

The BBVA Research

Geo MENA Report

A Visual Guide to Regional Geopolitical Affairs

May 2015

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With the collaboration of Gonzalo de Cadenas, Alfonso Ugarte, Nihan Ziya-Erdem, Yigit Engin



Key takeaways



- Problems in the region remain: Eurasia and the Middle East still under pressure
- Social Unrest and conflict still alive in the region
- ISIS loses ground in Syria and Iraq but expands into North Africa & Afghanistan
- Iran-P5+1 deal opens new geopolitical challenges. Proxy War extends to Yemen
- Soft Power: Middle East's perception stabilises

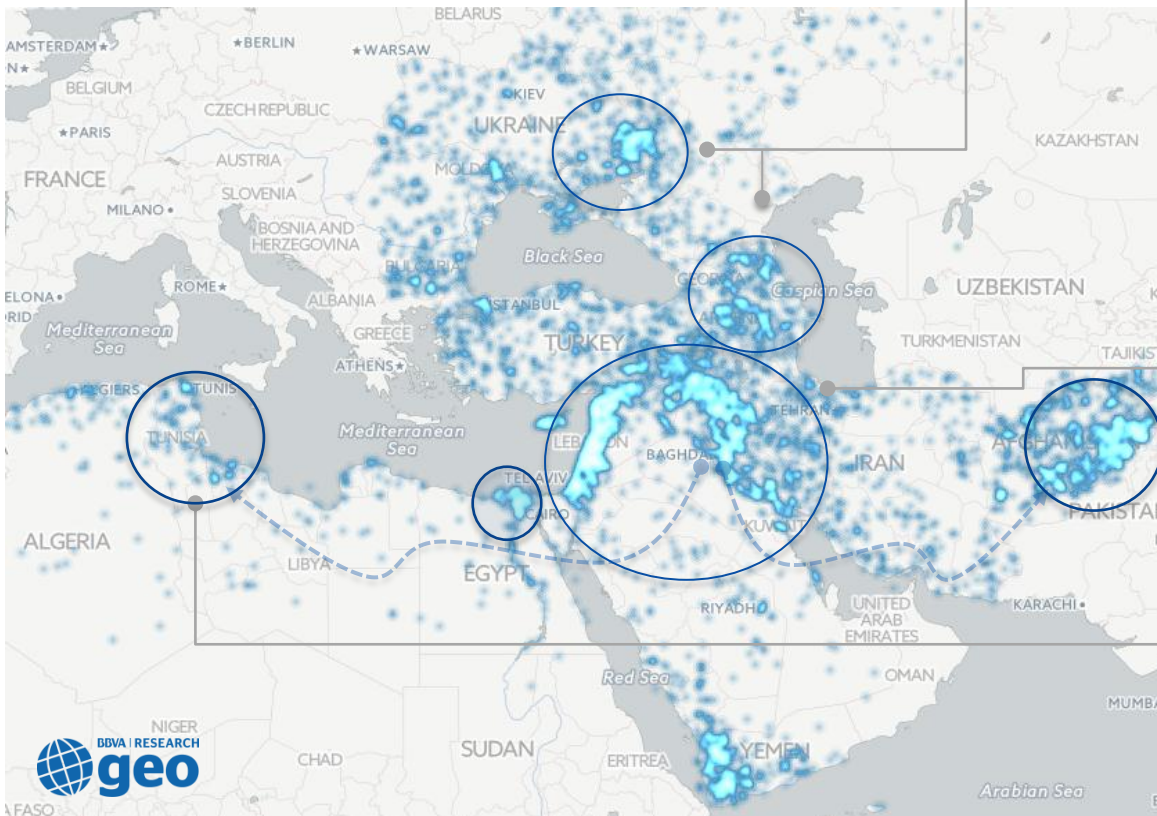


The Middle East Conflict Map

BBVA World Conflict Heatmap (2H-14 to Apr-15)

(Number of conflicts / Total events)

Source: www.gdelt.org & BBVA Research



Ukraine-Russia-Caucasus

A new ceasefire agreement was reached, but it is still very fragile.

Russia is building up its military presence on the border, increasing the possibility of a new offensive.

ISIS loses ground in M.East

The Coalition recovers 1/3 of the lost territory but expectations are for a long-lasting conflict.

ISIS spreads to N. Africa and Afghanistan

ISIS will take advantage of "failed" and fragile states to expand its footprint.

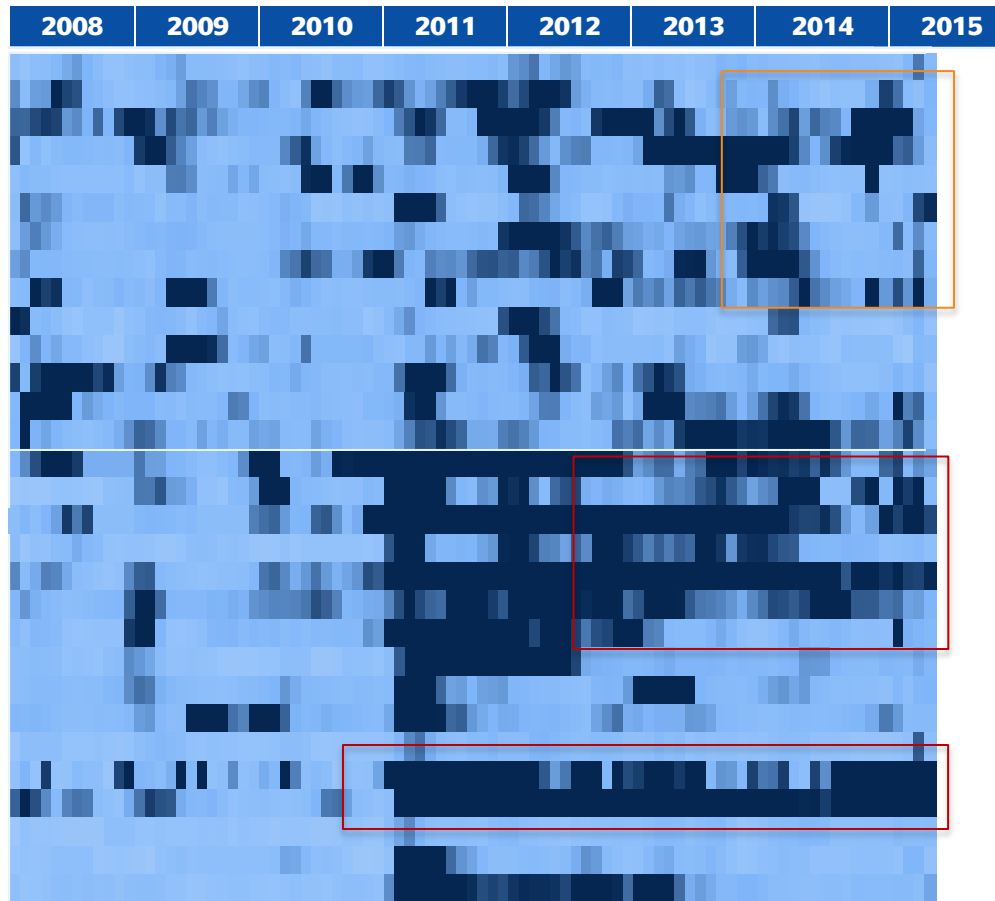


The Social Unrest Map

World Protest Intensity Map Jan 2013 - Apr 2015

(Number of protests / Total events. Dark Blue: High Intensity)

Source: www.gdelt.org & BBVA Research



Protest Intensity: Low High

In **Emerging Europe and CIS countries**, demonstrations observed in **Ukraine and Russia** have eased during April. Social discontent in some of its neighbours such as **Bulgaria** and **Hungary** has also started to ease. Protest intensity increased in **Croatia** as economic conditions worsened.

