

Geo-World: Conflict & Protest August

GEOSTRATEGIC ANALYSIS

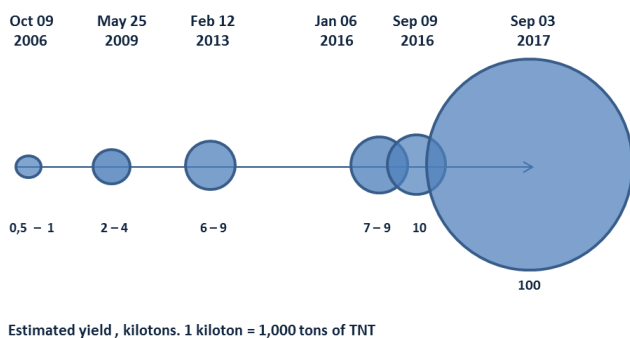
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August 2017

The Asia-Pacific region alarmed with North Korea’s missile tests, especially after the latest hydrogen bomb test, its sixth and most powerful nuclear test (ten times as big as any of its previous ones). The US verbal tone escalated notably and defense secretary Mattis stated that “any threat to the US or its territories including Guam, or our allies, will be met with a massive military response.” President Trump claimed that US is considering all available options including trade restrictions with North Korea. China condemned the tests but it is reluctant to take measures beyond the support of the UN Security Council resolutions. The Kurdish independency referendum did not gain support from regional and major powers so its fate is uncertain. In addition, the US-Russia diplomatic crisis is still alive with risks of escalation.

North Korean Crisis worsened with potential trigger effects

Figure 1 North Korea nuclear tests



Source: CSIS, South Korean government & BBVA Research

Tensions between US – North Korea scalated with the lastest and most powerful nuclear test

The Asian regime launched its largest nuclear test ever. Retailatory effects from US and North Korea’s response could trigger further tensions.

ISIS is losing ground in Raqqa and Tal Afar

US, Syrian Regime and Iraqi forces continued to contain and cleanse ISIS from the region. New operations have been initiated in Iraq and Syria.

Iraqi Kurdish Government’s plan for independency referendum triggers tensions

Iraqi Kurdish Regional Government announced that there will be an independency referendum in September. All regional powers and the US are against it.

The BBVA Research World Conflict Intensity Index¹ increased during August. The main developments were:

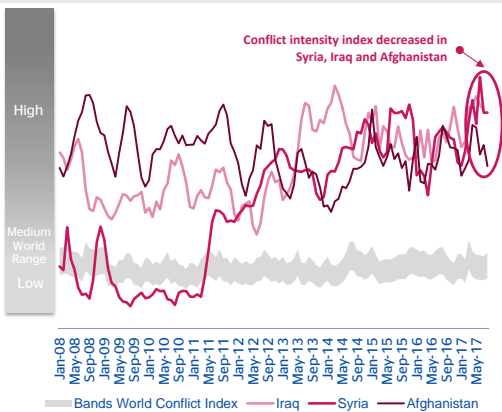
- **The crisis between the US and North Korea sharply escalated as the regime released its largest nuclear test ever** (out of six since 2006). The last test launched a hydrogen bomb capable of being fitted to an intercontinental ballistic missile which was the most powerful one, ten times as big as any previous one. It has provoked an answer from the US and South Korea. US claimed that “there will be a massive military response to any threat to the US or its territories or our allies”. The crisis escalation could have also important effects of trade after President Trump claimed that “US is considering, in addition to other options, stopping all trade with any country doing business with North Korea”. On the other hand, South Korea responded to the test carrying out a simulated attack on North Korea’s nuclear test location and approving the complete deployment of a US anti-missile system as a show of force. The conflict escalation is triggering instability with potential risks of intensifying

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

after South Korea stated that there are signs that North Korea is planning to launch more ballistic missile tests. China has not decided additional measures beyond the support of the UN Security Council resolutions.

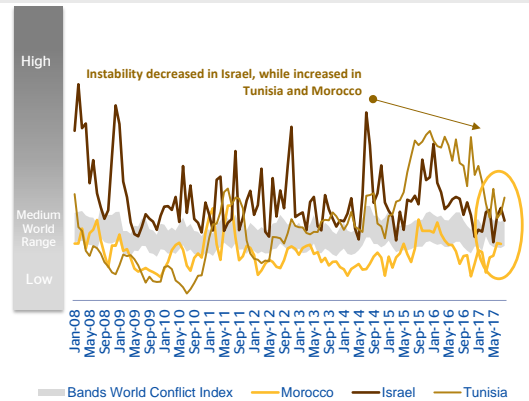
- **The campaign for Raqqa continued, but the pace of the cleansing the city of ISIS was slow due to fierce resistance of ISIS terrorists.** In the meantime, **Syrian regime forces continued to seize critical areas between Homs and Deir-ez-Zour.** The aim is to reach Deir-ez-Zour and to break ISIS siege there. These are the only remaining areas of ISIS including Raqqa city center. In addition, **the Iraqi forces initiated an operation to seize Turkmen town of Tal Afar** located west of Mosul. **When all these operations accomplished in Iraq and Syria, ISIS would be defeated on the ground except some areas near Iraq-Syria border.**
- **Iraqi Kurdish Regional Government (KRG) will hold an independency referendum on 25 September.** Although there is no clear sign of withdrawal from the plan, **its fate is uncertain as regional and major powers are against it with various extents.** These powers include US, Turkey and Iran warned that the referendum could trigger intra-state tensions within Iraq. The diplomatic talks between KRG and Iraqi Government failed but at the same time Turkey and the US boosted diplomatic initiatives to prevent the referendum.

