

Geostrategic Analysis

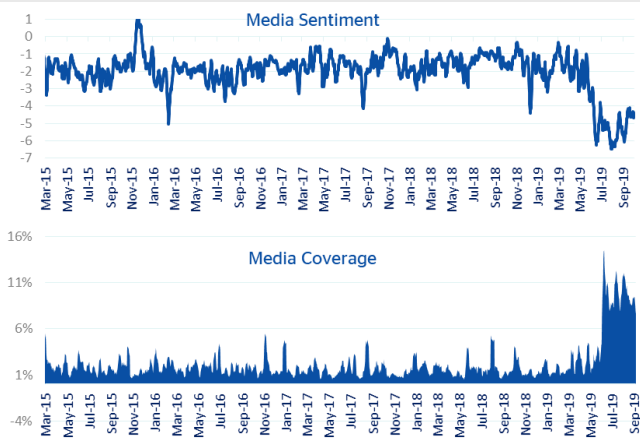
Geo-World: Conflict & Protest September

Fernando Bolívar / Tatiana Dávila / Yigit Engin / Álvaro Ortiz / Tomasa Rodrigo
September 2019

On the 70th anniversary of China, violent protests took place in Hong Kong. Meanwhile, US Congress has taken a step forward to monitor events in Hong Kong more closely, hope has increased for US-China trade talks with lessened tensions, and US House Speaker, Pelosi, announced that the House would officially launch an impeachment inquiry against President Trump over his phone call with the Ukrainian president. In the UK, the Brexit agenda has intensified and political tensions between the Prime Minister and the opposition have escalated. Drone attacks against Saudi oil facilities have increased risks, while protests in Egypt have also triggered more stress in the region.

Protests in Hong Kong continued. U.S. and U.K. political agendas intensified

Figure 1. **BBVA RESEARCH HONG KONG PROTESTS INTENSITY AND SENTIMENT INDEX 2015 – Sep 2019***



Source: BBVA Research & www.gdelt.org. *Coverage= n° protests / n° events. Sentiment goes from -10 (extremely negative) to 10 (extremely positive). (7 days moving average)

Hong Kong protests intensify on the 70th anniversary of China.

More than 100 people were injured. The U.S Congress aims to monitor the development closely.

Brexit related political fight intensifies in London.

Prime Minister and the opposition are fighting to have an upper hand in the Brexit agenda.

Democrats flex muscles for impeachment inquiry.

House Speaker Pelosi said they would launch a formal impeachment inquiry against President Trump.

Drone attacks on Saudi oil facilities increased risks.

Drone attacks cost 5.7 million barrels of crude oil per day. Protests in Egypt have also triggered more stress in the region.

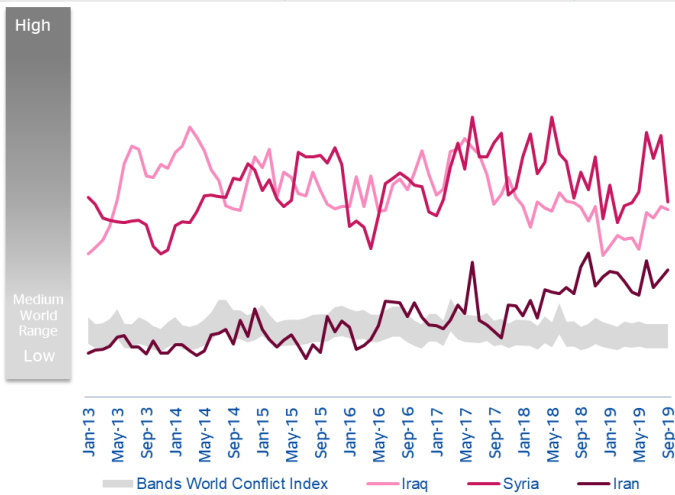
The BBVA Research World Conflict Intensity Index¹ decreased during September. The main developments during the month were:

- **Hong Kong protests continued over the last weekend of September (16th week of protests) to mark the fifth anniversary of Umbrella Movement – the first pro-democracy movement in Hong Kong. Protests intensified on the 70th anniversary of the People’s Republic of China on October 1** with more than 100 people injured. Meanwhile, on September 25, the U.S. House Foreign Affairs Committee and Senate Committee on Foreign Relations drafted the Hong Kong Human Rights and Democracy Act. If passed into legislation, it would permit U.S. to sanction Chinese officials and allow the U.S. Congress to monitor developments more closely. **On September 4, Chief Executive of Hong Kong, Carrie Lam had said that she would formally withdraw the controversial extradition bill to pacify protestors.** However, the move did not end the demonstrations. **Meanwhile, hopes increased with regard to U.S. – China trade talks as Washington delayed the implementation of additional U.S. tariffs on Chinese goods from October 1 to October 15.** In exchange, China offered to buy a limited amount of U.S. agricultural goods.
- **On September 24, U.S. House Speaker, Pelosi announced that the House would launch a formal impeachment inquiry against President Trump** in response to the President’s talks with Ukrainian president to investigate former Vice President and 2020 presidential candidate Joe Biden. **For impeachment to reach any result it needs to be approved both in the House and in the Senate.** The Democrats have the majority in the House of Representatives, whereas Republicans control the majority in the Senate.
- **On September 4, the UK Parliament voted in favor of a legislation that, would make a no-deal Brexit illegal and the bill was approved by the Queen.** This legislation forces PM Boris Johnson to ask Brussels for an extension until January 31, 2020 – if no agreement has been reached by mid-October. PM Johnson threatened to call a general election if MPs agreed what he calls the ‘surrender bill’. Yet, to do so, he would need two thirds of the Parliament members. All the opposition parties united saying they would not back the PM in calling a snap poll without a legal guarantee against no-deal. **Johnson wants a snap election on October 15** before Brexit deadline and before the EU Summit (October 17-18). The summit would be the last chance to reach a deal before the Brexit deadline. The UK will leave the EU on October 31, unless legislation is in place to stop this.

¹ Further details about the methodology could be found in the annex
[Geo-World Monthly Update / September 2019](#)

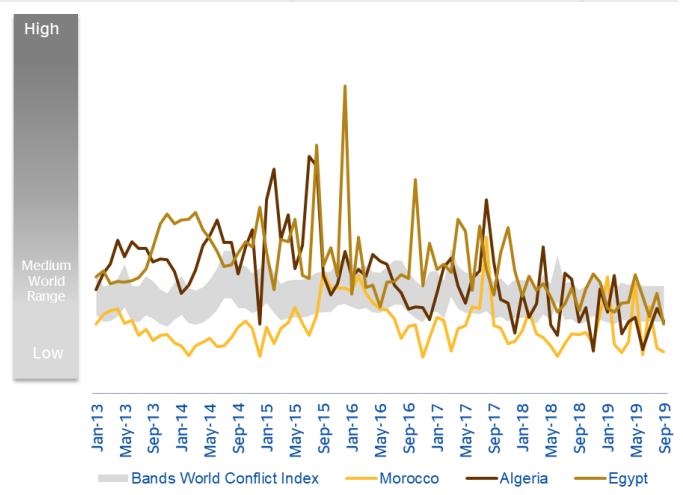
■ **On September 14, two Saudi Aramco oil facilities were attacked by drones and missiles.** The attacks interrupted oil output by shutting down 5.7 million barrels per day. Yemen's Houthi units claimed responsibility but U.S. officials said the attack originated from southwestern Iran. As a response U.S. imposed sanctions on Iran's Central Bank. **On September 20 and 21, Egypt's major cities witnessed anti-government protests,** triggered by series of videos shared by an Egyptian businessman (Mohammed Ali) on corruption claims. On September 27 after Friday prayers, the protests continued for a second week. Egyptian authorities deployed thousands of police forces during the weekend and in Cairo security forces closed off entrances to Tahrir Square to contain the protests. At the same time, pro-government demonstrations were also present in north Egypt. Israel's recent election failed to yield enough share for political parties to form a government on its own. Thus, Israeli President granted Prime Minister Netanyahu the right to form a majority coalition. Prime Minister's party, Likud, said the party is open to a compromise power-sharing agreement with Blue and White Alliance.

