

Geostrategic Analysis

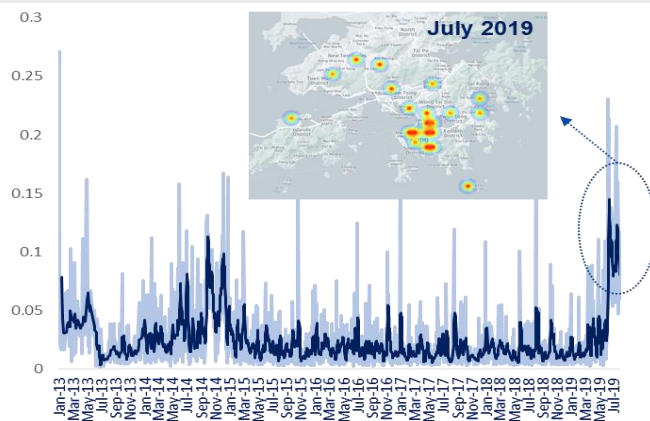
# Geo-World: Conflict & Protest July

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July 2019

Massive protests have taken place in Hong Kong in the last month due to the extradition bill. The situation is deteriorating during last days. Tensions between U.S. and China increased after President Trump said he would impose an additional 10% tariff on \$300 billion of Chinese imports starting on September. Boris Johnson – the U.K. Foreign Secretary and two-term London mayor – has been appointed as the new Prime Minister of the United Kingdom. The main agenda for Europe would be the Brexit. The deadline is October 31. Meanwhile, Iran related disputes are still alive. The United States imposed sanctions on Iranian Foreign Minister Zarif. Iran had cut its commitments under the nuclear deal during the month. North Korea took symbolic actions that could be to increase diplomatic pressure on the U.S. The talks are ongoing. TANAP pipeline project that will carry natural gas to Europe via Turkey has been ended.

## Protests in Hong Kong intensified in the last month

Figure 1. **BBVA RESEARCH HONG KONG PROTESTS INTENSITY HEATMAP 2014- 19\*** (NUMBER OF PROTESTS / TOTAL EVENTS)



Source: BBVA Research & [www.gdelt.org](http://www.gdelt.org). \*The complete table could be found in the annex

### Hong Kong protests reached levels not recorded since large demonstrations in 2014

The pro-democracy protests in Hong Kong have continued during the month, intensifying during last days.

### Unexpected re-escalation of US-China trade tensions

The escalation of trade tensions has heightened global growth concerns and unsettle financial markets.

### Iran related disputes continue to be alive

The maritime and energy security of the Gulf was one of the hot topics of July due to Iran related disputes.

### Boris Johnson is appointed as the new Prime Minister of the United Kingdom

The main agenda of the new government would be the Brexit deal, which deadline is October 31.

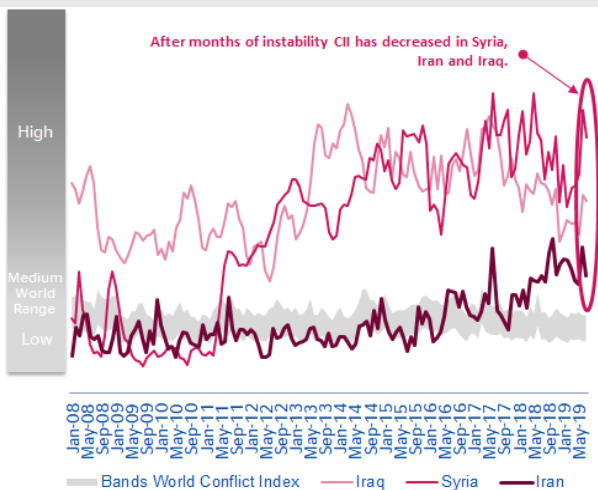
The BBVA Research World Conflict Intensity Index<sup>1</sup> slightly decreased during July. The main developments during the month were:

