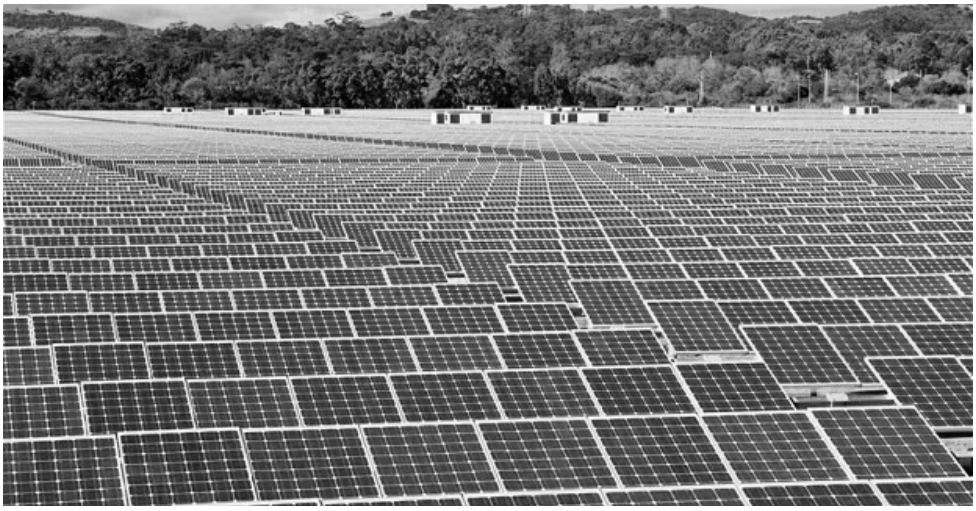
Hosting the Olympics is an enormous financial burden that drains the host country of billions of dollars, with many not turning a profit by the end. Just the bidding process can cost over $100 million. If selected, general infrastructure to accommodate tourists and athletes, external and internal transportation facilities, specialized sports venues, and other facilities, must be built in time. Money is also spent on operations like event management, opening and closing ceremonies, and security. Brazil's original budget was initially $11.98 billion dollars, but estimates for the total cost at the end came to be almost doubt that at $20 billion dollars, with $780 million being spent on combating the Zika Virus. These cost over-runs resulted in large protests in Brazil, with complaints about the government mega-spending on the Olympics, while ignoring domestic problems like the need for better schools, hospitals, and education. Due to the buildup of infrastructure for the FIFA World Cup and Olympics, between 2009 and July 2015, 77,206 people were removed from Rio de Janeiro, with at least 4120 families being removed for reasons directly or indirectly related to the Olympics.

Many were looking at the Olympics as a way for Brazil for boost their economy and spirits after two years of turmoil, but the long-term economic impact remains to be seen. The downfall of Brazil's economy began with the slowing of the Chinese economy in 2013. Brazil, as a major exporter to China was hit especially hard and the steep drop in sugar, oil, and other export prices showed how reliant Brazil was on China. The Brazilian GDP shrank by almost 4 percent in the second quarter of 2016, marking eight consecutive quarters of decline, a record unmatched by any other country. A post-Olympic boom and the eradication of the Zika virus did nothing to help the economy as much as many hoped, with economists forecasting a decline of 3.7% for the coming year. Economists do not expect any show of recovery until possibly 2018, as the Brazilian government seeks to impose post-Olympics budget austerity and interest rates, currently at around 14%, are kept high by the central bank to cope with the high inflation, which in turn deters investment. The massive public spending stemming from the Olympics did not have a significant economic impact, as the economy, at $1.5 trillion, is too large for a meaningful boost from the proportionally small investment.

Energy Revenue Generating Options

CELAC seeks to develop Latin America, driven through a non-renewable energy exportation. Castro has been calling for foreign investment, and has pitched for wind and solar energy projects, seeking to replace the oil power plants and subsided imports from Venezuela. Cuba seeks to develop a novel biomass plant energy project, and through recent exemptions from the Obama administration, has made progress, but needs to reassure investors in a strenuous economic climate. The Bolivia gas conflict resulted in recently discovered natural gas reserves being planned to be exported to Mexico and California through a Chilean Port. However, extreme and diverging public opinions on the route of the pipeline led to contention within neighbouring countries, and induced political tension between Chile and Bolivia.