Figure 2. **BBVA RESEARCH MIDDLE EAST CONFLICT INTENSITY INDEX 2008 - SEPTEMBER 19** (number of conflicts / total events)



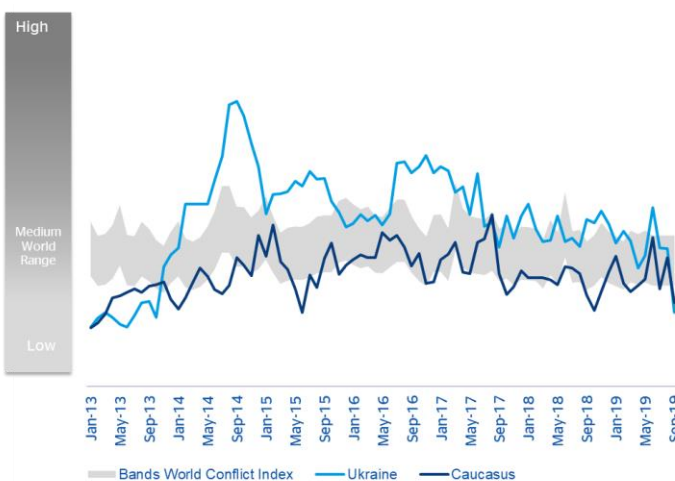
Source: www.dgelt.org & BBVA Research

Figure 3. **BBVA RESEARCH NORTH AFRICA CONFLICT INTENSITY INDEX 2008 - SEPTEMBER 19** (number of conflicts / total events)



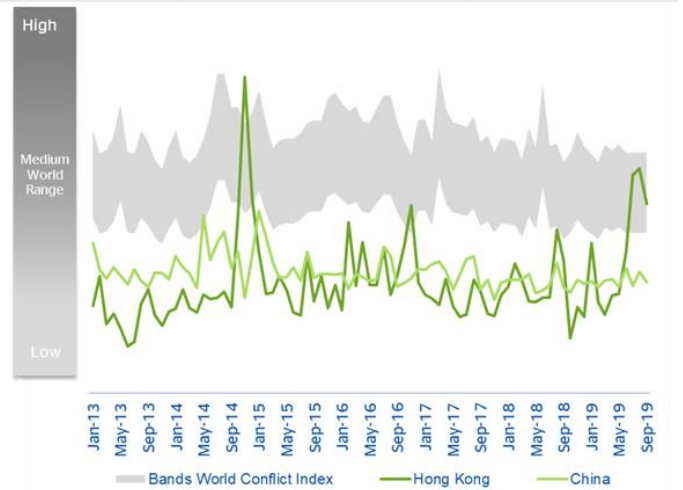
Source: www.dgelt.org & BBVA Research

Figure 4. **BBVA RESEARCH EASTERN EUROPE CONFLICT INTENSITY INDEX 2008 - SEP 19** (number of conflicts / total events)



Source: www.dgelt.org & BBVA Research

Figure 5. **BBVA RESEARCH ASIA CONFLICT INTENSITY INDEX 2008 - SEPTEMBER 19** (number of conflicts / total events)