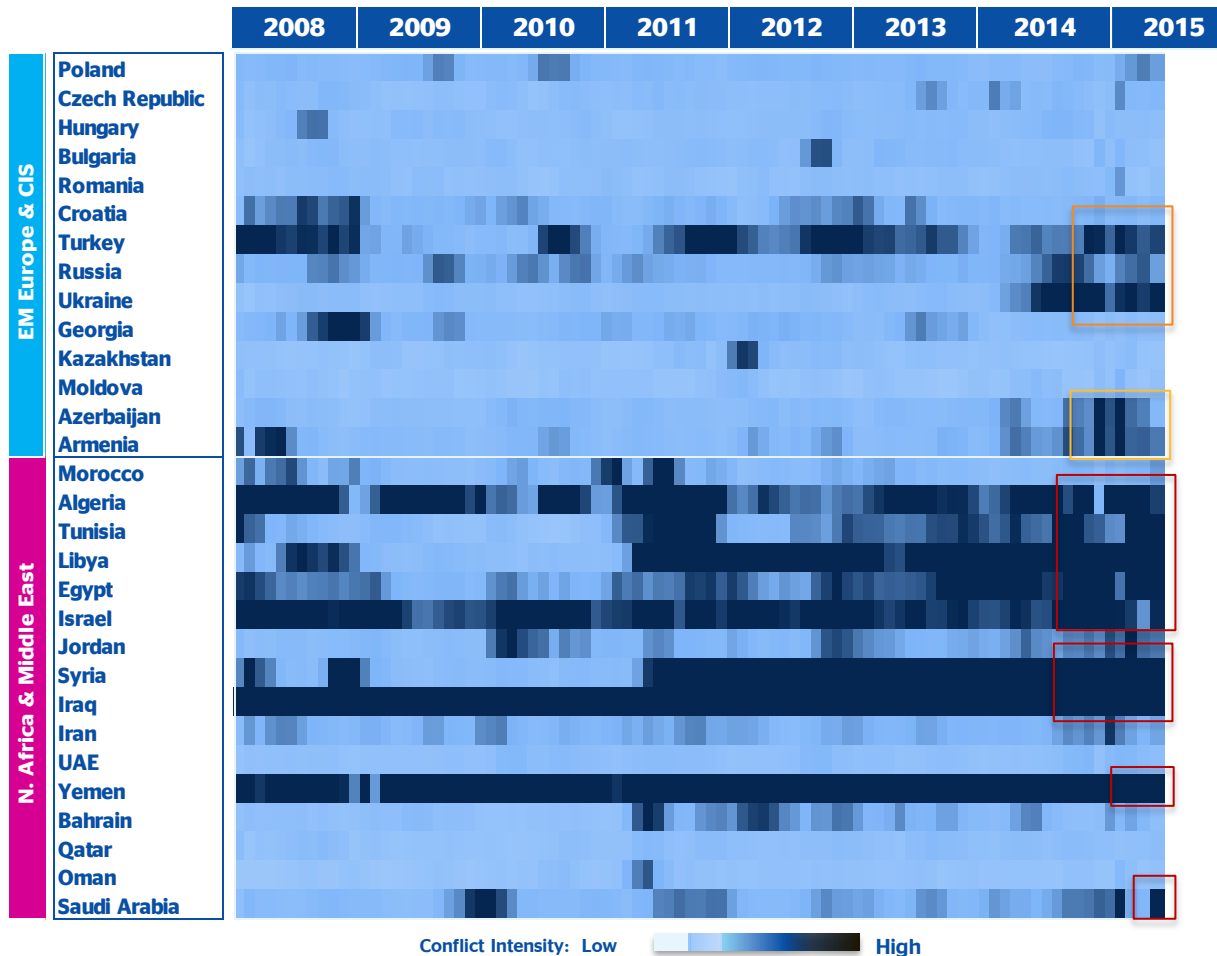
In **N. Africa & the Middle East** social unrest continued at worrisome levels. Instability in **Egypt** and **Tunisia** remained high, while the increased instability observed in **Algeria** at the end of 2014 has started to relax. Some Gulf countries, such as **Bahrain** and **Yemen**, maintained extreme levels of social unrest.



World Conflict Intensity Map Jan 2013 - Apr 2015

(Number of conflicts / Total events. Dark Blue: High Intensity)

Source: www.gdelt.org & BBVA Research



In **Eastern Europe**, the main hot spot continued to be the **Russia-Ukraine** conflict, which escalated again in April after the mild de-escalation observed the month before. Conflict intensity remained in the Caucasus area (**Azerbaijan** and **Armenia**), while it intensified in **Turkey** after the DHKP-C's resurgence.

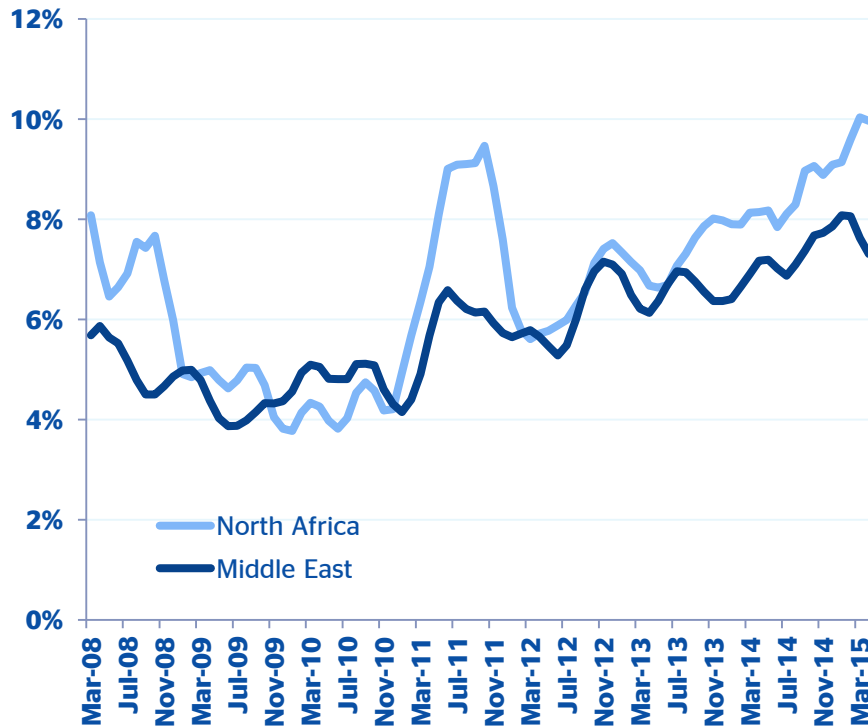
The social climate remained tense in **N.Africa and Middle East's countries**. The situation in **Libya** and **Egypt** was deteriorating given the spread of ISIS in the area, and conflict activity in **Tunisia** sharply increased after ISIS attack. In the Middle East, tensions in **Iraq** and **Syria** remain stressed. Instability also soared in **Saudi Arabia** after its direct military intervention in **Yemen** and the new regime tightened security measures. **Iran** continued in a eased situation.



Conflict Index

(Conflicts/ total events)

Source: www.gdelt.org & BBVA Research

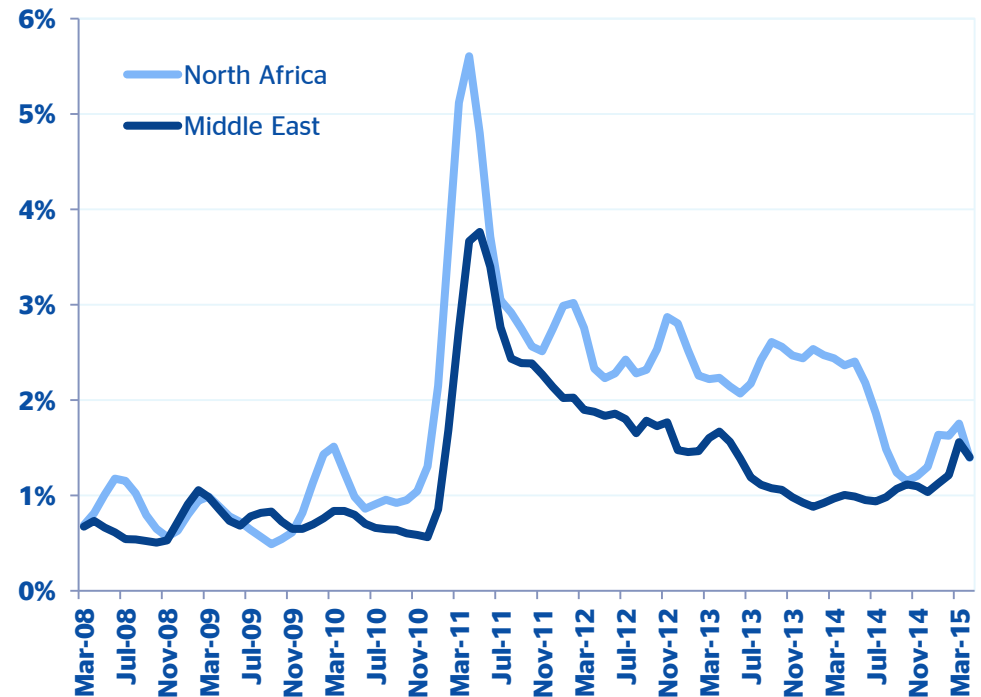


The **Arab Spring supposed an structural change in the instability level** in both the M.East and North Arica. The trend in North Africa continues to worsen.

