

GEOSTRATEGIC ANALYSIS

Geo-World: Conflict & Social Unrest - July Update

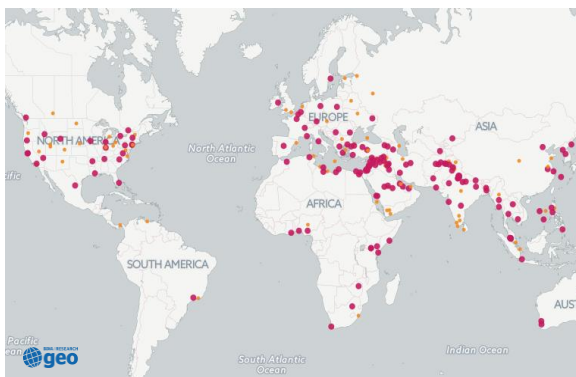
Álvaro Ortiz / Tomasa Rodrigo

Despite the pro-regime forces and the Iraqi Security Forces continued the advance and recovery of part of the ISIS core terrain, several ISIS attacks took place during the month in Syria and Iraq and abroad in Saudi Arabia, Libya, Egypt, Afghanistan, Bangladesh and Europe (Germany and France), pursuing its strategy to destabilize the West and expand its influence around the globe. Violence also intensified in eastern Ukraine given clashes between government forces and pro-Russia forces, which aim to trigger early elections in the country. Social unrest in North Africa remains worrisome, while it has eased off in most Latin American countries and Europe. In Asia, the Hague ruling in favour of the Philippines is set to escalate tensions over the disputed water.

Geopolitical conflicts around the world increased during July...

Figure 1

BBVA Research perception of threat from ISIS in the last three months (Media coverage of ISIS threats around the world)

Source: www.dgelt.org & BBVA Research**ISIS threats continued outside its core terrain**

In addition to Syrian and Iraq, ISIS carried out significant attacks in Saudi Arabia, Libya, Egypt, Afghanistan, Bangladesh and Europe.

Pro-regime advances in Aleppo and the risks of a new humanitarian crisis and Manbij operation

Pro-regime forces fully encircled Aleppo, isolating the main stronghold of opposition groups in the North. US backed forces have seized almost 70% of Manbij in northern Syria from ISIS.

The Hague Ruling in favour of the Philippines increased tensions in the South China Sea

Beijing immediately rejected the ruling and vowed to protect its historic and economic rights in its waters.

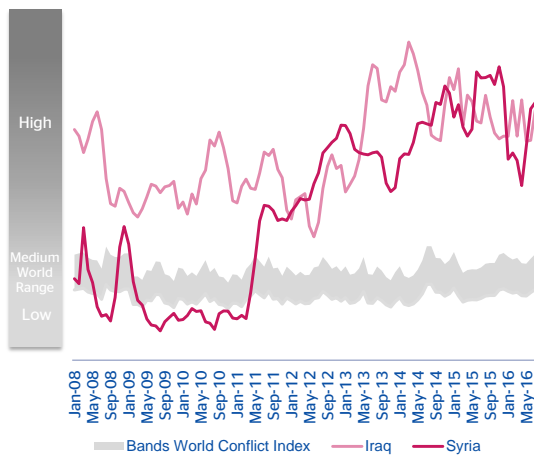
The BBVA Research World Conflict Intensity Index¹ continued going upwards during July mainly due to ISIS-linked attacks during the month and the intensification of some regional conflicts:

- **In Syria and Iraq, despite some sizeable ISIS attacks, pro-regime forces and the Iraqi Security Forces (ISF) continued advancing to recover part of ISIS core terrain.** In Syria, pro-regime forces fully encircled Aleppo, isolating the main stronghold of opposition groups in Northern Syria. This will lead to a new "large-scale humanitarian operation", which risks of a new refugee crisis. Encirclement of Aleppo would not end the conflict but more fighting in rebel held areas in Aleppo should be expected. Nonetheless, Assad regime has sustained its upper hand. In Iraq, despite some ISF advances during the month, ISIS's continued to penetrate secured areas in Baghdad with significant attacks, thus, increasing risks.
- **New ISIS-linked attacks took place in Saudi Arabia, Libya, Egypt, Afghanistan, Bangladesh and Europe (France and Germany).** Moreover, ISIS-linked arrests in Tunisia, Kuwait, Iran, and India over Ramadan highlight the group's growing support network and capabilities outside of its core terrain.

