

Geo-World: Conflict & Protest July

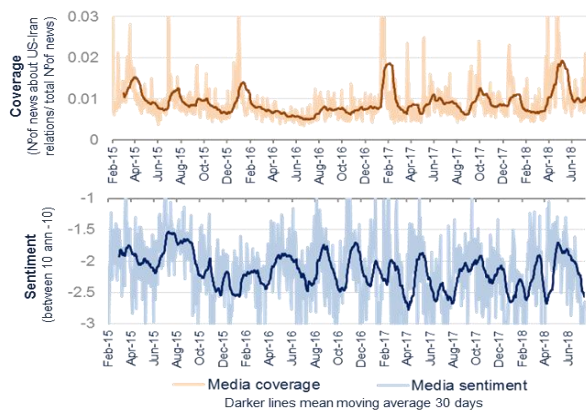
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3 August 2018

The U.S. has taken a tougher stance against Iran and the Iranians are responding with alarming threats. Both the regional balance of power and the security of oil supplies could be at risk. The Iran issue should be monitored closely as the U.S. is discussing with Gulf countries the possibility of forming a NATO-like security organization in the region to deter Iranian aspirations. Meanwhile, President Trump’s meeting with Russian President Putin created a new round of domestic political discussions as midterm elections in America near. Fighting and public unrest in some Middle Eastern countries create further geopolitical and economic risks.

The rhetoric between the U.S. and Iran escalated but diplomacy is still alive

Figure 1 Media coverage and sentiment of US-Iran relations



Source: BBVA Research & www.gdelt.org

The U.S. and Iran have escalated the rhetoric

The U.S. and Iran are threatening to disrupt each other’s interests. Trump says he is ready for talks. Iran is sceptical.

Trump-Putin Summit led to political arguments

President Trump – President Putin summit in Helsinki led to political arguments in the U.S.

Syria, Iraq and Turkey-U.S. related disputes heated up once again.

New rumours on Idlib offensive in Syria, public demonstrations in oil-rich areas of Iraq and the U.S. sanctioning two Turkish ministers increased geopolitical risks.

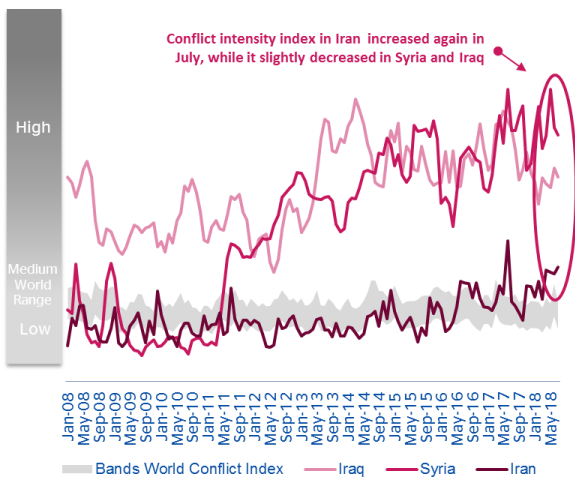
The BBVA Research World Conflict Intensity Index¹ slightly decreased by second consecutive month during July. The main developments during the month were:

- As the deadline for oil sanctions drew nearer (4 November 4 2018), **the language used by the U.S. and Iran escalated.** The Iranian Revolutionary Guards Corps (IRGC) announced that Iran could block the Strait of Hormuz, through which almost 35% of world maritime oil exports pass. Such a move would distort Gulf countries’ oil exports. The U.S. stated that its navy would prevent Iran from doing this. **Iranian President Rouhani said that a U.S.- Iran confrontation would be “the mother of all wars”, President Trump said Iran would suffer consequences if it continued to threaten.** The IRGC’s foreign operations commander Soleimani said that the Red Sea was not safe for Americans any more. That followed **an Iran-backed Houthi attack on two oil tankers** near Yemen. Saudi Arabia suspended oil shipments through Bab el-Mandeb Strait (the Red Sea gate to Indian Ocean). Trump said he was ready for talks without preconditions. Iran said the U.S. must return to the nuclear deal before any talks.
- **The summit between President Trump and President Putin in Helsinki** led to significant arguments. President Trump refused to say at the press conference whether he believed U.S. intelligence or Mr. Putin on the question of alleged Russian interference in U.S. elections. After he returned, President Trump said he had full confidence in American intelligence agencies. Nonetheless, his later remarks were not enough to end the criticism. Meanwhile, Mr. Putin has invited Mr. Trump to Moscow. As the US will hold midterm elections on 6 Nov, **close relations between the two leaders could trigger more political division in Washington.** Some U.S. senators began working on a bill to increase sanctions on Russia, which has not happened since April.