Social Unrest Index

(Protests/ total events)

Source: www.gdelt.org & BBVA Research



Social Unrest is below the peak levels of the Arab Spring. However, **a revival of protest intensity is being observed since last quarter of 2014.**

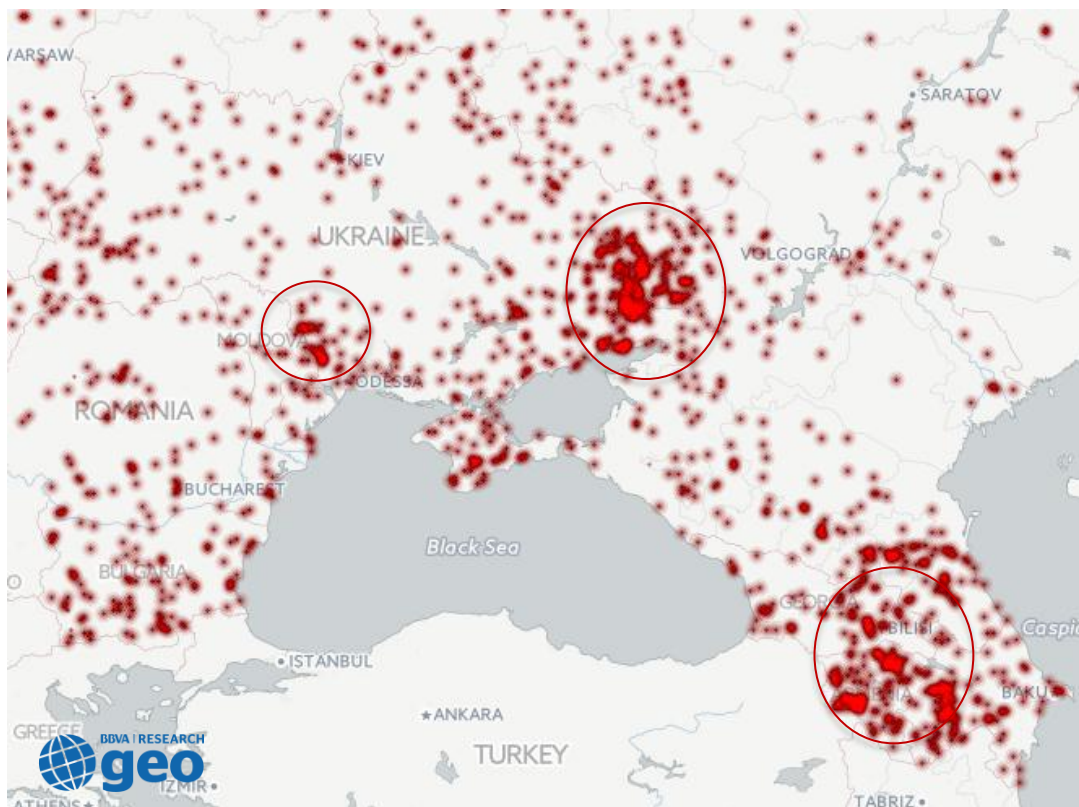


Eastern Europe and the Caucasus

The situation in Ukraine and the Caucasus: Conflict Index (2H-14 to Apr-15)

(Cumulative Number of Conflicts)

Source: www.qdelt.org & BBVA Research



- The Russia-Ukraine crisis escalated in January and led to the Minsk II agreement on 12 February.
- **A new ceasefire was implemented** which, although fragile, was broadly respected by both sides.
- **Recently, separatist attacks have increased in intensity**, increasing the possibility of a re-launched.
- **Tension between Azerbaijan and Armenia continues** to build over the breakaway territory of Nagorno-Karabakh.
- **Violence in the region has escalated since the Ukraine crisis broke out.** This increase in hostilities is also a product of Azerbaijan's renewed assertiveness.



International Coalition & Iraq: recovering ground from ISIS

The situation of ISIS in Syria & Iraq (6 months ago)

(Accumulated conflicts from ISIS)

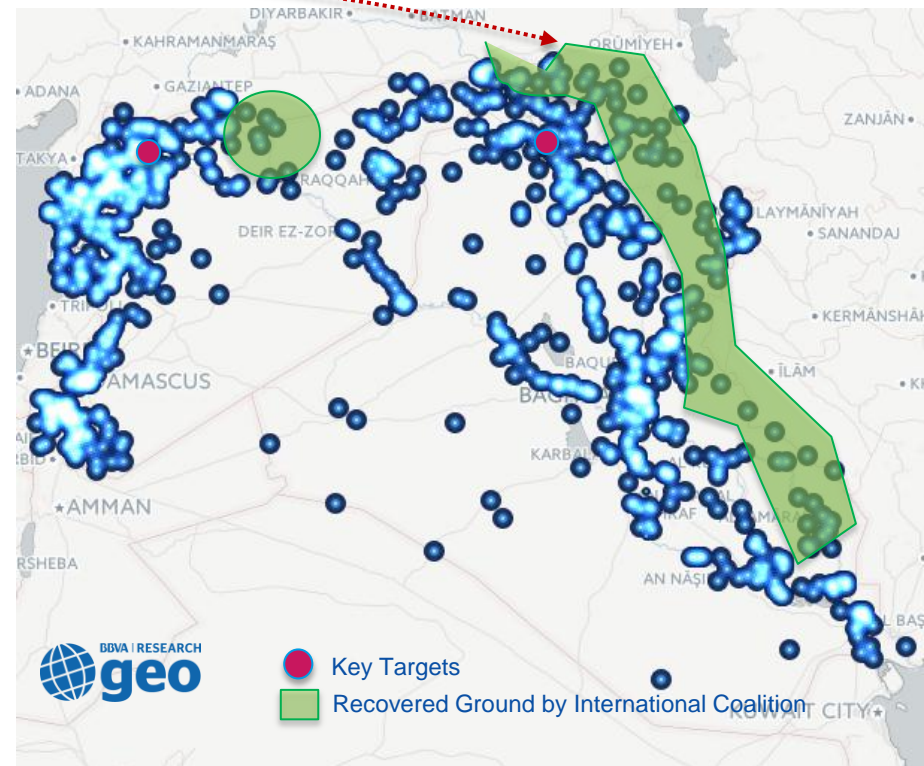
Source: www.qdelt.org & BBVA Research



The situation of ISIS in Syria & Iraq (now)

(Accumulated conflicts from ISIS)

