

Geo-World: Conflict & Protest August

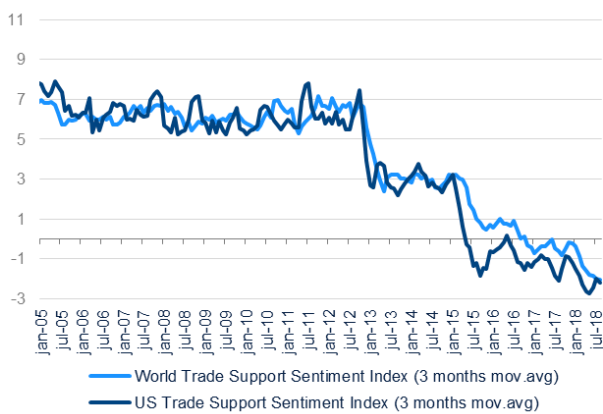
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August 2018

The U.S. and Mexico announced a preliminary bilateral trade agreement replacing NAFTA at the end of the month. The bilateral deal between the US and Canada is still uncertain. President Trump also warned that a withdrawal from the World Trade Organization (WTO) could also be possible. MENA region remains as the main hot spot. The first set of Iran sanctions became effective again from 7 August. The EU's inability to cover the impact of the sanctions and some major European companies' decisions to exit the Iranian market create difficulties in EU-Iran talks. Syria's Idlib issue could be in the spotlight during next weeks.

U.S. President Trump signals that he might pull the U.S. out of the WTO

Figure 1 BBVA Research Trade Support Sentiment Index



Source: BBVA Research & www.gdelt.org

The U.S. imposed new tariffs and he questioned the WTO and NAFTA.

Trump reached a bilateral trade deal with Mexico replacing NAFTA and questioned U.S. WTO membership.

First set of Iran sanctions came back into force.

With effect from 7 Aug., sanctions on Iran came back into force. Progress in EU-Iran talks proves difficult.

The Syrian issue in the spotlight as the Idlib offensive nears. US-Turkey rift continues.

The safety of 2.5 million people could be endangered if the Syrian regime begins its Idlib operation. U.S.-Turkey disputes are still alive but as a positive sign military ties continue.

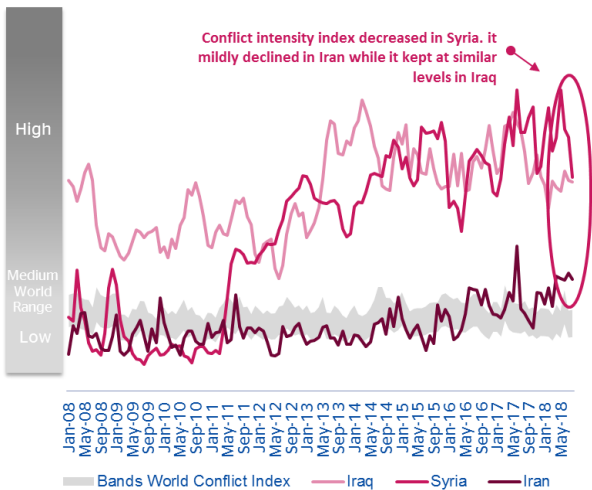
The BBVA Research World Conflict Intensity Index¹ remained at similar levels in August to those of the previous month. The main developments during the month were:

- **The U.S. government questioned international trade deals.** President Trump said in his interview with Bloomberg “If they don’t shape up, I would withdraw from the WTO”. EU officials were preparing a proposal to reform the WTO. Last week, European and Japanese officials visited Washington to discuss the issue. The uncertainty still remains. Meanwhile, the **U.S. also imposed a 25 percent tariff on USD 16 billion worth of Chinese goods imported** to the U.S. That followed the June tariff decision on USD 34 billion worth of Chinese imports. At the end of the month the **U.S. and Mexico reached a preliminary bilateral trade agreement which will replace NAFTA. Canada until now is not included** in the deal. Negotiations between the U.S. and Canada about a bilateral trade deal are open and uncertain.
- **The first level of Iran sanctions became effective on 7 August:** Iran’s purchases of U.S. currency; Iran’s trade in gold and other precious metals; and the sale to Iran of auto parts, commercial passenger aircraft and related goods and services. **The next restrictions mainly targeting Iranian oil imports will be effective after 4 November.** The European Commission has adopted a EUR 18 million financial support package for Tehran (in total the amount will reach EUR 50 million). **However, comprehensive support for Iran to bypass U.S. sanctions is still not on the horizon.** Besides, the EU is also pushing against Iran’s ballistic missile programme and regional policies. EU Higher Representative for Foreign Affairs, Federica Mogherini said Iran’s regional behaviour is a “very serious concern for all of us”. In fact, **it has recently been reported by global news agencies that Iran has delivered short-range ballistic missiles to its proxies in Iraq.**

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

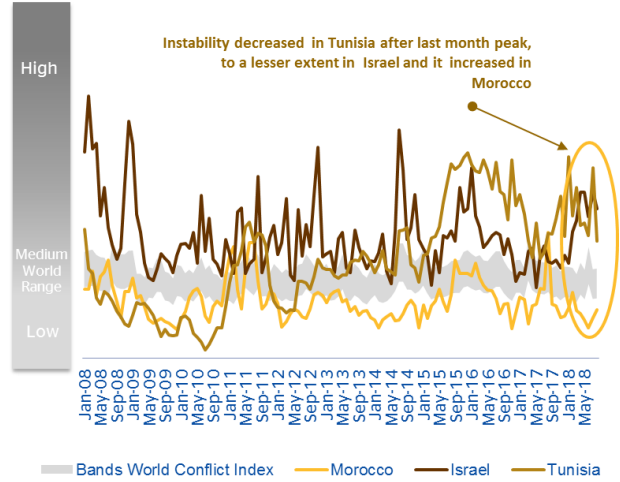
■ **The Assad regime is preparing a ground offensive against Idlib near Turkey’s southern border (Hatay).** The United Nations has warned that near 2.5 million civilians could be in danger if the offensive begins. **Turkey has 12 military observation points along the border. Ankara is negotiating with Moscow to delay the operation and to resolve the radical rebel group problem in Idlib.** On 29 August Turkey designated Hayat Tahrir al-Sham (HTS), the former al-Nusra Front, as a terrorist group. Turkey had also regrouped non-radical rebel groups under the same banner (National Front for Liberation) to let them fight against radical units. **On 7 September Turkish, Iranian and Russian leaders will meet in Iran.** Meanwhile U.S. officials strongly warned that a chemical attack in Syria would be responded to. **The Idlib issue is increasingly becoming a hot topic** in terms of relations among involved parties in Syria. **The U.S. increased tariffs on Turkish aluminium and steel,** as the Pastor Brunson issue is still an unresolved dispute. Turkey in response filed a complaint with the WTO. The other dispute is Turkey’s purchase of Russian S-400 missile defence systems. U.S. Secretary of Defense Jim Mattis said Washington has concerns. His Turkish counterpart Mevlut Cavusoglu responded that Turkey is in need for defending its airspace. Nonetheless, **Turkey and U.S. military cooperation on Manbij to let local groups to rule the Syrian town continues.**