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

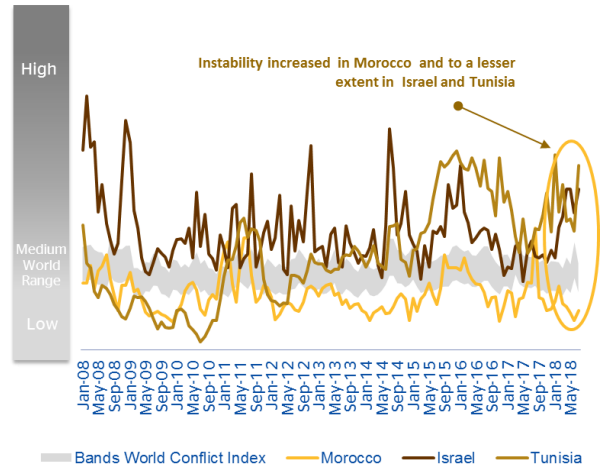
Local reports from Syria indicate that the Assad regime and its allies could soon commence a full-scale attack to liberate Idlib from rebel factions. In fact, rebel factions in Idlib are preparing to form a joint command amid increasing rumours. Idlib is located in the north-west of Syria near the Turkish border. Turkey has several military observation posts inside Idlib under the agreement reached with Iran and Russia. Ankara and international agencies want any attack to be avoided because of the possibility of new refugee flows. The safety of 2.6 million people in Idlib could become an issue if the fighting there advances. Turkey-Iran and Russia held the 10th trilateral Astana meeting to discuss Syria. Meanwhile, **large protests against the Iraqi government due to insufficient public services** have begun and spread in the oil-rich southern districts. Shi'a leader Muqtada al-Sadr, whose coalition won the elections, warned that negotiations to form a new government have been paused and he declared his support for the popular demonstrations. The unrest in southern Iraq should be followed closely, as any deepening in the public rage could endanger oil flows. The Iraqi army is now on high alert. Due to Pastor Brunson issue, **U.S. imposed sanctions on Turkey's justice and interior ministers** under Global Magnitsky Act, which blocks their assets in the U.S. and prohibits U.S. persons to engage transactions with them. Turkey said an equivalent response would be given without delay.

Figure 2 BBVA Research Middle East Conflict Intensity Index 2008-18 (Number of conflicts / Total events)



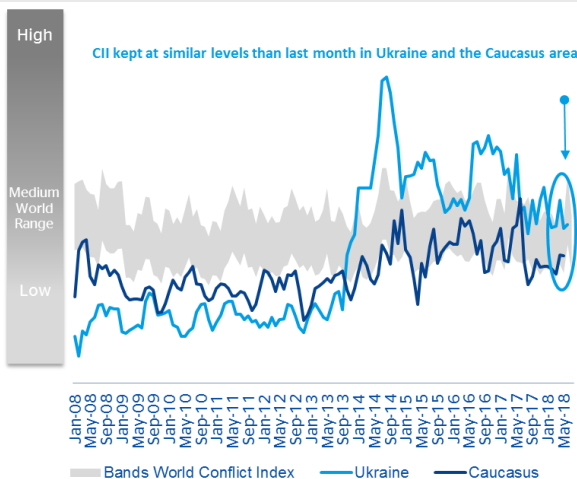
Source: www.dgelt.org & BBVA Research

Figure 3 BBVA Research North Africa Conflict Intensity Index 2008-18 (Number of conflicts / Total events)