Source: www.qdelt.org & BBVA Research



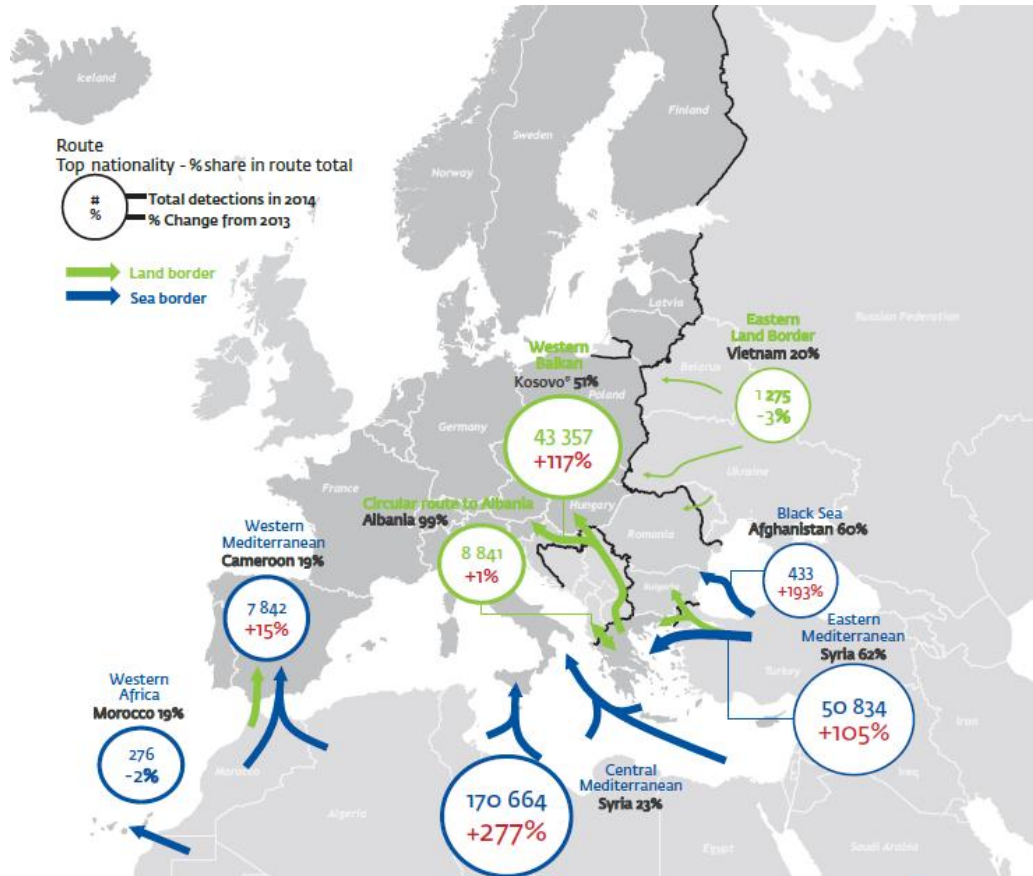
- **The International Coalition has recovered nearly one-third** of the initial gains made from ISIS.
- **Intensive air-strikes, training forces and information sharing are paying-off, but slowly.**
- **Kurds controls** the situation in the **north-east part of Iraq.**
- **Iranian forces lead by Suleimani are key** in the East.
- **Aleppo and Mosul** will be key targets.

Spillovers of ISIS: the problem of refugees

Detections on illegal border-crossing

(Individuals, % change and % total)

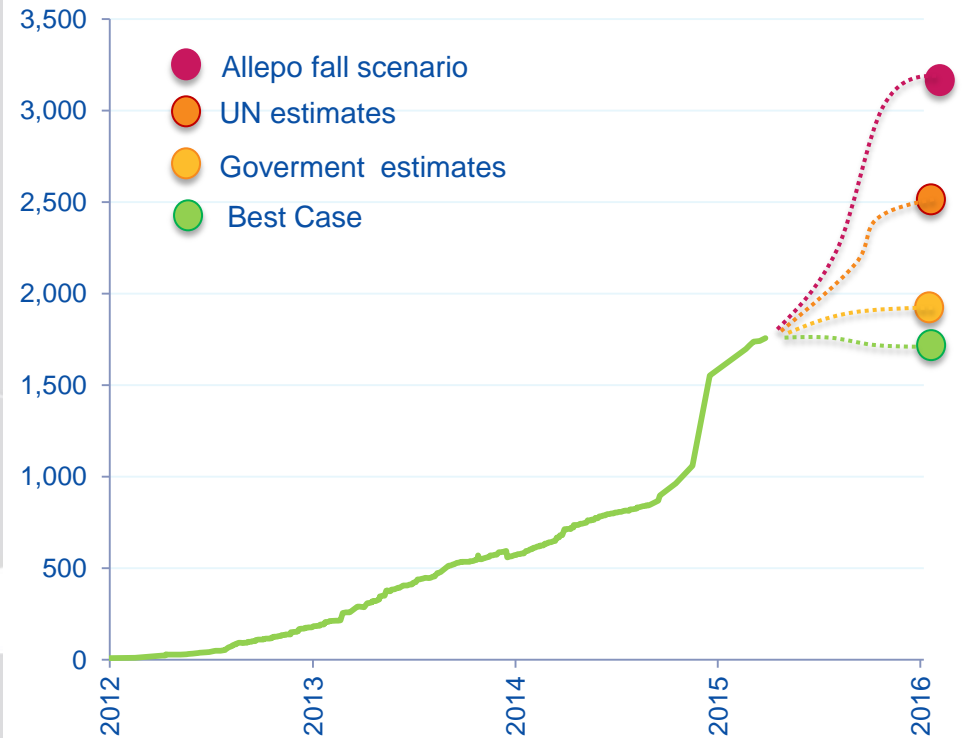
Source: Frontex, Eurostat



Refugees into Turkey

(Cumulative Number of refugees, in 000s)

Source: UNHCR, Government of Turkey

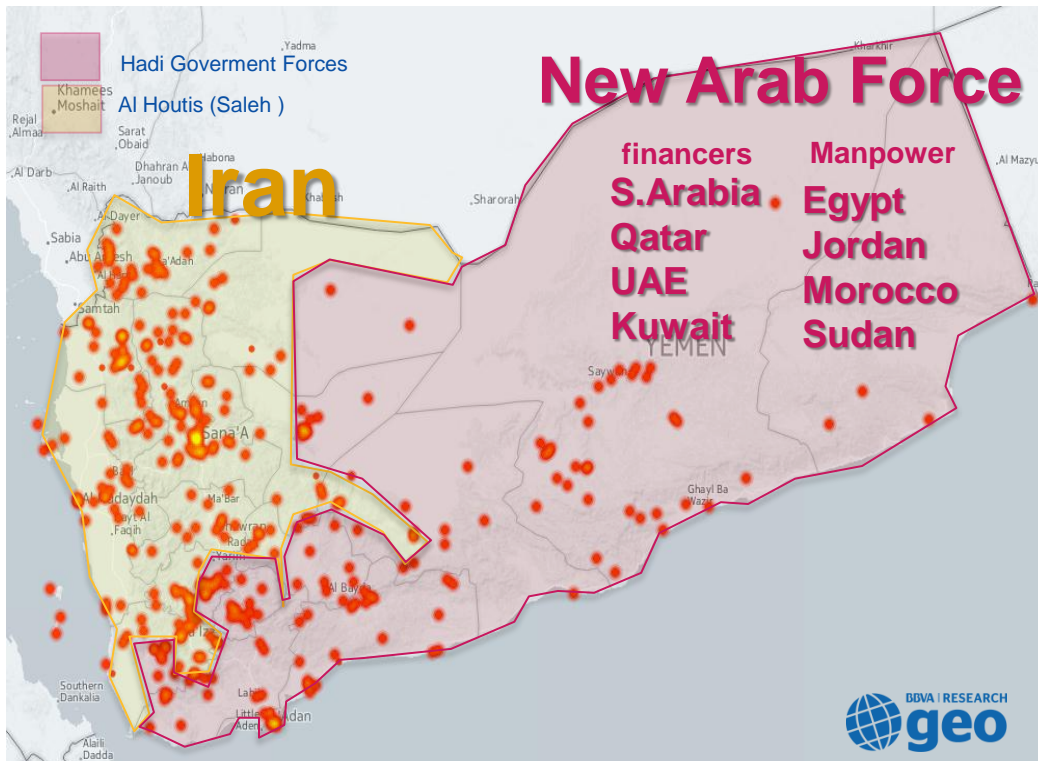


Yemen: a new scenario for a proxy war

Conflict activity in Yemen (Jan 14 - Apr 15)

(Cumulative Number of Conflicts)

Source: www.qdelt.org & BBVA Research



- **Yemen became the latest scenario of a proxy war between Arabs and Iran.** Official Government forces (supported by the Arab Army and Saudi Arabi) and Houthis (under Iranian influence and supporters of former President Saleh) are fighting for the control of the country.
- The evolution of the **situation in Yemen could greatly exacerbate regional tensions** and increase **sectarian clashes** in the region. Naval operations near the Strait of Bab el Mandep pose some risk.
- The chances of a rapid and decisive **victory by the Saudi-led coalition are uncertain** and the success of its operations depends on the kingdom's Yemeni allies on the ground and their progress in rolling back the Houthis' territorial gains.