1: Details about methodology can be found in the following link: [Methodology, tracking protests and conflicts](#).

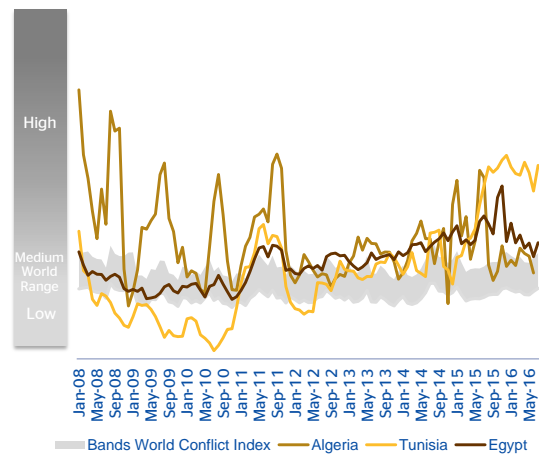
- **In Eastern Europe, violence in eastern Ukraine increased again during July.** Pro-Russian actors are taking advantage of the eruption of clashes at the end of the month in Ukraine to trigger snap parliamentary elections in order to bring pro-Russian and populist parties to power and start rebuilding the client regime, which would be a major geostrategic victory for President Putin. The conflict intensity index in the Caucasus remained stable, while instability in the Balkans increased.
- **In Asia, maritime disputes in the South China Sea have come to the fore after The Hague announced its ruling in favour of the Philippines on July 12th.** The Permanent Court of Arbitration (PCA) announcement in essence rebukes almost all of China's claims in the South China Sea. Beijing immediately rejected the PCA decision and vowed to protect its historic and economic rights in waters claimed as its own. This led to an escalation of tensions at sea (see our hot topic [The Hague Ruling is set to escalate tensions and later negotiations](#)). On the other hand, North Korea's weapon development programs are developing at a rapid pace. Pyongyang is building larger ballistic missile submarine pens off its east coast, while missile tests have become more common.

Figure 2
BBVA Research Middle East Conflict Intensity Index 2008-16 (Number of conflicts / Total events)



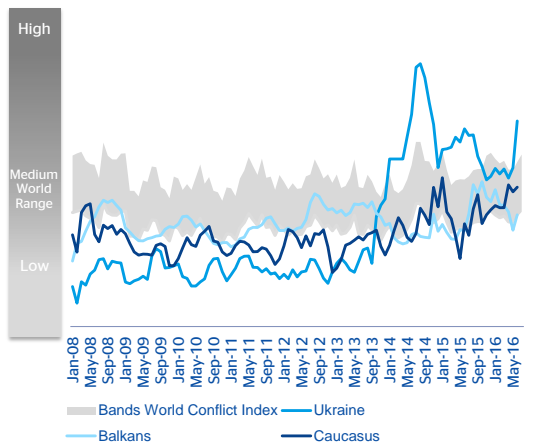
Source: www.dgelt.org & BBVA Research

Figure 3
BBVA Research North Africa Conflict Intensity Index 2008-16 (Number of conflicts / Total events)



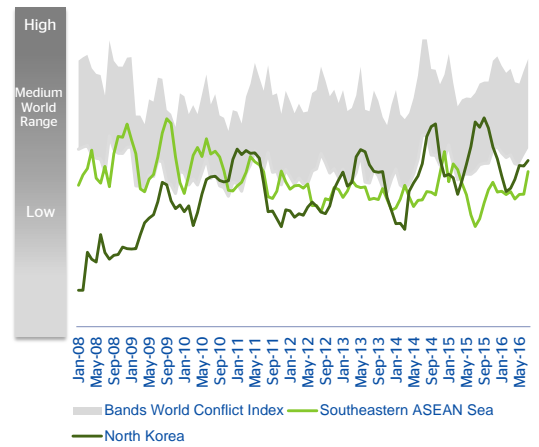
Source: www.dgelt.org & BBVA Research

Figure 4
BBVA Research Eastern Europe Conflict Intensity Index 2008-16 (Number of conflicts / Total events)



Source: www.dgelt.org & BBVA Research

Figure 5
BBVA Research Asia Conflict Intensity Index 2008-16 (Number of conflicts / Total events)