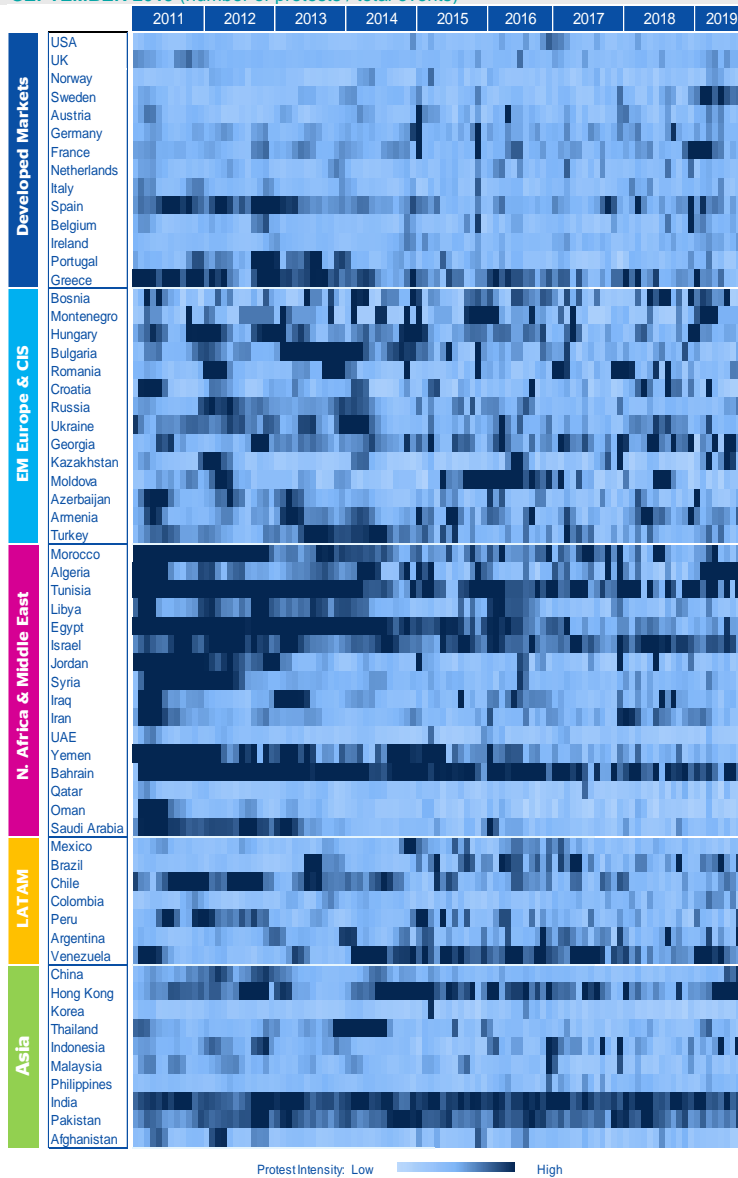


Source: www.dgelt.org & BBVA Research

Global social unrest increased during the month

The World Protest Intensity Index² mildly increased in September (as shown by our BBVA Research World Protest Intensity Index). According to the BBVA Research World Protest Intensity Map, the key facts were:

Figure 6. **BBVA RESEARCH WORLD PROTEST INTENSITY MAP JAN 2011 – SEPTEMBER 2019** (number of protests / total events)



Source: www.dgelt.org & BBVA Research

- In regional terms, social turmoil rose in North Africa and Eastern European countries, the main global hotspot together with the Middle East. Instability reduced in Europe and some Latin American countries, while it remained at similar levels in some Asian countries:
- In Europe, in UK the imminent 'no deal' Brexit and PM Johnson's decision to suspend the Parliament have increased social unrest. In France "yellow vest" protesters took streets against given the new pension reforms. In Germany, Ireland, Denmark and Sweden, among more than 90 countries, took place the third strike for climate action.
- In Emerging Europe, Bosnia held its first gay pride, which was surrounded by protest and conservative opposition. Instability in Georgia persisted and thousands protested against the government in Tbilisi.
- In North Africa and the Middle East, social unrest intensified in Algeria following the arrest of the opposition leader Karim Tabbou. In Tunisia, strong anti-establishment sentiments were perceived after a second round of presidential elections was confirmed. In Egypt, recent protests riled the country over the publication of videos accusing the President and the Army of corruption.
- In Latin America, in Chile, there were national protests demanding fundamental rights. In Colombia students gathered farmers in a rally against government policies and university corruption. In Brazil demonstrators shown they support to Amazon rainforest.
- In Asia, violent protests resurfaced in Hong Kong, during a pro-democracy rally. Indonesia has experienced multiple student protests in response to recently adopted controversial legislation. Bilateral tensions increased in India and Pakistan when Delhi revoked the special constitutional status of Jammu and Kashmir.