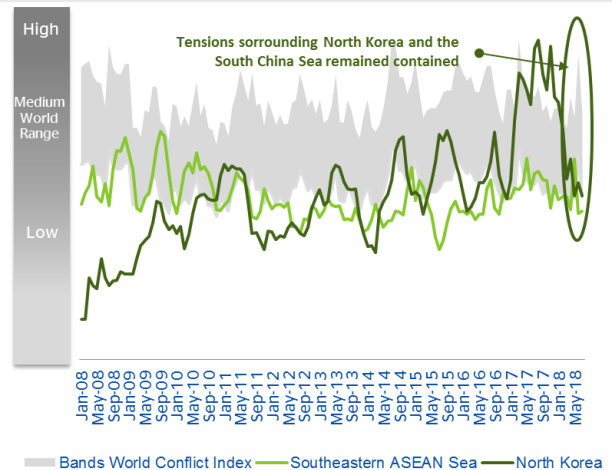
Source: www.dgelt.org & BBVA Research

Figure 4 BBVA Research Eastern Europe Conflict Intensity Index 2008-18 (Number of conflicts / Total events)



Source: www.dgelt.org & BBVA Research

Figure 5 BBVA Research Asia Conflict Intensity Index 2008-18 (Number of conflicts / Total events)

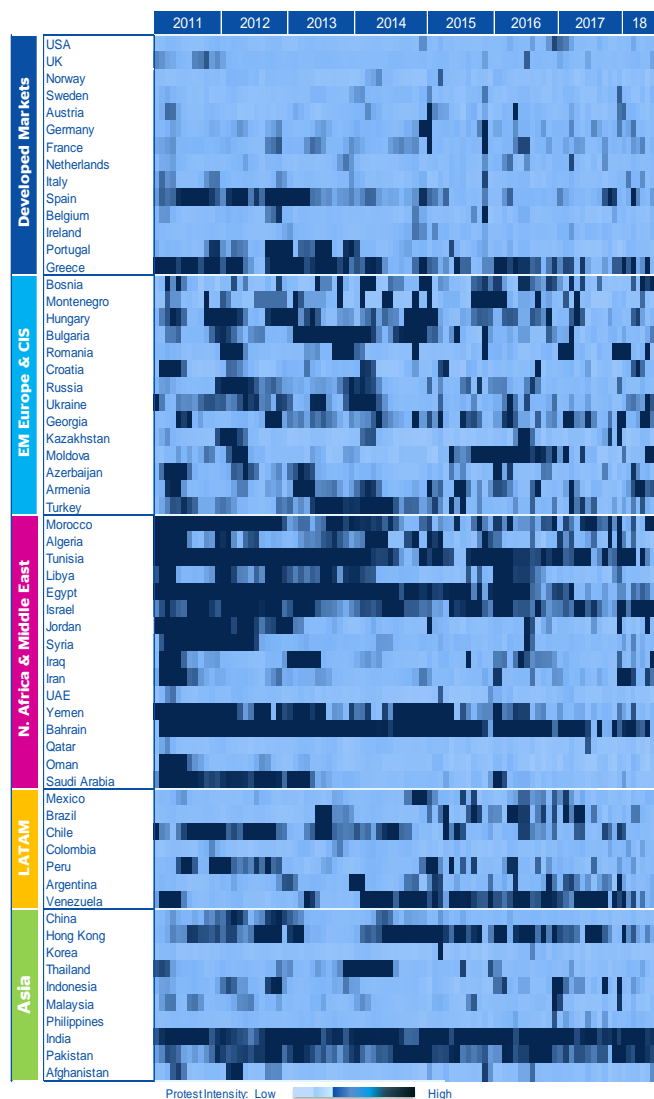


Source: www.dgelt.org & BBVA Research

Social unrest increased during the month

The World Protest Index slightly rose during July (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 – Jul 2018 (Number of protests / Total events)