Figure 2 BBVA Research Middle East Conflict Intensity Index 2008-17
(Number of conflicts / Total events)



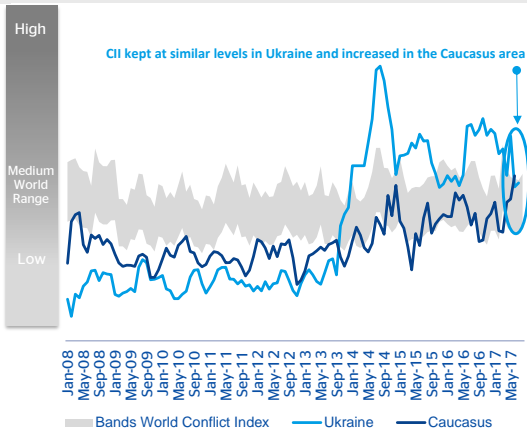
Source: www.dgelt.org & BBVA Research

Figure 3 BBVA Research North Africa Conflict Intensity Index 2008-17
(Number of conflicts / Total events)



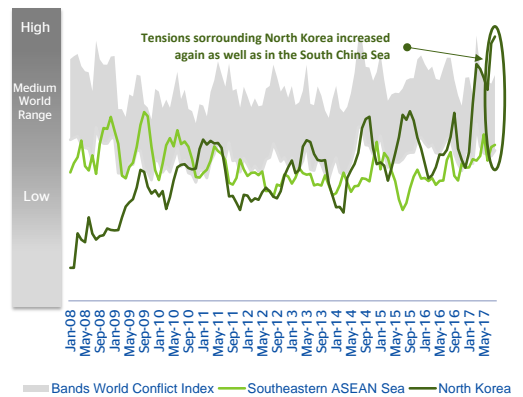
Source: www.dgelt.org & BBVA Research

Figure 4 BBVA Research Eastern Europe Conflict Intensity Index 2008-17
(Number of conflicts / Total events)



Source: www.dgelt.org & BBVA Research

Figure 5 BBVA Research Asia Conflict Intensity Index 2008-17
(Number of conflicts / Total events)

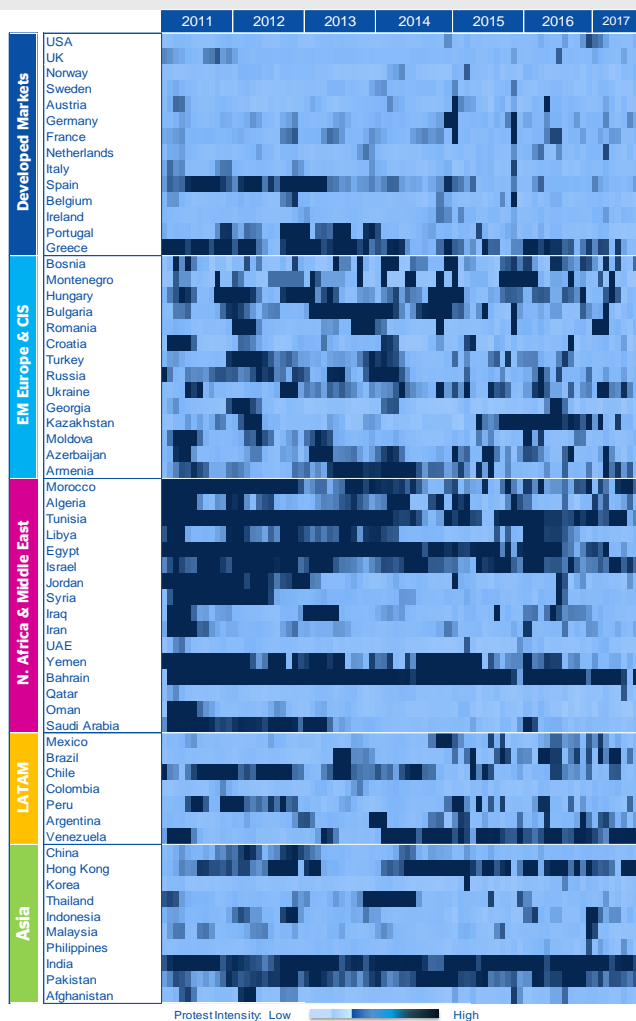


Source: www.dgelt.org & BBVA Research

Social unrest also rose during the month

The **World Protest Index** increased during August (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 – August 2017 (Number of protests / Total events)



Source: www.dgelt.org & BBVA Research

Summary

North Korean crisis alarmed the entire world as regional countries concerned given North Korea's latest missile test. Risks of escalation are alive and should be closely monitored. Meanwhile, operations against ISIS in Syria and Iraq are positive, but the possibility of ISIS retaliations should not be ruled out. The Kurdish referendum could dominate the next month's agenda as regional powers increase diplomatic initiatives to prevent the referendum.

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

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