- **Protests in Hong Kong intensified during the month, especially during last days (with Sunday's protests it marks the eighth consecutive weekend).** Demonstrations began in early June in opposition to a controversial extradition bill that would allow criminal suspects to be sent to China. Protests have extended to more ambitious demands asking for democracy, leading to increasingly frequent clashes with police, leaving 140 officers injured and 420 people arrested. The situation is deteriorating and political unrest is deepening. Hong Kong leader warned of 'extremely dangerous situation'.
- **US and Chinese delegations have met in Shanghai on July 30 and 31 for face-to-face meetings. They agree to continue negotiations in the United States in September.** After it, President Trump announced he plans to put tariffs of 10% on the remaining USD 300bn goods and products from China as of September 1, which mainly cover consumer goods (62%), including smartphones.
- **The ongoing dispute between the West and Iran continues. In July 1, Iran announced that it exceeded the 3.67%-enriched uranium stockpiles to 300 kilograms limit set by the nuclear deal (JCPOA).** The minimum need for one nuclear bomb is 1,500kg. Before the JCPOA signed, Iran had 7,154kg uranium stockpile. Iranian officials also said that the country would start phase two of reducing nuclear deal commitments, which could include the enrichment of uranium beyond 3.67%. On July 7, Tehran surpassed the 3.67% limit as well (but they did not specify the level they reached). On July 4, the U.K. seized an Iranian-owned oil tanker off the coast of Gibraltar over allegations that the ship is violating EU sanctions on Syria as the vessel allegedly delivering crude to Syria. On July 19, Iranian military seized a British-flagged oil tanker in the Strait of Hormuz. It comes after Britain seized an Iranian vessel. The United Kingdom defined the seizure as a "hostile act." In the meantime, Trump administration imposed sanctions on Iranian Foreign Minister Javad Zarif, limiting his ability to travel to or interact with or through the U.S. On July 23, Javad Zarif told that Tehran might cut its commitments under the JCPOA further if the European partners of the deal could not protect Iran from U.S. sanctions.

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

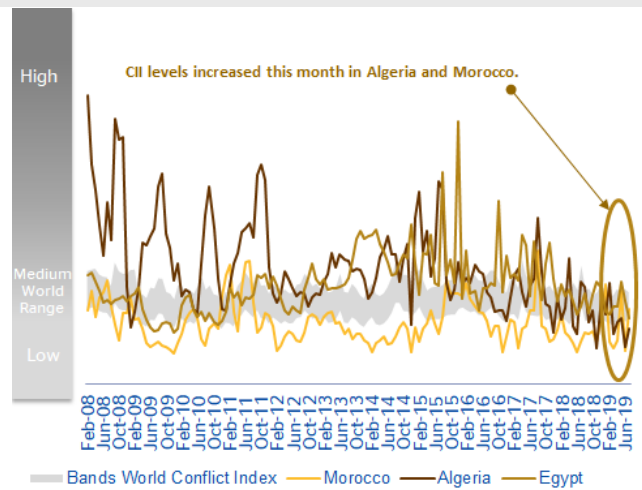
- In the U.K. Boris Johnson has been appointed as the PM of the U.K. on July 24 after Theresa May stepped down. Boris Johnson was former British Foreign Secretary and the former mayor of London.** The Prime Minister is known as a Brexit supporter had said several times before claiming the prime minister's chair that the United Kingdom should leave the EU with or without a deal. After his appointment, Boris Johnson said that it is up to the EU to compromise to avoid a no-deal Brexit. "If they can't compromise, then clearly we have to get ready for a no-deal exit," he told. The deadline of the Brexit is October 31. If the U.K. leaves the EU without inking a deal, the bilateral trade would be subject to World Trade Organization rule. The EU officials had informed that the EU would not approve an ad hoc trade model with the United Kingdom and London should choose one of the following: a free trade agreement, customs union or a single market regime. The uncertain situation is still alive.
- On July 25, North Korea has put an end to its 77-day missile test freeze by firing two short-range missiles.** North Korea also tested several unidentified projectiles on July 31. But on the other hand, several reports claimed that U.S. and North Korean officials might have met to resume working-level talks. The tests could be perceived as North Korea's attempts to increase diplomatic pressure on the United States. Indian media reported that India and Russia are reportedly inked in a payment mechanism for S-400 missile purchase from Russia that would also overcome U.S. sanctions. The construction of Trans-Anatolian Pipeline (TANAP) that will carry natural gas to European market has finished on July 1. The construction has begun in 2015. The pipeline has the capacity of 16bcm (billion cubic meters). 6bcm will be delivered to Turkey and the rest will go to Europe. The United Arab Emirates has withdrawn its troops from a Yemeni strategic port to reduce its troop presence in the country.