Source: www.dgelt.org & BBVA Research

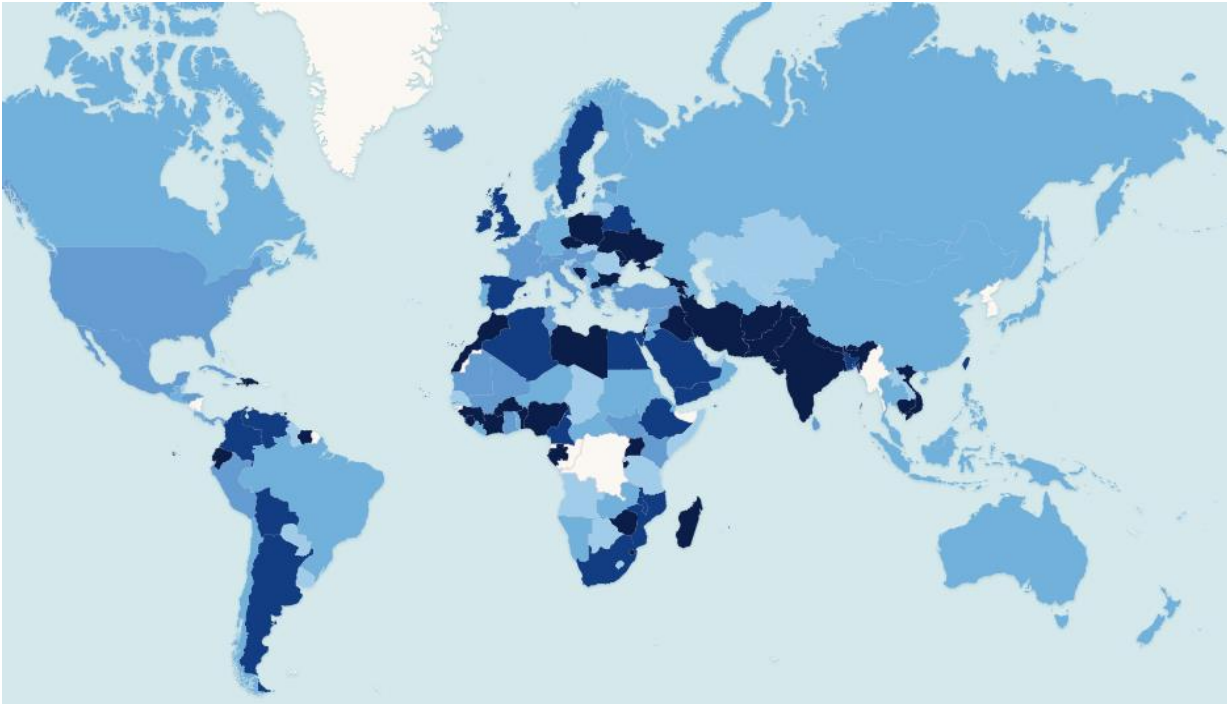
Summary

The exchange of words between the U.S. and Iran reached to a new level, but diplomacy still works. President Trump’s meeting with President Putin escalated the domestic political critiques in the U.S. Meanwhile, protests in Iraq, Syria related disputes with rumors on new offensives against large populated areas triggered geopolitical risks in July. The next period will include new diplomatic talks on Syria, which could contain risks. Meanwhile, the U.S. is seeking a NATO-like security organization with Gulf countries to counter balance Iran. U.S. sanctioning two Turkish ministers due to Pastor Brunson related disputes worsened the ties between Ankara and Washington.

