

GEOSTRATEGIC ANALYSIS

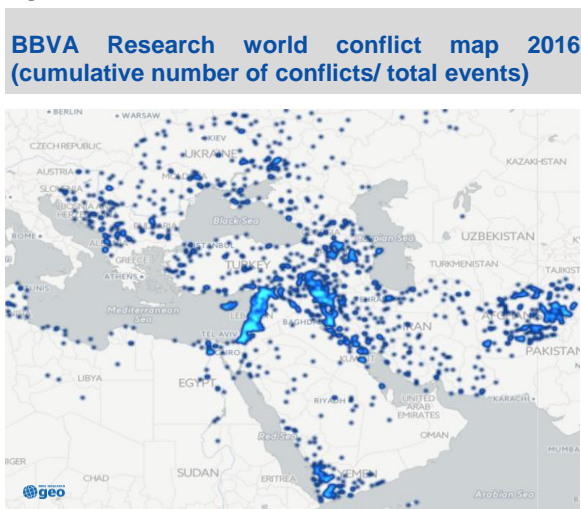
Geo-World: Conflict & Social Unrest - Nov Update

Álvaro Ortiz / Tomasa Rodrigo

Russia intensified its campaign in Syria, with heavy airstrikes taking place throughout the month. Iraqi security forces (ISF) continued their operations in Mosul, making some gains in the eastern area. However, they reduced the pace of their advances given the heavy resistance from ISIS troops. Tensions also erupted once again between Russia and Ukraine after the latter carried out missile testing near Crimea, provoking Russian anger. Tensions rose in North Africa, especially in Egypt, after harsh government economic reforms. Some demonstrations also took place in some Asian and Latin American countries, while Western Europe remained calm. Protests arose in US after Trump's victory, opening a new period of geopolitical uncertainty.

Geopolitical conflicts intensified during November...

Figure 1



Source: www.dgelt.org & BBVA Research

Russian military operations began in Central Syria and continued in Aleppo

Heavy airstrikes throughout Aleppo resumed again, with some troop advances in Central Syria.

ISF advances in Mosul slowed

The heavy resistance of ISIS hindered ISF advances in Mosul.

Tensions between Russia and Ukraine sharply escalated due to Ukrainian missile testing

Missile testing in the Black Sea near Crimea led to a renewed escalation of tension between the two countries.

The BBVA Research World Conflict Intensity Index¹ increased in November, remaining above the long-term average since 2H 2015. The main developments during the month were:

- **Iraqi Security Forces made some gains in eastern Mosul** during November, **although they have slowed their advance** through city as ISIS is putting up a heavy resistance. The ISF also gained control of three northern neighbourhoods of the city, but failed to advance in the southern area. ISIS continues to use the civilian population as a primary line of defence, including offensives from positions within refugee flows, slowing ISF's advances inside the city. **In Syria, Russia resumed its air operations** against opposition-held districts of **Aleppo**, and began a major operation against positions allegedly held by ISIS and Al-Qaeda in **Central Syria** at the middle of November. Since then, pro-regime forces have seized at least five opposition-held districts. In al-Bab, an unmanned aircraft (could belong to Iranian

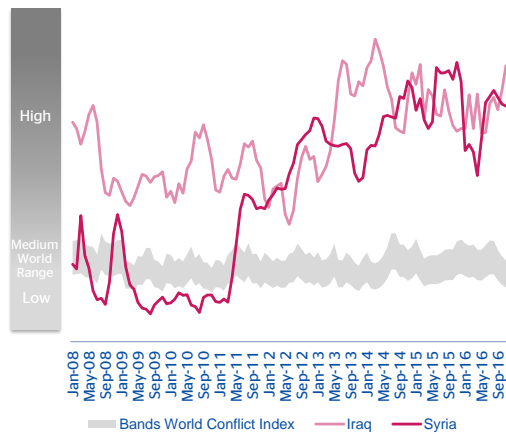
1: Details about methodology can be found in the following link: [Methodology, tracking protests and conflicts](#).

backed Shi'a militias or regime forces) attacked Turkish soldiers increased the risk of a confrontation between Damascus and Ankara. The risk was contained thanks to Turkey's calm stance.