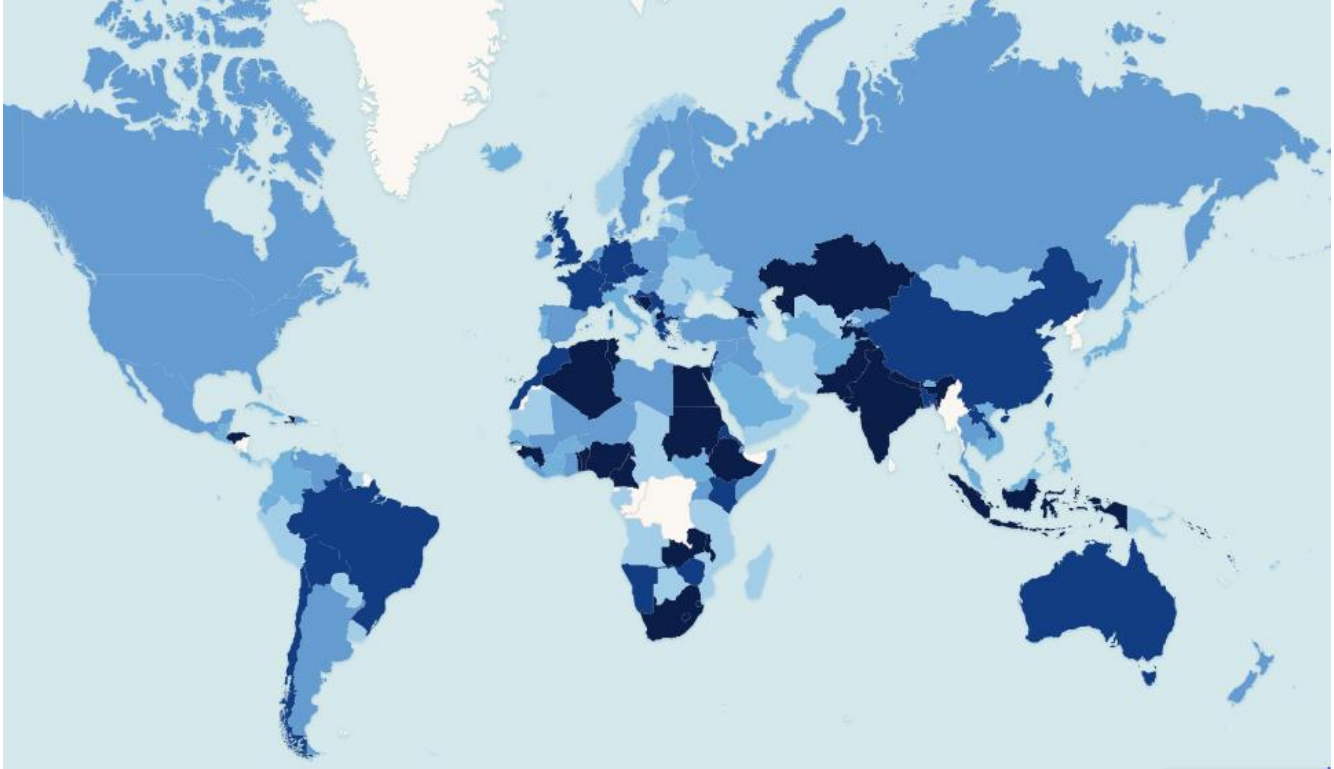
Summary

Protests in Hong Kong continued for the 16th week and are expected to extend to China's 70th anniversary celebrations. What's more, US Congress Committees approved a new bill to give Washington more scope to increase pressure on China. Meanwhile, tensions eased between Washington and Beijing and trade talks continued. The increasing political dispute in Washington amid impeachment discussions is worth monitoring. Protests in Egypt and attacks on Saudi oil facilities increased risks in the region. The Brexit deadline is October 31. Political uncertainty could increase in London as the clock ticks down.

² Further details about the methodology could be found in the annex.