Iran and P5+1 deal finally reached

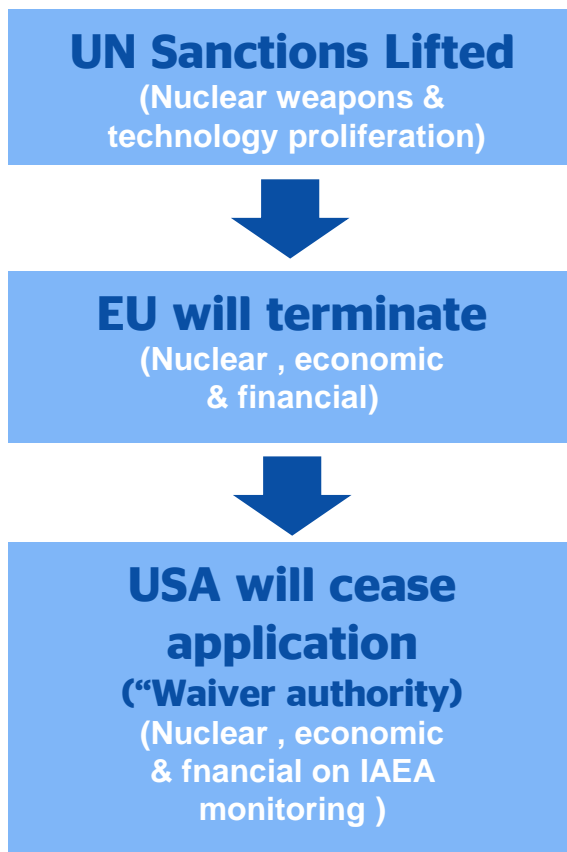
The Iranian nuclear reductions

Source: Harvard Belfer Center, April 2015

	After	Before
Uranium Rout Reduced		
First generation centrifuges installed	6,104	18,472
Advanced centrifuges installed	0	1,008
Breakout time for weapon	1 year	1-2 months
Research & Development of new centrifuge technology	Constrained	Unconstrained
Stockpile of low-enriched uranium	660 lbs	15,770 lbs
Stockpile of medium enriched uranium (close to bomb grade)	0 lbs	430 lbs
Plutonium Rout Abandoned		
Arak reactor	Core dismantled and reactor reconfigured	Under construction to produce 1-2 bombs-worth of plutonium annually
Monitoring clearly enhanced		
Previous research on nuclear weapons	Iran to address IAEA concerns	No cooperation
Unknown nuclear sites	IAEA access to suspicious nuclear facilities anywhere	No mechanism
Inspection regime	Strictest IAEA protocols implemented	Not implemented

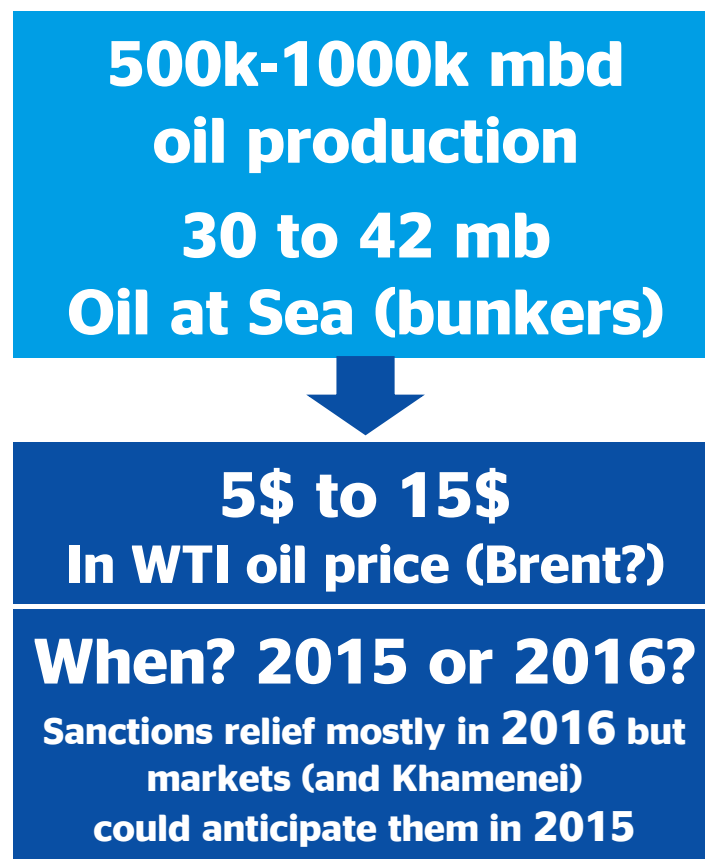
The P5+1 removal of sanctions

Source: Stratfor



Potential impact on oil supply & prices

Source: BBVA Research, market analysts and EIA



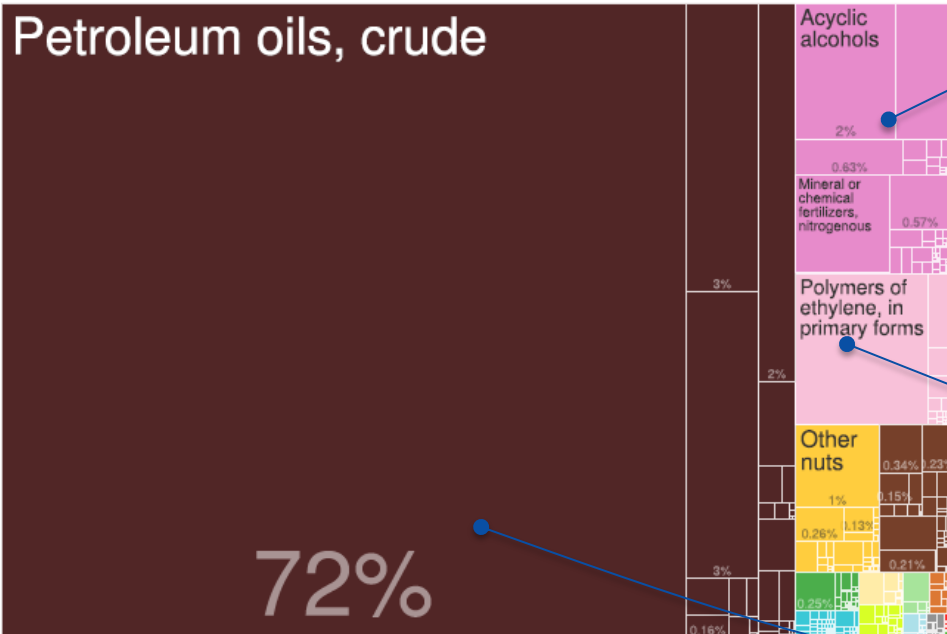


Turkey-Iran bilateral relations

Composition of Iranian exports (2011)

(% of Iran's total gross exports)