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



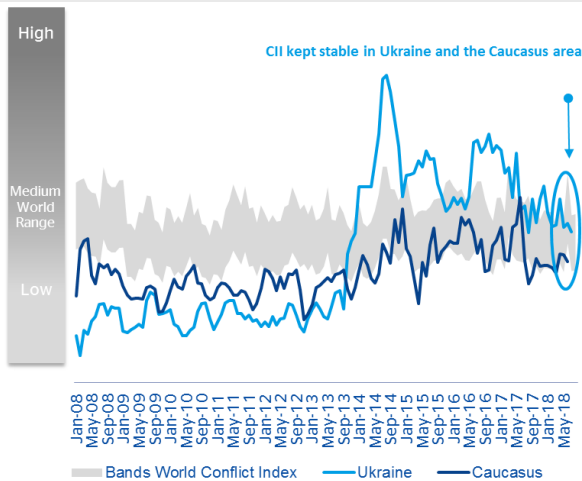
Source: www.dgelt.org & BBVA Research

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



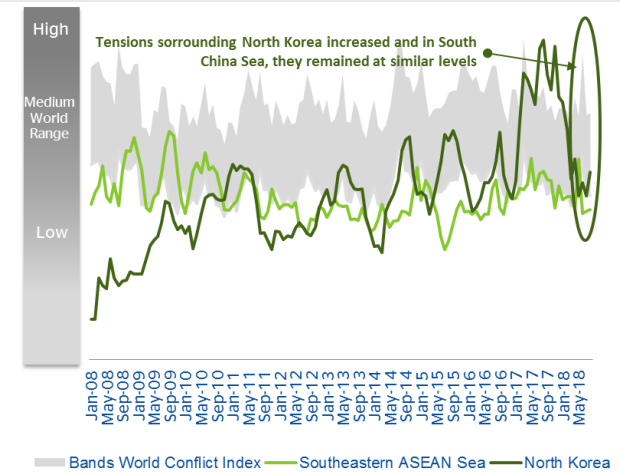
Source: www.dgelt.org & BBVA Research

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)

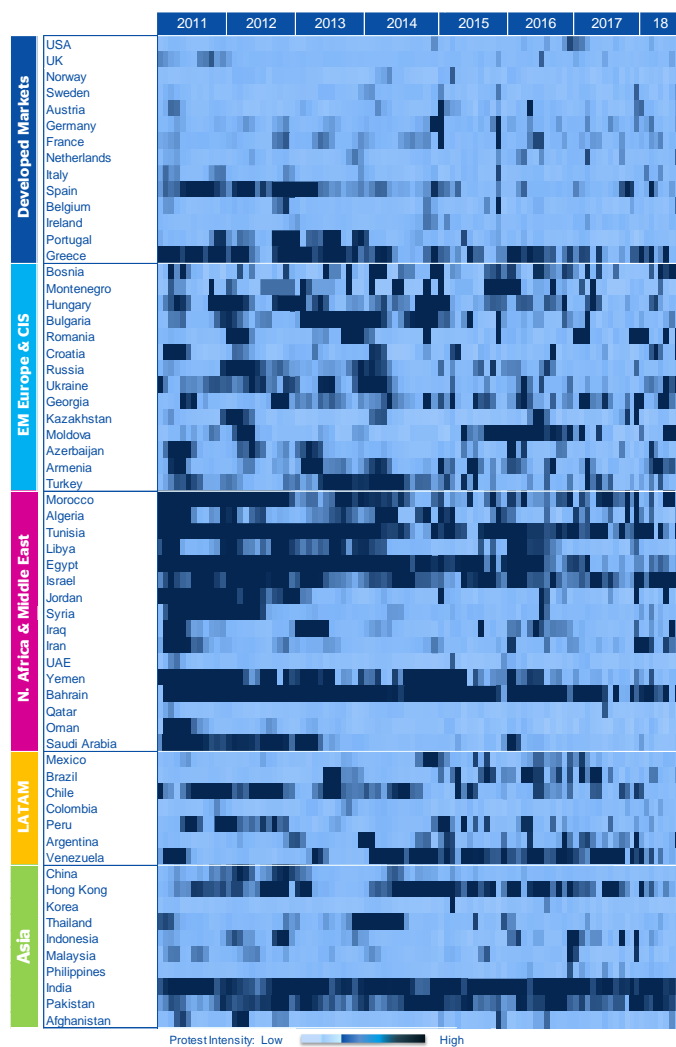


Source: www.dgelt.org & BBVA Research

Social unrest was agitated in some regions throughout the month of August

The World Protest Index decreased in August compared with July (as shown by our BBVA Research World Protest Intensity Index²). According to the BBVA Research World Protest Intensity Map, the key facts were:

Figure 6 BBVA Research World Protest Intensity Map Jan 2011 – Aug 2018 (Number of protests / Total events)



Source: www.dgelt.org & BBVA Research

- In regional terms, social instability rose in Eastern Europe and the Middle East. Some demonstrations arose in Europe, while in Latin America and Asia, stability remains with some hot spots:
- In Europe, protests emerged in Germany, showing that the far-right scene has not lost its ability to mobilize. Social noise also rose in Netherlands and Belgium, and to a lesser extent, in Austria and Sweden.
- In Emerging Europe, the instability remains in Ukraine due to the uncertainty of remittances and in Moldavia since the Constitutional Court blocked the President's proposal for more power. New protests erupted in Romania due to the leader's intention to demonize firms to hold onto his base.
- In North Africa and the Middle East, the Saudi-Yemeni Red Sea conflict risks regional upset; wider Iran-US-Israel tensions are rising. New clampdowns by the Egyptian government are still causing public discontent. Bahrain and Tunisia remained as key regional hot spots.
- In Latin America, Argentina's fiscal measures are generating a slight increase in social tensions. Similarly, Brazilian elections sow uncertainty about economic policy.
- In Asia, instability continued to be focused on India and Pakistan. A controversy over detained activists in India sparked renewed discussion over freedom of expression.

