

Geo-World: Conflict & Protest September

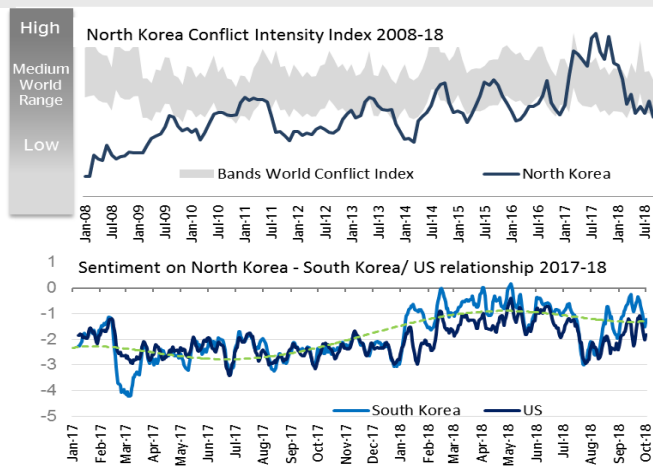
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September 2018

Tensions between the United States and North Korea remained contained as both parties, plus South Korea, made progress in disputed areas – although only on a symbolic scale for now. However, US-China relations worsened in September as both countries imposed new tariffs on one another’s imports and Washington sanctioned a Chinese military department. In North America, the US and Canada achieved a new trade deal including Mexico to replace NAFTA. In the Middle East, Turkey and Russia agreed to resolve the Idlib dispute in Syria with demilitarized zones. However, there’s some scepticism regarding the deal and uncertainty remains. US-Iran relations are still on a worsening track.

The U.S. and North Korea sustain the détente as progress is made in disputed areas

Figure 1 BBVA Research indices to track North Korean tensions



Source: BBVA Research & www.gdelt.org

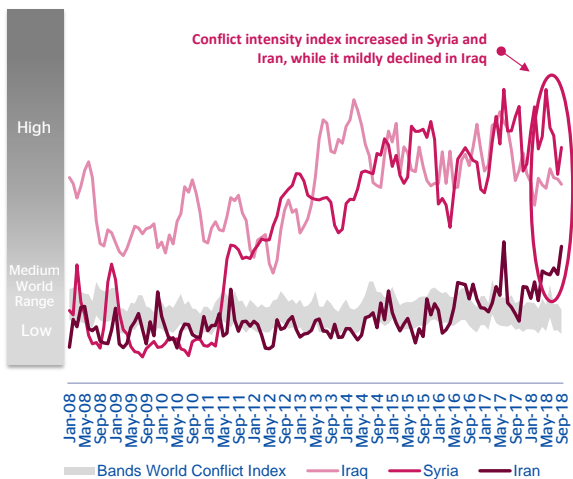
The BBVA Research World Conflict Intensity Index¹ decreased slightly by second consecutive month during September. The main developments during the month were:

- **The United States and North Korea intensified their dialogue. The next US-North Korea summit between leaders could take place after October.** South Korea said it had begun removing mines on the border with North Korea as part of the deal to reduce tensions and build trust; it was expecting North Korea to do the same. In addition, **North and South Korea opened a joint cooperation office** on 14 September. Stability in the region is increasing. South Korean leader Moon Jae-in said that the North Korean leader was ready to engage in direct talks with Japan. **On relations with China, US President Trump stated that he would impose new tariffs on USD 200 billion worth of Chinese goods. China responded with tariffs on USD 60 billion worth of imports.** China also cancelled discussions with the US after tensions increased and **Washington sanctioned a Chinese official military department for buying weapons from Russia.** Furthermore, the US State Department agreed additional military sales to Taiwan worth USD 330 million to contain Chinese military activities.
- **The US and Canada agreed to replace NAFTA with an updated deal.** The new deal will be called **USMCA** – the United States-Mexico-Canada Agreement. US officials said the deal would impose new rules on the automotive industry and ensure market access to Canada’s dairy sector. The deal will also add provisions on digital trade and intellectual property. **The US Treasury imposed sanctions on Venezuela** that prohibiting US persons from transactions with the Venezuelan President’s close circle.