- **In Eastern Europe, tensions increased once again in Crimea** after Ukraine carried out medium-range missile testing in drills on the Black Sea on 1 and 2 December. Russia considered the tests a provocation and reacted to them by putting its land-based and naval air defence forces in Crimea on increased alert. Finally, Ukraine successfully completed the two-day missile tests over the Black Sea, but it marked a **renewed escalation in tensions** between both countries.
- **In Asia, territorial claims concerning the South China Sea continued to be in the spotlight.** China and Malaysia agreed on more military cooperation in the South China Sea after the Malaysian leader's visit to China. Rodrigo Duterte, Philippines's President, declared the waters around the Scarborough Shoal a marine sanctuary as a solution for territorial tensions. However, Beijing sent hundreds of commercial fishing vessels out to sea. **In North Korea, rumours of another missile test increased,** posing a greater geopolitical risk, which should be one of the priorities for the next US administration.

Figure 2

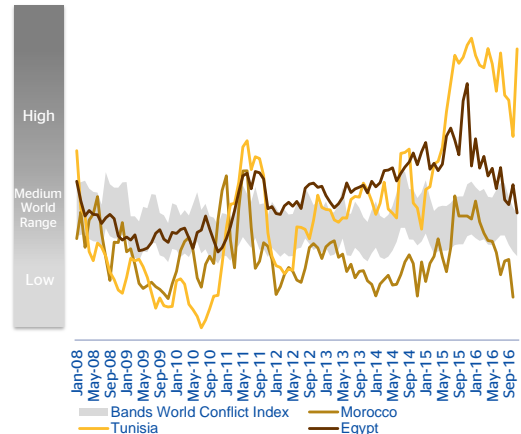
BBVA Research Middle East Conflict Intensity Index 2008-16 (Number of conflicts / Total events)



Source: www.dgelt.org & BBVA Research

Figure 3

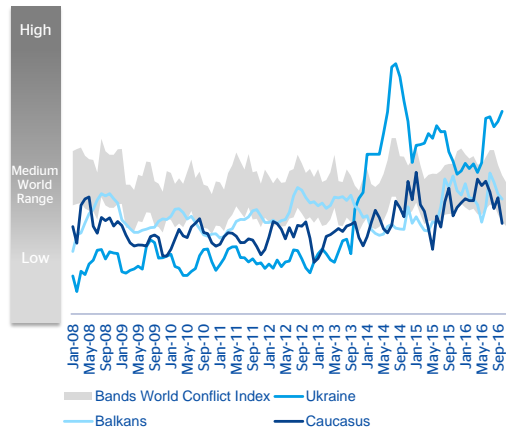
BBVA Research North Africa Conflict Intensity Index 2008-16 (Number of conflicts / Total events)



Source: www.dgelt.org & BBVA Research

Figure 4

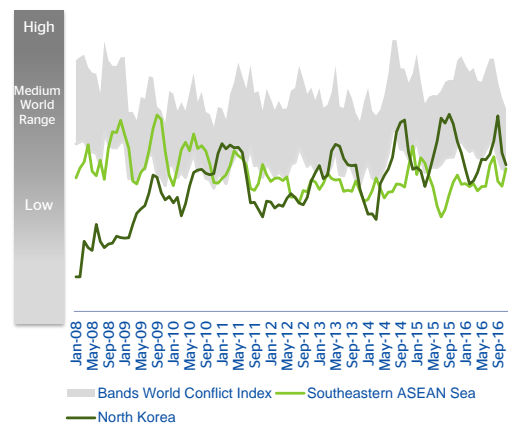
BBVA Research Eastern Europe Conflict Intensity Index 2008-16 (Number of conflicts / Total events)