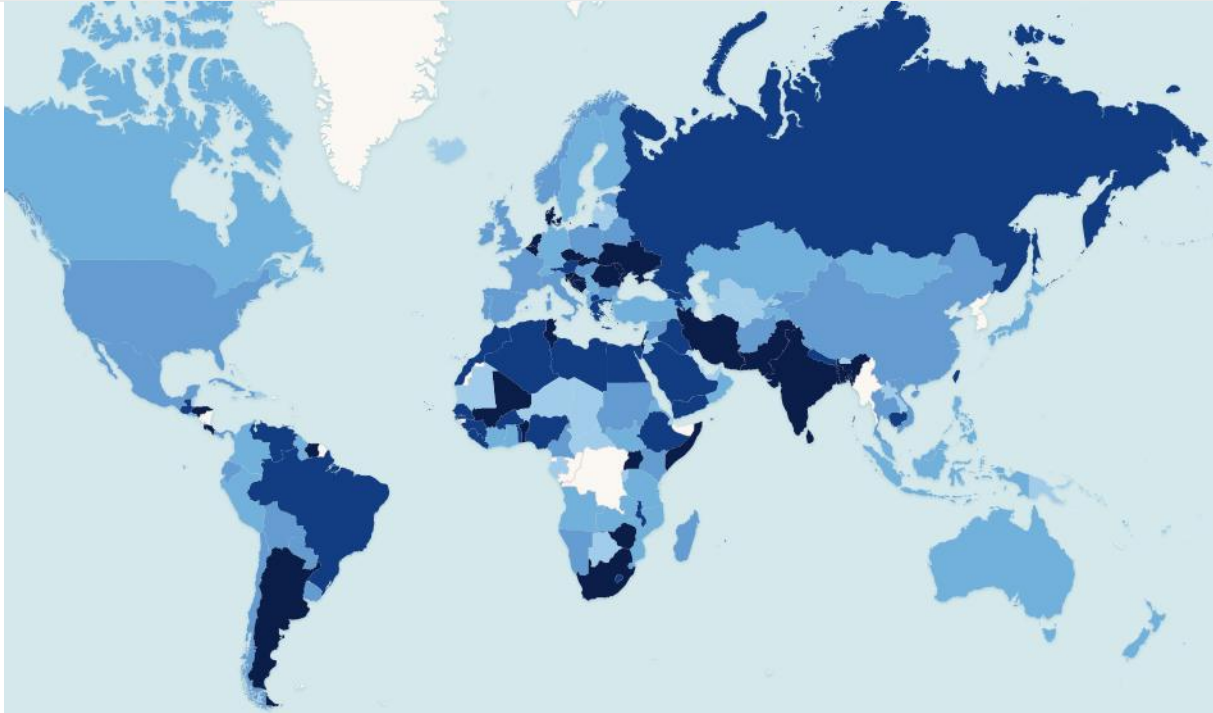
Summary

President Trump's remarks on the World Trade Organization (WTO) could cast uncertainties on European officials' attempt to propose a reform of the organization. Increasing tariffs on other countries' goods would increase tensions in international relations. Meanwhile, Iran sanctions being effective again in August highlighted the difficulties in EU-Iran talks to keep Tehran in the nuclear deal. The Syrian regime's decision to launch a military offensive on Idlib could raise international attention as civilians' safety is at stake. Turkey and the U.S. continue the diplomatic rift as the Pastor Brunson issue is unsolved, but military cooperation on the ground is still alive.

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

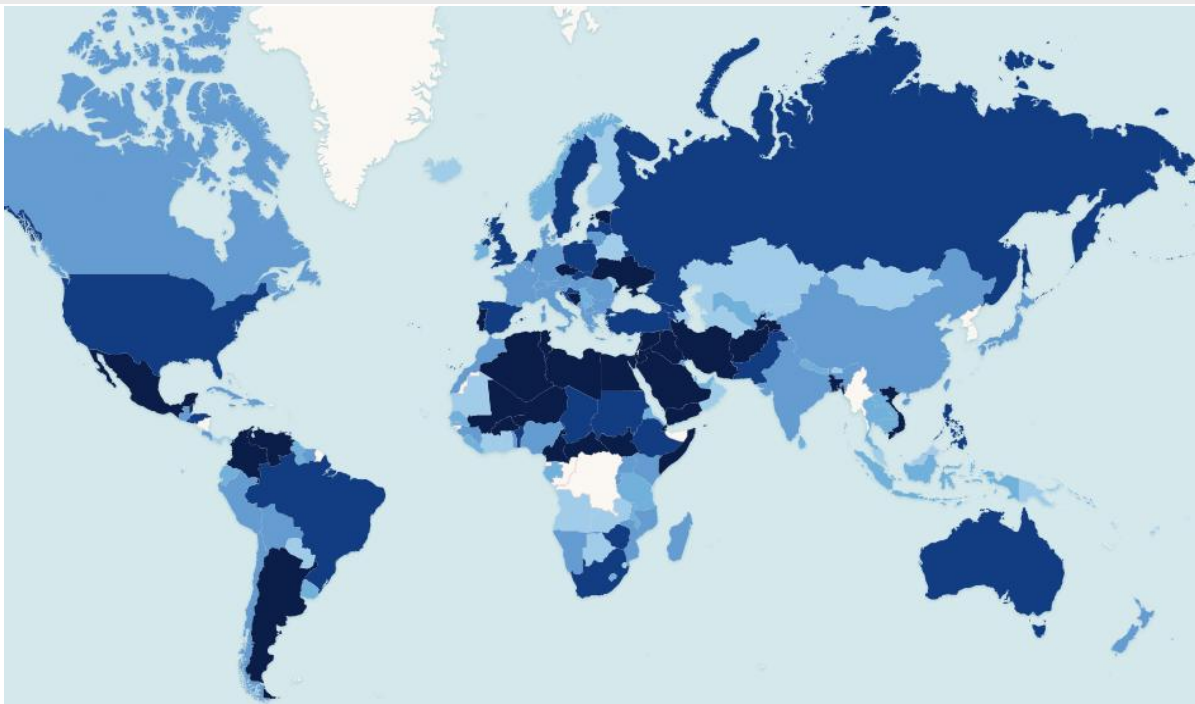
ANNEX

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



Source: BBVA Research and www.gdelt.org

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



Source: BBVA Research and www.gdelt.org

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