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

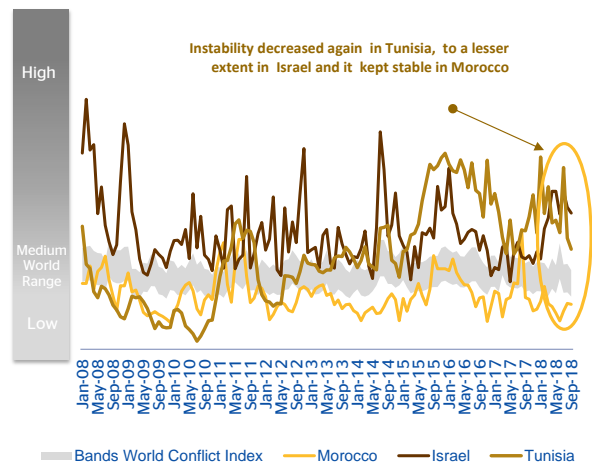
- Turkey and Russia agreed on a plan to prevent an all-out war in Syria's Idlib province.** The Syrian army had been preparing to attack Idlib, where some 3.5 million people reside. **A demilitarized zone has been declared around Idlib.** Terrorist groups including Hay'at Tahrir al-Sham - HTS (formed as a merger among al-Nusra and other groups and the largest radical group in Idlib) would be removed from the area by 15 October. Yet, no official declaration has been made by HTS so far. Some small radical groups declared their rejection of the plan, but as long as HTS abide by it, small groups' resistance could be too insignificant to jeopardize the deal. Meanwhile, **the EU and Iran agreed on creating a "special purpose vehicle" as a sovereign barter channel to sustain Iran's oil sales.** **US National Security Adviser John Bolton said, "We do not intend to allow our sanctions to be evaded by Europe or anybody else."** Meanwhile, China's largest refining company, Sinopec, is cutting its crude imports from Iran by half. India's major energy firms are planning to freeze oil imports from Iran before November. The deadline for oil sanctions imposed by the US on Iran is 4 November. **On 22 September 22, a terrorist attack killed 25 people, including 12 members of the Islamic Revolutionary Guards Corps (IRGC) in the Iranian city of Ahvaz.** Both ISIS and an Iranian resistance group claimed responsibility. **Iran fired ballistic missiles from its soil at ISIS positions in Syria – which could be perceived by Gulf countries as an escalatory military move.**

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



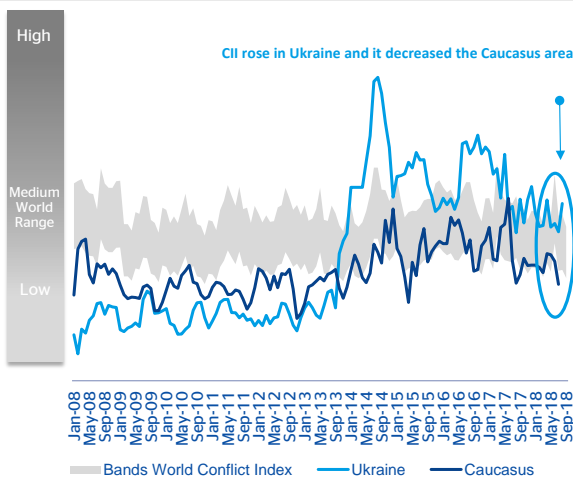
Source: www.dgelt.org & BBVA Research

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



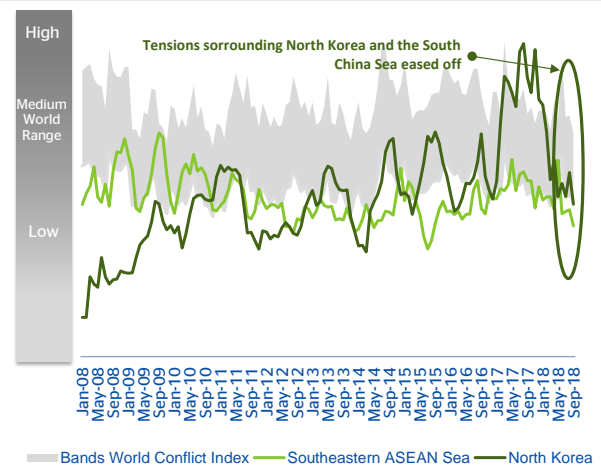
Source: www.dgelt.org & BBVA Research

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)