Figure 2. **BBVARESEARCH MIDDLE EAST CONFLICT INTENSITY INDEX 2008- JULY19 (NUMBER OF CONFLICTS / TOTAL EVENTS)**



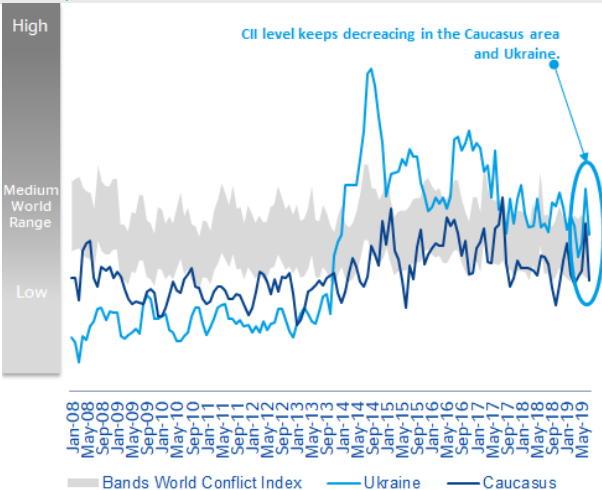
Source: [www.dgelt.org](http://www.dgelt.org) & BBVA Research

Figure 3. **BBVARESEARCH NORTH AFRICA CONFLICT INTENSITY INDEX 2008- JULY19 (NUMBER OF CONFLICTS / TOTAL EVENTS)**



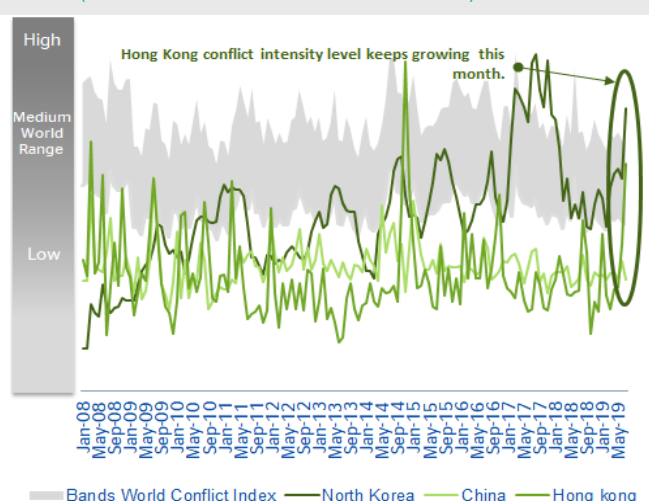
Source: [www.dgelt.org](http://www.dgelt.org) & BBVA Research