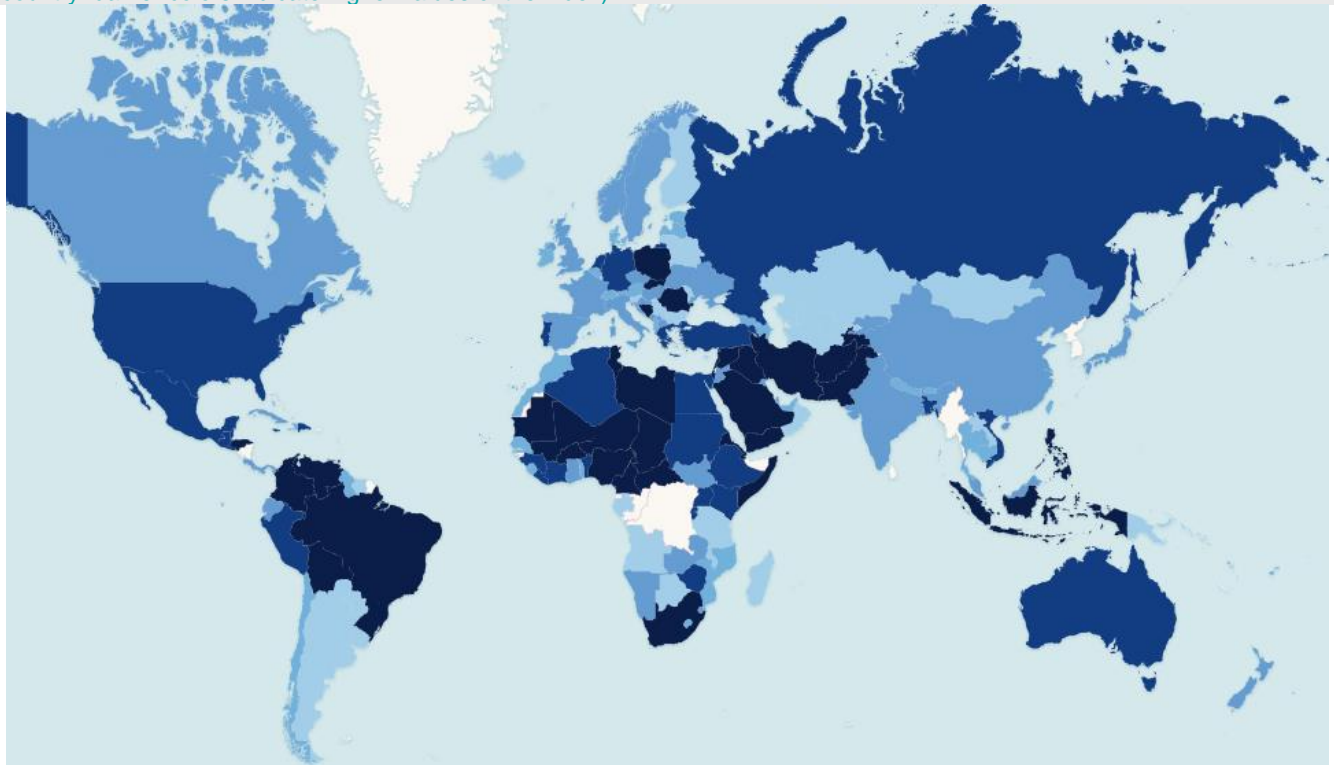
Annex

Figure 7. **BBVA RESEARCH WORLD PROTEST MAP SEPTEMBER 2019** (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 SEPTEMBER 2019** (number of conflict events/ total events by country. darker colors indicate higher values of the index)



Source: BBVA Research and www.gdelt.org

METHODOLOGY: TRACKING PROTESTS AND CONFLICTS

We have developed tracking for protest and conflict indexes for every country in the world from January 1, 1979 through to present day, with daily, monthly, quarterly and annual frequencies. To construct this, we use a rich 'big database' of international events (**GDEL**T), which monitors world events covered by news media from nearly every corner of the world, whether broadcast, printed or published on the web, in over 100 languages, every moment of every day, updated every 15 minutes.