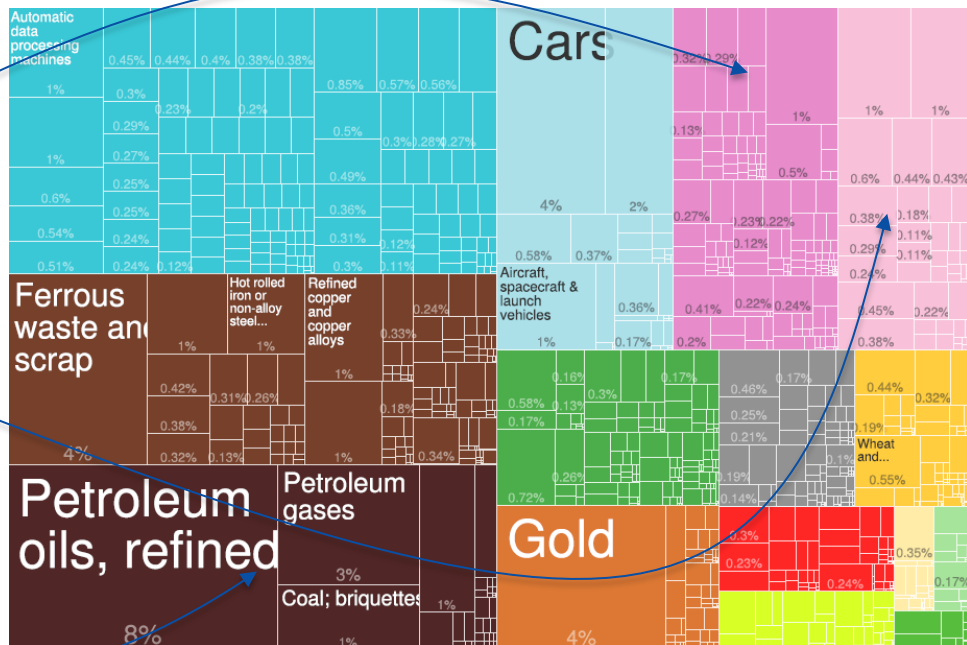
Source: Economic Complexity Index



Composition of Turkish imports (2011)

(% of Turkey's total gross imports)

Source: Economic Complexity Index



Iranian Energy and petrochemical derivatives exports are complementary to Turkey's needs...

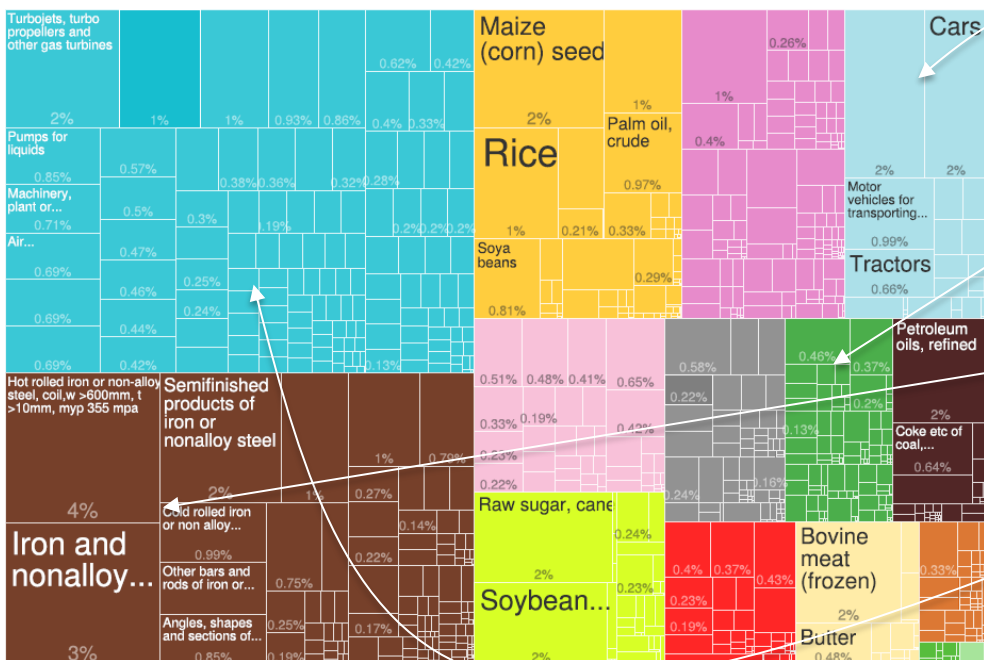


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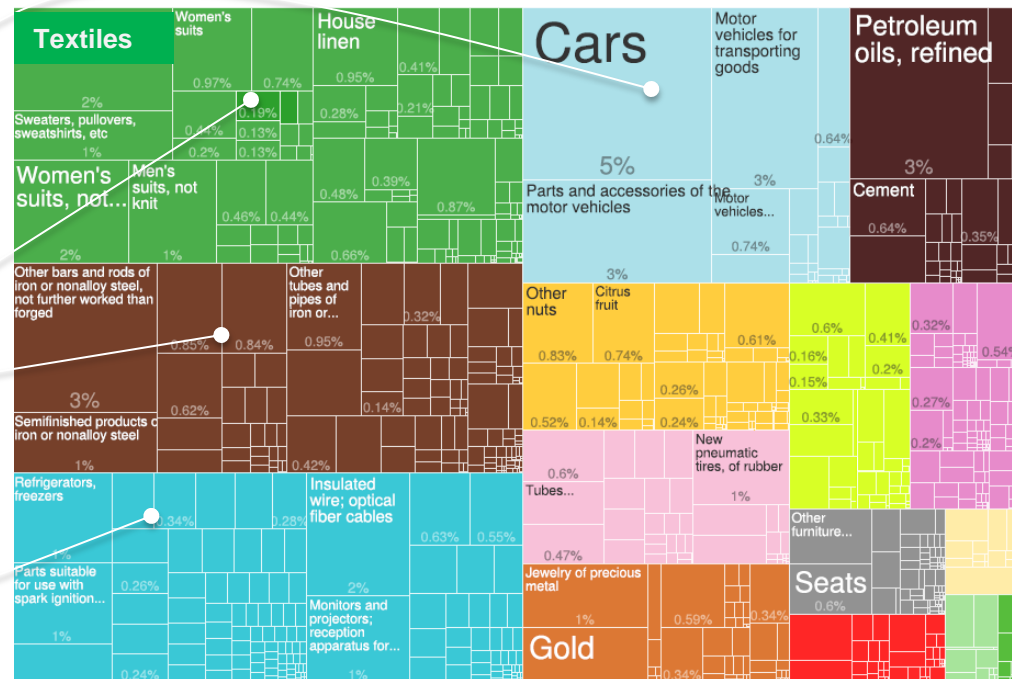
Source: Economic Complexity Index



Composition of Turkish exports (2011)

(% of Turkey's total gross exports)