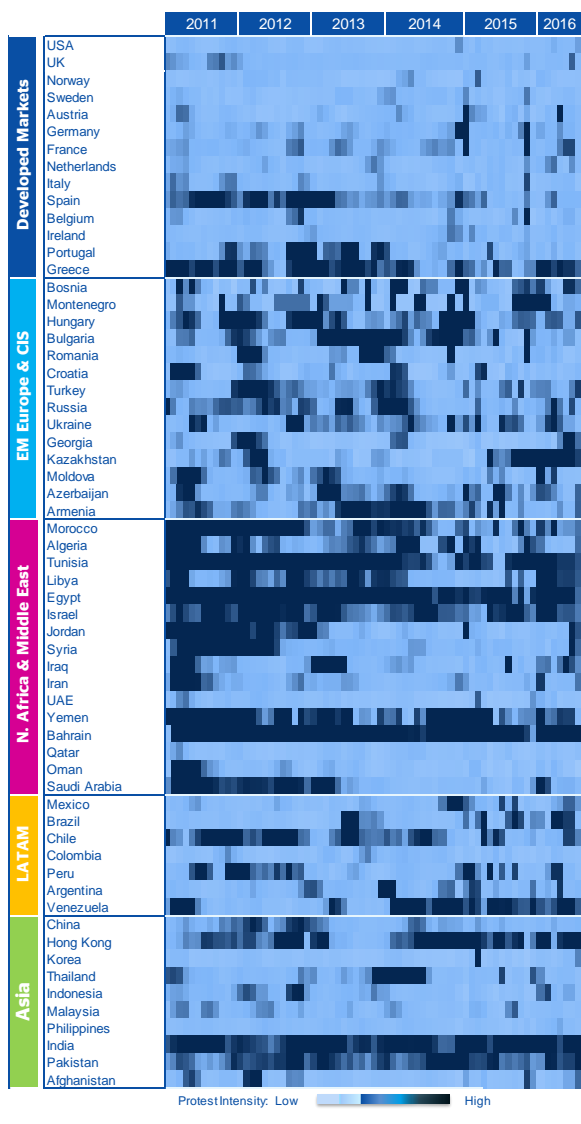


Source: www.dgelt.org & BBVA Research

... in line with social unrest

The World Protest Index increased in July (as shown by our BBVA Research World Protest Intensity Index²), well above the long-term average. According to the BBVA Research World Protest Intensity Map, the key takeaway facts were the following:

Figure 4
BBVA Research World Protest Intensity Map Jan 2011 – July 2016 (Number of protests / Total events)



.Source: www.dgelt.org & BBVA Research

Summing up

Ramadan led to significant ISIS attacks that continued during the month. Instability spread across the MENA region despite some ISIS setbacks on its core terrain. On the other hand, social unrest eased in Europe after the political noise given off by the Brexit decision, as well as in most Latin American countries. The South China Sea territorial disputes are set to escalate in the short term given that China is going to assert its control and repudiate the ruling.

- In regional terms, social protests eased in Europe after the Brexit woes. In Emerging Europe, protests in the Balkans continued, but less accentuated since the Refugee Deal. Instability in the Middle East and North Africa is still on the rise. Protests relaxed in most Latin American countries and the calm was maintained in Eastern Asia.
- In Western Europe, social unrest declined after last month's political noise led by the Brexit. Greece continued being the key hot spot, although this eased mildly with respect to previous months.
- In Emerging Europe, some pressures in the Balkans still proved significant. Pro-democracy demonstrations erupted in Turkey just after the failed coup attempt, by the end of the month the situation had stabilized again. Continued protests were also evident in Kazakhstan and Georgia, increasing in Azerbaijan and Armenia, while easing off in Russia.
- In North Africa and the Middle East, the critical situation persists and protests spread throughout the area. Social unrest worsened in Morocco, Algeria and Iran; continued at extreme levels in Libya, Tunisia, Egypt, Jordan and Syria; while demonstrations eased off in Iraq and Yemen.
- In Latin America, social tensions eased in Mexico, Brazil and Chile, continued to be worrisome in Venezuela.
- In Asia, demonstrations remained limited, mainly focused on Hong Kong, India and Pakistan. Tensions also arose during the month in Afghanistan and Korea and eased off in Indonesia.

2: Details about methodology can be found in the following link: [Methodology, tracking protests and conflicts.](#)

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