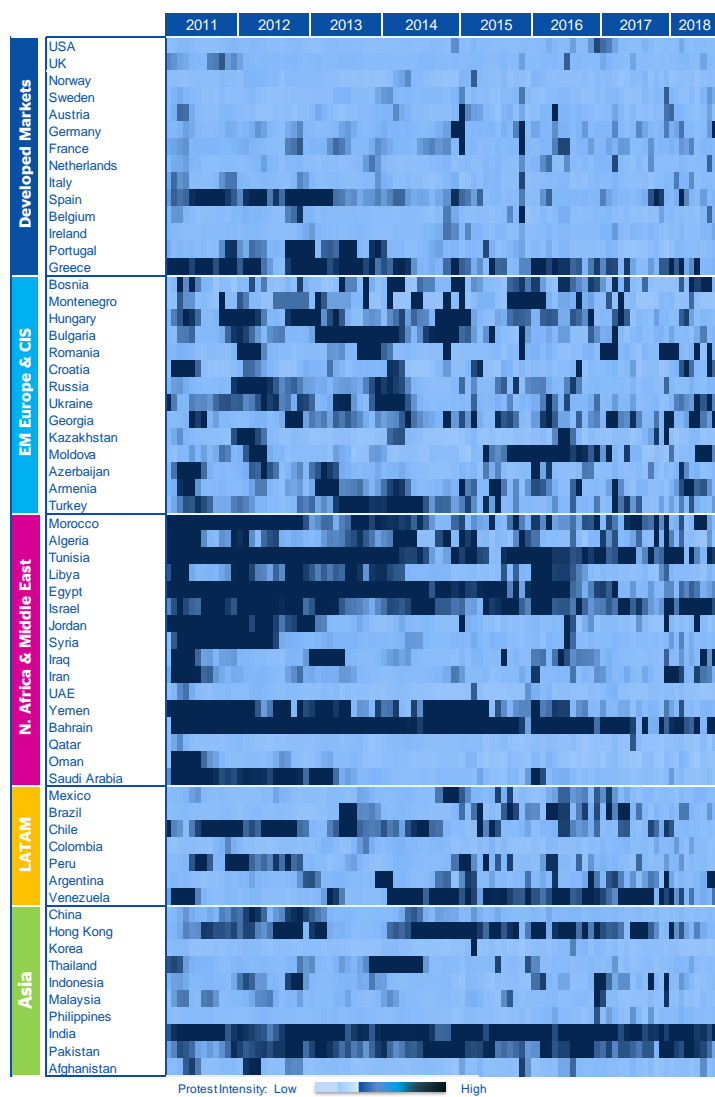


Source: www.dgelt.org & BBVA Research

Social unrest eased slightly during September

The World Protest Index decreased again in September (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 – Sep 2018 (Number of protests / Total events)



Source: www.dgelt.org & BBVA Research

- In regional terms, tensions arose in some Eastern European countries and in Latin America. Instability also rose in the Middle East, while decreased in Asia:
- In Europe, some social noise erupted in Germany over some migrants' attacks. In Sweden, the uncertainty continues because elections' results show no clear winner.
- In Emerging Europe, the stand-off between Ukraine and Russia intensifies in eastern Ukraine. The Sea of Azov is becoming a new area of contention. New tensions arise from Moldova's bid to buy Romanian gas despite the multiple energy connections with Russia.
- In North Africa and the Middle East, Hamas is preparing special units for a military conflict in Palestinian territories. In Tunisia, Major Union approves two strikes in protest against the government's economic policies. Bahrain remains a regional hot spot; Gulf countries consider a five-year aid package.
- In Latin America, crisis in Argentina intensified and labour unions are demonstrating against austerity measures. Venezuela continues in a critical situation. The rumours on a potential US intervention also raised tensions.
- In Asia, social unrest eased off in Pakistan as new Prime Minister Imran Khan accepted having limited leverage on policy, while in India, the government is reviewing all aspects of digital regulations amid contradictory pressures.