Source: Economic Complexity Index



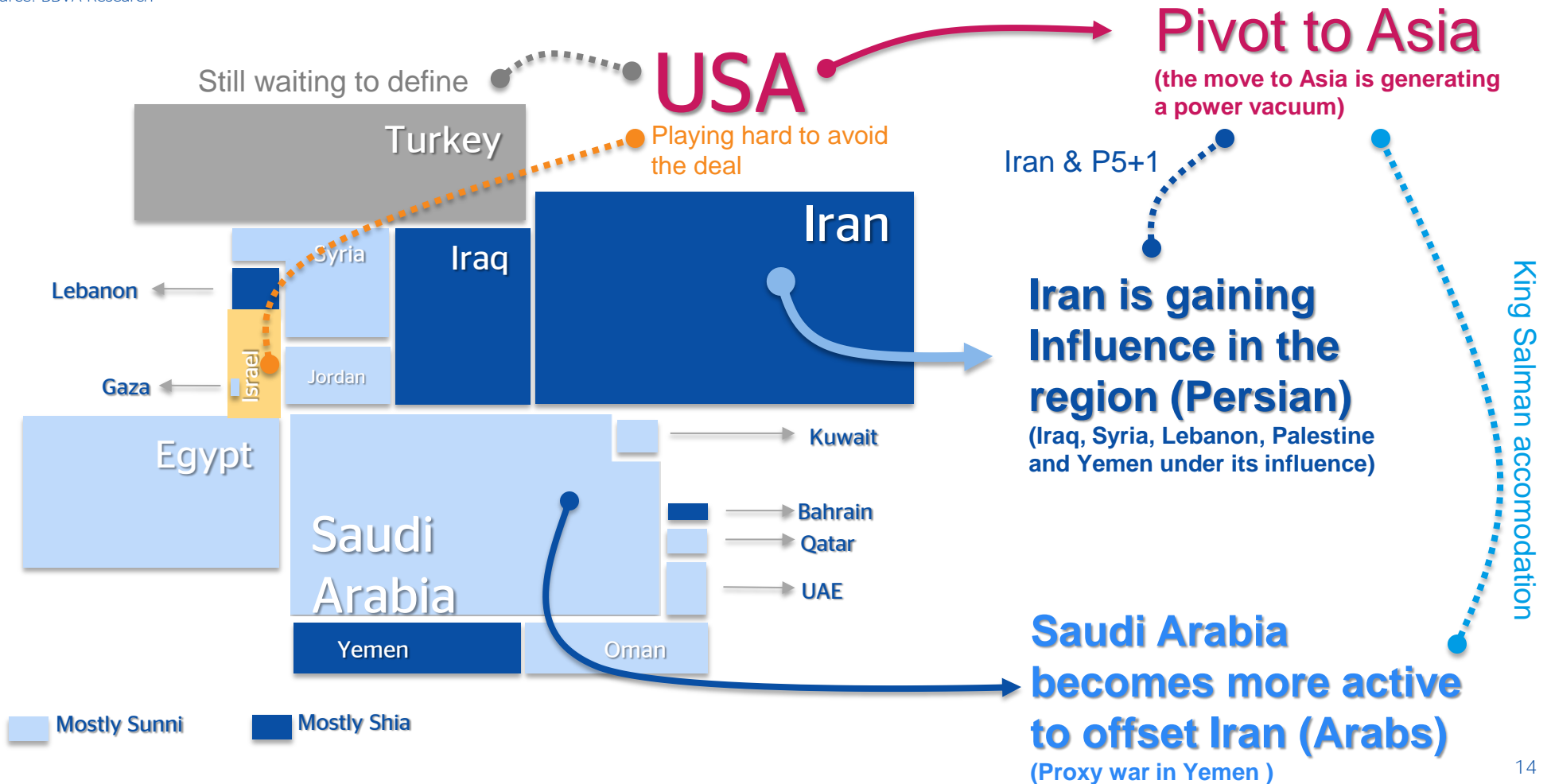
... but Turkey's textiles, cars and metals will benefit from the removal of sanctions from a big market ...



The Changing Balance of Power in M.East

The geopolitics of the Middle East

Source: BBVA Research



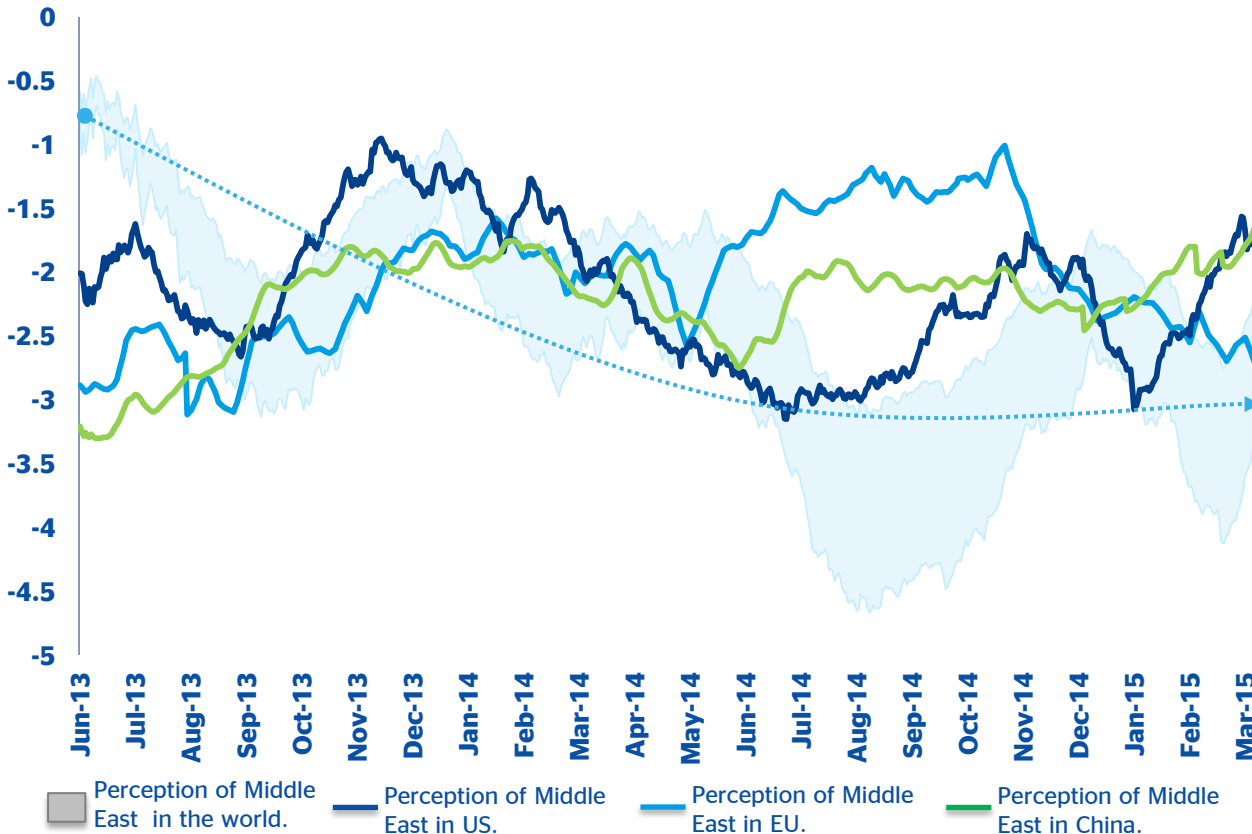


Middle East's perception in the world

Middle East's perception in the world

(Average tone* of the Middle East's perception in the world-confidence bands- with respect to US, EU and China -timelines)

Source: www.gdelt.org & BBVA Research



The Middle East's perception in US has experienced a decreasing trend during 2014. The sentiment is now recovering after the Iran deal

The Middle East's perception in EU continues to worsen since mid 2014. The ISIS terrorist attacks in Europe are behind this trend

The Middle East's perception in China has been stable with a mild improvement since the collapse of oil prices

* We use the "tone" of the world's news media coverage of the perception of the Middle East in different regions. (higher numbers indicate more positive tone and a better perception, while negative numbers indicate more negative tone and worse perception).