Figure 4. **BBVARESEARCH EASTERN EUROPE CONFLICT INTENSITY INDEX 2008-JULY19 (NUMBER OF CONFLICTS / TOTAL EVENTS)**



Source: [www.dgelt.org](http://www.dgelt.org) & BBVA Research

Figure 5. **BBVARESEARCH ASIA CONFLICT INTENSITY INDEX 2008- JULY 19 (NUMBER OF CONFLICTS / TOTAL EVENTS)**

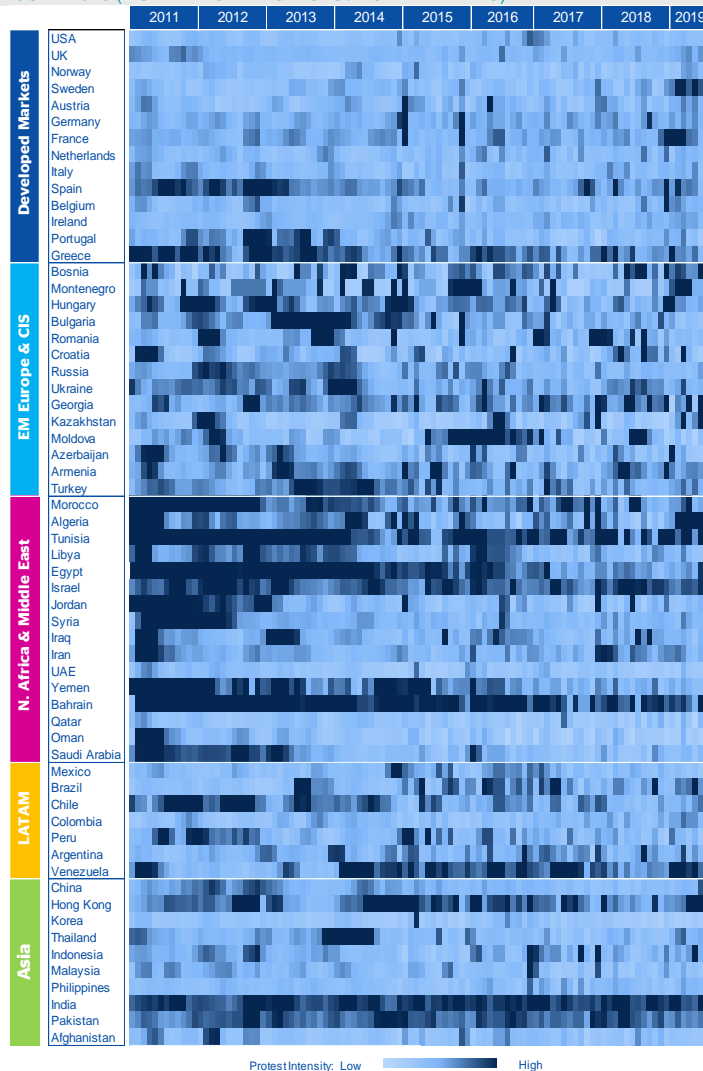


Source: [www.dgelt.org](http://www.dgelt.org) & BBVA Research

## Global social unrest eased off, but it surged in some countries

The World Protest Index decreased in July (as shown by our BBVA Research World Protest Intensity Index<sup>2</sup>). According to the BBVA Research World Protest Intensity Map, the key facts were:

Figure 6. **BBVARESEARCH WORLD PROTEST INTENSITY MAP JAN 2011 – JULY 2019 (NUMBER OF PROTESTS / TOTAL EVENTS)**



- In regional terms, social turmoil rose in North Africa, the main global hot spot together with the Middle East. Instability reduces in some Eastern European countries, while it remained at similar levels in some Latin American and Asian countries and, to a lesser extent, in some European ones:
- Europe continued calm. Some social noise was observed in Sweden given pro climate change demonstrations, which continues since last months.
- In Emerging Europe, Romanian government is considering calling a referendum after demonstrators claimed faster and tougher response against rape and violence. In Georgia social unrest against the government persist by second consecutive month.
- In North Africa and the Middle East, in Algeria, protesters are calling for a “civilian, not military state”, Algerians expect the establishment of independent institutions to oversee fresh elections. In Israel, protests let a growing “black lives matter” movement” after the death of a young black man in unclear circumstances.
- In Latin America, in Chile, workers demand better conditions. In Colombia, protests took place after the murder of community leader last month.
- In Asia, massive and violent protests asking for democracy intensified in Hong Kong. The political crisis deepens. Protesters and their supporters have accused the police of using excessive force. The first general strike in more than 50 years took place too.

Source: [www.dgelt.org](http://www.dgelt.org) & BBVA Research

## Summary

Protests in Hong Kong worsened during July increasing political crisis. The situation should be closely monitored. An unexpected re-escalation of US-China trade tensions took place after Trump’s announcement of a potential additional 10% tariff on \$300bn of Chinese imports. Boris Johnson who is a Brexit supporter and former foreign secretary of the United Kingdom has been appointed as the Prime Minister after Theresa May. He said he expects compromises from the EU or Britain would leave the EU without a deal. This would have trade related impacts on British economy. Meanwhile, Iran cutting its commitments under the nuclear deal created dispute. The maritime and energy security in the Persian Gulf is also becoming a hot topic after Iran seized British-flagged tanker. Recently, U.S. sanctions on Iranian Foreign Minister Zarif could affect Iran’s behavior as Zarif told that Tehran could retreat further from its commitments if the European partners could not prevent sanctions’ negative consequences.