- In regional terms, tensions held stable in Europe, while they rose in Eastern Europe. The situation in Morocco and Israel sparked instability in the Middle East. Both in Latin America and Asia, social unrest remains low:
- In Europe, protest indices remained low. Social noise was observed in the UK, which awaits the Brexit outcome, and in Spain given the taxi strikes and uncertainties regarding the new government. In Greece, tensions eased off.
- In Emerging Europe, Armenia remained tense as protests dispersed amid corruption probes. Demonstrations also increased in Ukraine due to undemocratic practices. Bosnia, Bulgaria, Ukraine and Georgia also had tough protests.
- In North Africa and the Middle East, tensions remained in Iran given the worsening in US-Iran relation, in Iraq due to wider uncertainties that may delay a Baghdad-Erbil deal and in Morocco driven by uncontrolled migration. Israel index kept at high levels of instability.
- In Latin America, the situation relaxed after elections period. The increase in fears over the supply of Venezuelan fuel stands out.
- In Asia, some social noise arose in Afghanistan after the return of the Uzbek leader who may alter the electoral probabilities. India and Pakistan are still the key hot spots in the region.

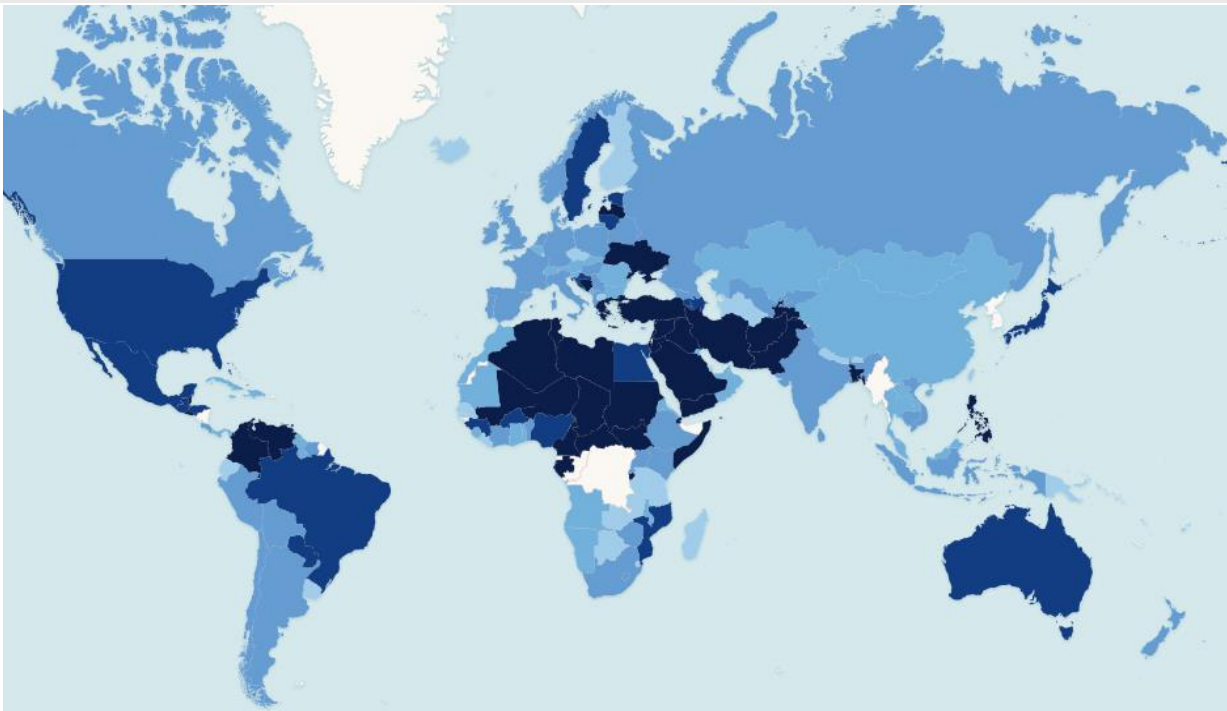
ANNEX

Figure 7 BBVA Research World Protest Map July 18
(Number of protest events / Total events by country. Darker colors indicate higher values of the index)



Source: BBVA Research and www.gdelt.org

Figure 8 BBVA Research World Conflict Map July 18
(Number of conflict events / Total events by country. Darker colors indicate higher values of the index)



Source: BBVA Research and www.gdelt.org

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