Source: www.dgelt.org & BBVA Research

Figure 5

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



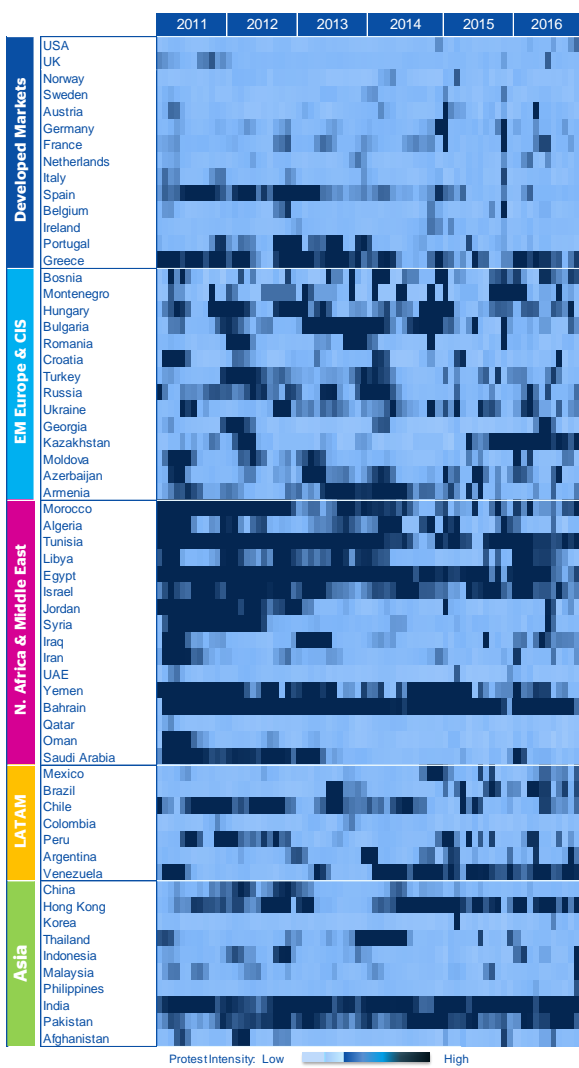
Source: www.dgelt.org & BBVA Research

... as well as social unrest, which rose during the month

The World Protest Index rose during November (as shown by our BBVA Research World Protest Intensity Index²). According to the BBVA Research World Protest Intensity Map, the key takeaway facts were:

Figure 6

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



Source: www.dgelt.org & BBVA Research

- In regional terms, tensions increased again in the US, although they eased in Eastern Europe. Western Europe remained calm. The main focus of instability remained in the Middle East and North Africa. Social unrest rose in some parts of Latin America as well as in certain Asian countries.

- In the US, protests erupted for the second consecutive month after Trump's victory, while in Western Europe, social unrest increased in Greece, at a similar level to the beginning of the year. The rest of Western Europe remained calm.

- In Emerging Europe, tensions intensified in Bosnia and Bulgaria, while easing in Montenegro and Hungary. Instability also increased in Kazakhstan and Armenia, as well as in Russia and Ukraine after the conflict escalation, as well as the high political instability and the growing public discontent with President Poroshenko in Ukraine.

- In North Africa and the Middle East, protests rose in Egypt in response to harsh economic reforms introduced by the government. Social unrest also increased in Tunisia, Morocco and for the second consecutive month, while easing of slightly in Jordan. Instability in Iraq remained high as political turmoil continued to worsen in Iran.

- In Latin America, mild social tensions deepened in Brazil, Mexico and Chile, while easing off in Argentina and Peru. Venezuela remained at extreme levels.

- In Asia, protests erupted against Jakarta's governor in Indonesia, in Malaysia and in Philippines. The Unrest in Hong Kong and South Korea are still alive.

Summing up

The main focus of social unrest continues to be North Africa and the Middle East, where heavy fighting persists with no sign a solution in sight. Trump's victory in the Presidential elections opens a new period of uncertainty and unknowns, with major potential geopolitical implications from the Middle East to East Asia.

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

DISCLAIMER

This document has been prepared by BBVA Research Department, it is provided for information purposes only and expresses data, opinions or estimations regarding the date of issue of the report, prepared by BBVA or obtained from or based on sources we consider to be reliable, and have not been independently verified by BBVA. Therefore, BBVA offers no warranty, either express or implicit, regarding its accuracy, integrity or correctness.

Estimations this document may contain have been undertaken according to generally accepted methodologies and should be considered as forecasts or projections. Results obtained in the past, either positive or negative, are no guarantee of future performance.

This document and its contents are subject to changes without prior notice depending on variables such as the economic context or market fluctuations. BBVA is not responsible for updating these contents or for giving notice of such changes.

BBVA accepts no liability for any loss, direct or indirect, that may result from the use of this document or its contents.

This document and its contents do not constitute an offer, invitation or solicitation to purchase, divest or enter into any interest in financial assets or instruments. Neither shall this document nor its contents form the basis of any contract, commitment or decision of any kind.

In regard to investment in financial assets related to economic variables this document may cover, readers should be aware that under no circumstances should they base their investment decisions in the information contained in this document. Those persons or entities offering investment products to these potential investors are legally required to provide the information needed for them to take an appropriate investment decision.

The content of this document is protected by intellectual property laws. It is forbidden its reproduction, transformation, distribution, public communication, making available, extraction, reuse, forwarding or use of any nature by any means or process, except in cases where it is legally permitted or expressly authorized by BBVA.