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

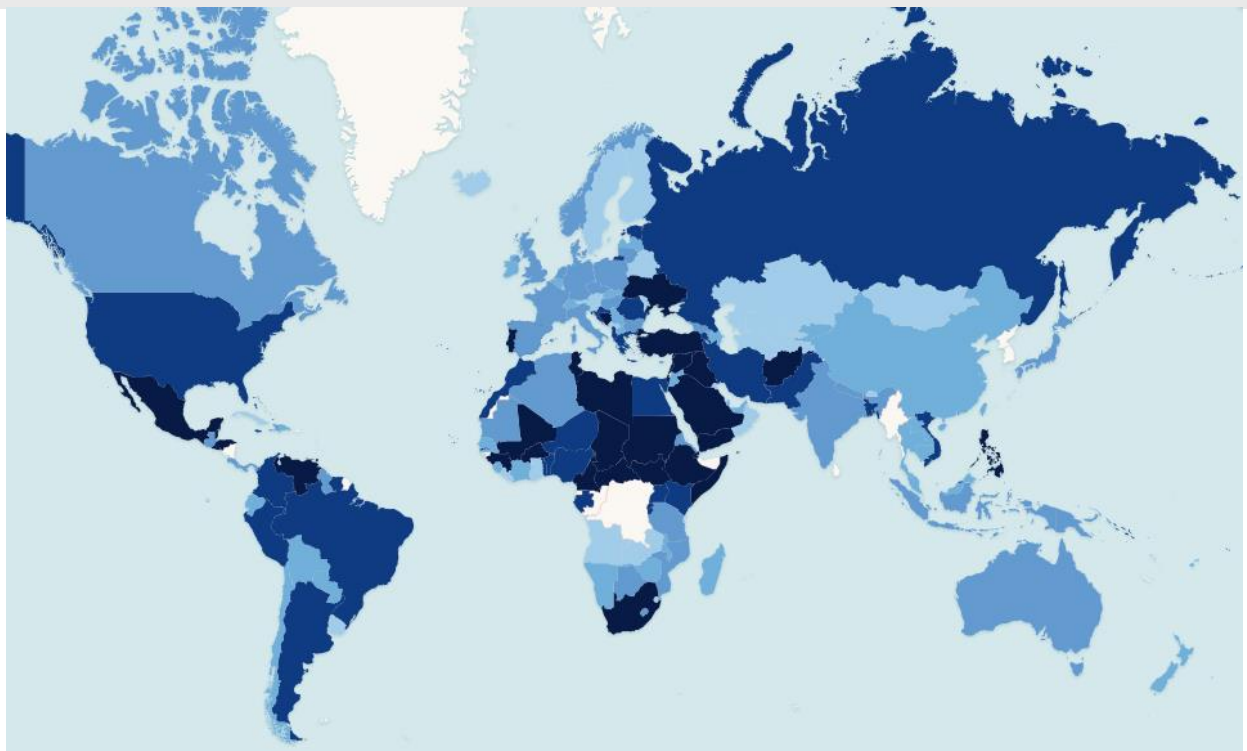
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Figure 7. **BBVA RESEARCH WORLD PROTEST MAP JULY 2019** (NUMBER OF PROTEST EVENTS / TOTAL EVENTS BY COUNTRY. DARKER COLORS INDICATE HIGHER VALUES OF THE INDEX)



Source: BBVA Research and [www.gdelt.org](http://www.gdelt.org)

Figure 8. **BBVA RESEARCH WORLD CONFLICT MAP JULY 2019** (NUMBER OF CONFLICT EVENTS/ TOTAL EVENTS BY COUNTRY. DARKER COLORS INDICATE HIGHER VALUES OF THE INDEX)



Source: BBVA Research and [www.gdelt.org](http://www.gdelt.org)

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