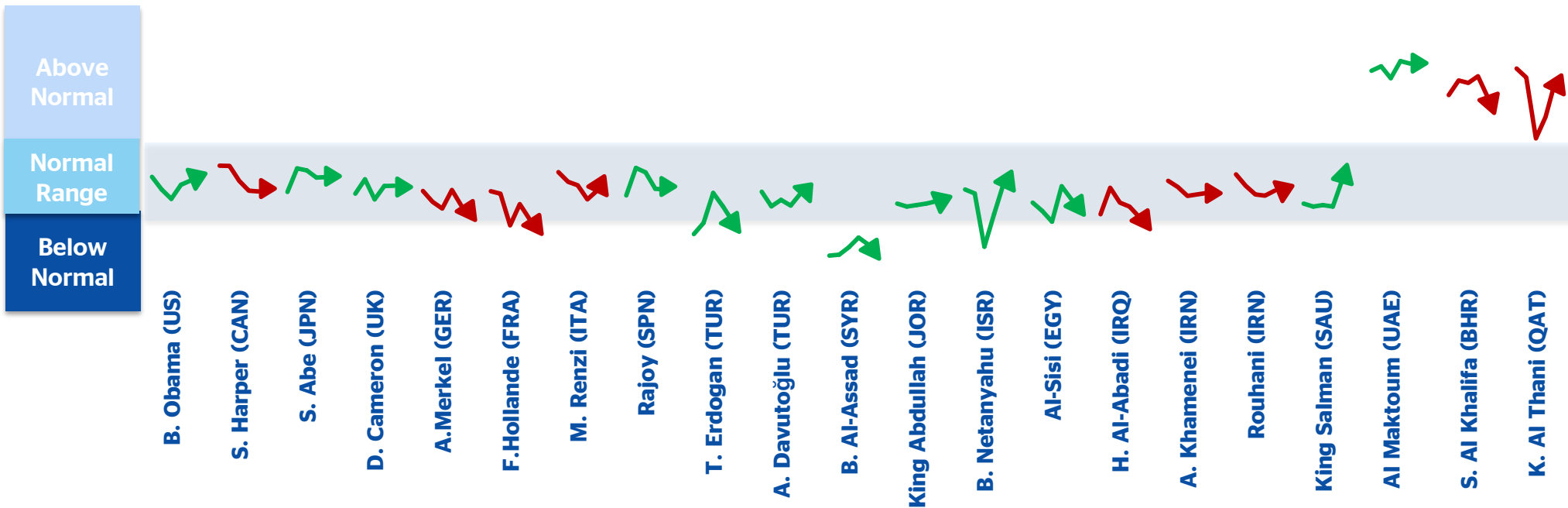


World & Middle East: Leaders Scorecard

World Leader Tone index (Evolution from Jan 2014 to Mar 2015)

(Evolution of the "Tone" of world leaders)

Source: www.gdelt.org & BBVA Research



* We use the "tone" of the world's news media coverage of the leaders as a sort of popularity index that might give us insights into their respective futures . it's closer to an assessment of his strength as a leader. (higher numbers indicate more positive tone, while negative numbers indicate more negative tone).



Top Think Tanks Tracker & Middle East

Key articles by leading Think Tanks...



Iran 300 billions shake up



Welcome to Sudayri Arabia



The days after a deal with Iran: Regional responses to a final deal



Rocky Harbors: Taking Stock of the Middle East in 2015



Iran's Nuclear Chess: Calculating America's Moves



The Geopolitics of The Nuclear Negotiations With Iran



Future Trends in the Gulf



Yemen in Crisis



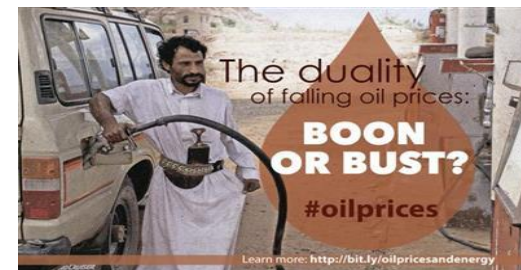
Which Countries should Turkey Cooperate with?

Reports and Multimedia...



CSIS Statesmen's Forum: Iraqi PM Haider Al-Abadi

Statesmen's Forum: Iraqi PM Haider Al-Abadi



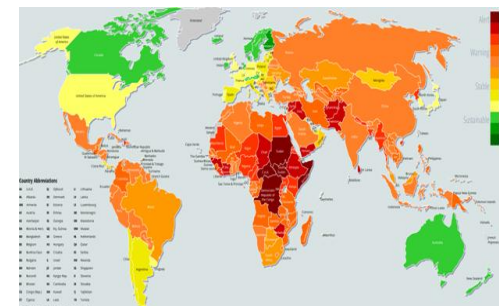
IMF Spring Meetings Seminar Oil Prices: Boon or Bust

IMF Spring Meetings Seminar Oil Prices: Boon or Bust



CSIS

Turkey-U.S. Relations in the 21st Century



FFP Fragile Index Report

FFP
Fragiles Index Report 2014



Geo MENA Report Annex Methodology: Tracking Protests and Conflicts

We have developed a tracking of protest and conflict indexes for every country in the world since 1 January 1979 through present day with daily, monthly, quarterly and annual frequencies. To construct this, we use a rich 'big database' of international events (GDELТ at www.gdelt.org) which monitors the world's events covered by the news media from nearly every corner of the world in print, broadcast, and web formats, in over 100 languages, every moment of every day updated every 15 minutes.

- **BBVA Protest Intensity Index:** We collect every registered protest in the world for a particular time which are separately collated under the various headings of the **CAMEO taxonomy** as: demonstrate or rally, demonstrate for leadership change, demonstrate for policy change, demonstrate for rights, demonstrate for change in institutions and regime, conduct hunger strike for leadership change, conduct hunger strike for policy change, conduct hunger strike for rights, conduct hunger strike for change in institutions and regime, conduct hunger strike not specified before, conduct strike or boycott for leadership change, conduct strike or boycott for policy change, conduct strike or boycott for rights, conduct strike or boycott for change in institutions and regime, conduct strike or boycott not specified before, obstruct passage or block, obstruct passage to demand leadership change, obstruct passage to demand policy change, obstruct passage to demand rights, obstruct passage to demand change in institutions and regime, protest violently or riot, engage in violent protest for leadership change, engage in violent protest for policy change, engage in violent protest for rights, engage in violent protest for change in institutions and regime, engage in political dissent not specified before.
- **BBVA Conflict Intensity index:** In the same way, we collect every registered conflict in the world for a particular time considering a **wide variety of conflicts under the CAMEO taxonomy headings** as: impose restrictions on political freedoms, ban political parties or politicians, impose curfew, impose state of emergency or martial law, conduct suicide, carry out suicide bombing, carry out car bombing, carry out roadside bombing, car or other non-military bombing not specified below, use as human shield, use conventional military force not specified before, impose blockade, restrict movement, occupy territory, fight with artillery and tanks, employ aerial weapons, violate ceasefire, engage in mass expulsion, engage in mass killings, engage in ethnic cleansing, use unconventional mass violence not specified before, use chemical, biological, or radiological weapons, detonate nuclear weapons, use weapons of mass destruction not specified before.

Using this information, we construct an intensity index for both events. **The number of protests and conflicts each day/month/quarter/year are divided by the total number of all events recorded by GDELТ for that day/month/quarter/year to create a protest and conflict intensity score** that tracks just how prevalent protest and conflict activity has been over the last quarter-century, correcting thus for the exponential rise in media coverage over the last 30 years and the imperfect nature of computer processing of the news.



Methodology: emotional indicator and coding system in GDELT

The **GDELT database** offers several mechanisms for assessing the “importance” or “impact” of a particular **event**. The most common measures are:

- **Goldstein Scale.** This is a widely used scale in geopolitics that maps WEIS event codes onto a number representing level of conflict or cooperation. Each **CAMEO event code** is assigned a numeric **score from -10 to +10**, capturing the theoretical **potential impact** that type of event will have **on the stability** of a country. This is known as the Goldstein Scale. This field specifies the Goldstein score for each event type. NOTE: this score is based on the type of event, not the specifics of the actual event record being recorded. Thus two riots, one with 10 people and one with 10,000, will both receive the same Goldstein score. This can be aggregated to various levels of time resolution to yield an approximation of the stability of a location over time.
- **Average Tone.** This is the average “tone” of all documents containing one or more mentions of this event. The score ranges from -100 (extremely negative) to +100 (extremely positive). **Common values range between -10 and +10**, with 0 indicating neutral. This can be used as a method of filtering **the “context” of events** as a subtle measure of the importance of an event and as a proxy for the “impact” of that event. For example, a riot event with a slightly negative average tone is likely to have been a minor occurrence, whereas if it had an extremely negative average tone, it suggests a far more serious occurrence. A riot with a positive score probably suggests a very minor occurrence described in the context of a more positive narrative (such as a report of an attack occurring in a discussion of improving conditions on the ground in a country and how the number of attacks per day has been greatly reduced). To measure the emotional connotation in which the event appears, GDELT uses the tonal dictionary from Shook et al (2012). This scale goes beyond CAMEO event codes and is the measure that we use in the report.

To extract all this information from the text, the data are coded using the **open-source Petrach system** for events and additional software for location and tone. This coding engine identifies all named entities through noun phrases: all nouns, verbs, adjectives, adverbs,.. in the text. Unidentified cases can be separately processed with named-entity-resolution software. The speed of the algorithm is achieved through the use of shallow parsing algorithms and parallel processing.



BBVA

RESEARCH

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