- **BBVA Protest Intensity Index:** We collect information on every registered protest in the world for a particular time, which are then separately collated under the various headings of the **CAMEO taxonomy** as: demonstration or rally, demonstration for leadership change, demonstration for policy change, demonstration for rights, demonstration for change in institutions and regime, conducting hunger strikes for leadership change, conducting hunger strikes for policy change, conducting hunger strikes for rights, conducting hunger strikes for change in institutions and regime, conducting previously unspecified hunger strikes, conducting strikes or boycotting for leadership change, conducting strikes or boycotting for policy change, conducting strikes or boycotting for rights, conducting strikes or boycotting for change in institutions and regime, conducting previously unspecified strikes or boycotting, obstructing passage or blocking, obstructing passage to demand leadership change, obstructing passage to demand policy change, obstructing passage to demand rights, obstructing passage to demand change in institutions and regime, protesting violently or rioting, engaging in violent protest for leadership change, engaging in violent protest for policy change, engaging in violent protest for rights, engaging in violent protest for change in institutions and regime, engaging in previously unspecified political dissent.
- **BBVA Conflict Intensity index:** In the same way, we collect information on every registered conflict in the world for a particular time, considering a **wide variety of conflicts under the CAMEO taxonomy headings** as: imposing restrictions on political freedoms, banning political parties or politicians, imposing a curfew, imposing a state of emergency or martial law, committing suicide, carrying out suicide bombing, carrying out car bombing, carrying out roadside bombing, car or other non-military bombing not specified below, use of a human shield, use of previously unspecified conventional military force, impose blockade, restricting movement, occupying territory, fighting with artillery and tanks, employing aerial weapons, violating ceasefire, engaging in mass expulsion, engaging in mass killings, engaging in ethnic cleansing, using previously unspecified unconventional mass violence, using chemical, biological, or radiological weapons, detonating nuclear weapons, using previously unspecified weapons of mass destruction.
- We use this information to construct an intensity index for both events. **The number of protests and conflicts each day/month/quarter/year are divided by the total number of all events recorded by GDEL**T for that day/month/quarter/year to create a protest and conflict intensity score that tracks just how prevalent protest and conflict activity has been over the last quarter-century, correcting for the exponential rise in media coverage over the last 30 years and the imperfect nature in which news is processed by computers.

DISCLAIMER

This document has been prepared by BBVA Research Department. It is provided for information purposes only and expresses data, opinions or estimations regarding the date of issue of the report, prepared by BBVA or obtained from or based on sources we consider to be reliable, and have not been independently verified by BBVA. Therefore, BBVA offers no warranty, either express or implicit, regarding its accuracy, integrity or correctness.

Any estimations this document may contain have been undertaken according to generally accepted methodologies and should be considered as forecasts or projections. Results obtained in the past, either positive or negative, are no guarantee of future performance.

This document and its contents are subject to changes without prior notice depending on variables such as the economic context or market fluctuations. BBVA is not responsible for updating these contents or for giving notice of such changes.

BBVA accepts no liability for any loss, direct or indirect, that may result from the use of this document or its contents.

This document and its contents do not constitute an offer, invitation or solicitation to purchase, divest or enter into any interest in financial assets or instruments. Neither this document nor its contents shall form the basis of any contract, commitment or decision of any kind.

With regard to investment in financial assets related to economic variables this document may cover, readers should be aware that under no circumstances should they base their investment decisions on the information contained in this document. Those persons or entities offering investment products to these potential investors are legally required to provide the information needed for them to take an appropriate investment decision.

The content of this document is protected by intellectual property laws. Reproduction, transformation, distribution, public communication, making available, extraction, reuse, forwarding or use of any nature by any means or process is prohibited, except in cases where it is legally permitted or expressly authorised by BBVA-

ENQUIRIES TO:

BBVA Research: Azul Street. 4. La Vela Building – 4th and 5th floor. 28050 Madrid (Spain).

Tel. +34 91 374 60 00 y +34 91 537 70 00 / Fax (+34) 91 374 30 25

bbvaresearch@bbva.com www.bbvaresearch.com