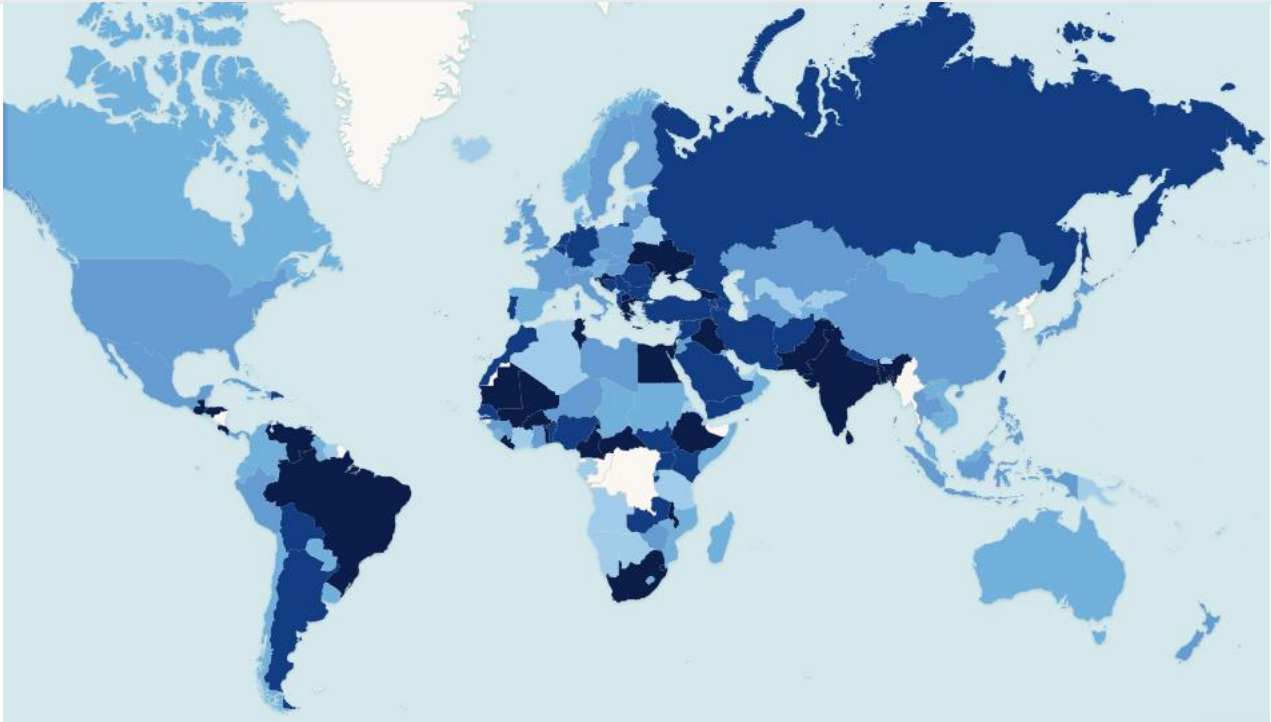
Summary

US diplomatic attempts to resolve the North Korean dispute experienced some progress this month. US President and North Korean leader are expected to have another bilateral summit after October if things evolve as expected. South and North Korea are also improving ties. Meanwhile, the US keeps its economic pressure on China whereas agreed on a new trade deal in North America. Turkey-Russia agreement on Idlib prevented a humanitarian catastrophe in Syria. US pressure on Venezuela and US-Iran rift in the Middle East are worth monitoring as the risks are growing and could have economic impact.

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

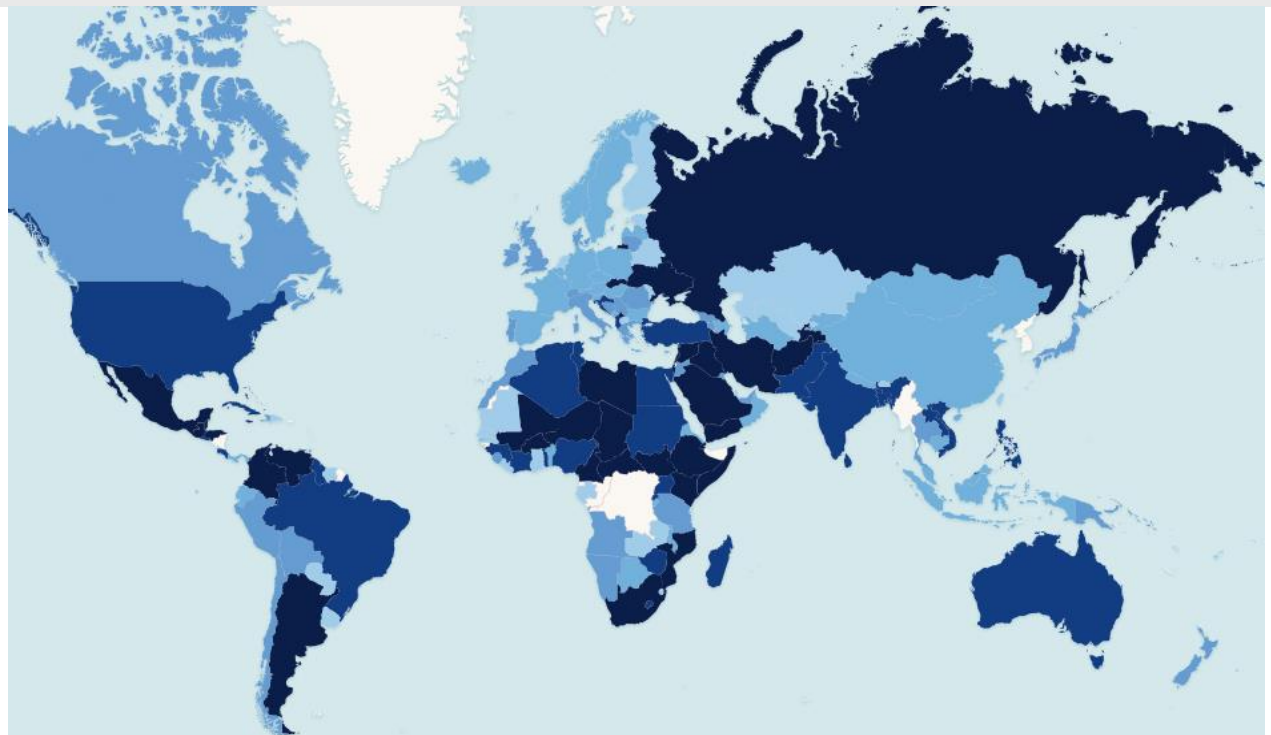
ANNEX

Figure 7 BBVA Research World Protest Map September 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 September 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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