Additionally, the ELAC published a report arguing that increased efforts to combat climate change should be prioritized as a means to develop strategies in Latin America, to promote sustainable growth and equality across the region.



However, the potential of the reserves in Latin America has not been developed due to widespread limitations in technological infrastructure. Yet, some countries such as Brazil and Argentina have the resources for development of oil companies, but, rather are limited due to their unstable governance and resulting flow of capital; investments are extremely risky due to the political risks involved, and inhibit the rate of growth. Venezuela, the key exporter of oil into the Caribbean and Latin America, is facing continued recession and the supply of subsidized oil is significantly being reduced. International pressure is being applied as China and the US are trade partners that would seek to exploit the energy reserves and pump life into the Latin American economy, but would contradict generating non-renewable energy sources, and be several steps backwards environmentally. Venezuela's economy is experiencing food shortages as it has been hit hard by the global oil price drop.

Additionally, CELAC has declared the region to be a "Zone of Peace" as of 2014, and called for global nuclear disarmament, and are petitioning the United States of America to disarm their nuclear weaponry -- seeking to exert political pressure. Interestingly, the view on renewable energy as opposed to the nuclear threat poses concerns around the presence of nuclear reactors, in Latin America and as an energy source. Options for exploring energy trading and interregional trade throughout the area is a topic that needs to be further examined.

Corruption

Latin America suffers from a long history of corruption, politicians taking kickbacks have revealed $5 billion has been lost under the table, and a series of high-profile scandals have revealed the involvement of Chilean President Bachelet, former President Kirchner of Argentina, and former President Molina of Guatemala. Most astonishingly, was the recently uncovered corruption scheme by President Rousseff of Brazil, leading to her impeachment. A lack of transparency and corruption has been tolerated as long as it resulted in the politicians getting stuff done, however extremely violent regions in Honduras, Venezuela and Guatemala are receiving interactional scrutiny.

The relationship between political corruption is what drives organized crime, while filling officials' pockets and reveals that facilitating criminal activity has been correlated with stagnation of the international corruption rating of the Latin American community. Central America is the hub of drug trafficking, and in weak economies, underpaid law officials tend to be bought by drug lords. Even countries like Mexico and Colombia that receive extensive US financial aid exhibit extreme levels of corruption, as a result of political oligarchies skewing the economic and political balance.

A potential avenue to explore in regaining an economic balance in Latin America, should examine improving transparency of CELAC countries, to address drug money effects on corruption, and to regain political stability. Action should be enforced to prevent a similarly massive bribery scandal to emerge in a leading Latin American region, Brazil. Ex-President Rousseff whom issued budget decrees without congressional approval, and accepted exorbitant sums of money left the government paralysed in the midst of its steep economical decline, destabilizing a distraught nation. Corruption expands to underlie issues in most CELAC countries, and addressing how to combat this criminal activity within the regional is of the utmost importance in rectifying the geopolitical and economic environment.

List of Characters

1. Argentina
2. Haiti
3. Bolivia
4. Brazil
5. Chile
6. Colombia
7. Costa Rica
8. Cuba
9. Dominica
10. Ecuador
11. El Salvador
12. Guatemala
13. Guyana
14. Honduras
15. Mexico
16. Nicaragua
17. Panama
18. Paraguay
19. Peru
20. Dominican Republic
21. Uruguay
22. Venezuela

Research Questions

- How might countries with a nuclear reactor, and those allied with the US conform to the Zone of Peace?
- What role does the global economic structure play into deepening the economic crisis in Latin America?
- What rules and economic decisions made by developed countries play a factor in the development of CELAC countries and how can they be changed to ensure sustainable development?
- What is your country's history and current involvement with drugs and illegal trade?
- In what ways can the judicial system and law enforcement agencies be improved in order to prevent and slow drug trade?
- Should countries outside of CELAC be called upon to get involved in the illegal drug trade crisis and help consider solutions? What solutions would be plausible?
- What specific commitments and regulations can CELAC member countries enforce to help fight corruption? What role do non-state actors, such as the private sector, have in increasing corruption and what can be done to ensure accountability?
- What are conversations would be involved in developing interregional trade within Latin America and between CELAC members?
- How do external factors influence trade in the region; notably how is pressure applied on Brazil, Venezuela and Mexico, and what other countries within the region are they allied to.
- How would you converse and trade with countries, with whom there have been historical and recent territorial debates?

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