

RESEARCH

**BBVA** 

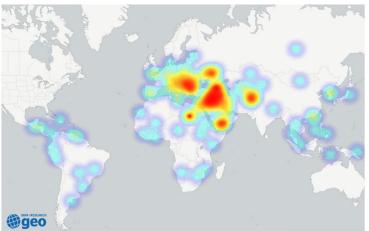
# Geo-World: Conflict & Social Unrest September Update

Álvaro Ortiz and Tomasa Rodrigo. BBVA Cross Country Emerging Markets Unit

Russia took an active role in Syria during September, starting with air strikes. It supposed an escalation of the conflict and marks a dramatic shift in the Syrian Civil War and the stances of multiple actors involved in it, such as the Iranian forces and Chinese advisors. Meanwhile, ISIS emphasised its continued regional growth during the month, expanding in the neighbourhood. The refugee crisis intensified throughout Europe. Conflict in south-eastern Ukraine remained, despite the operational pause during the month.

### Geopolitical conflicts around the world intensified during September...

#### **BBVA Research World Conflict Heatmap (Sep, monthly changes)** (Number of conflicts / Total events)



Source: www.gdelt.org & BBVA Research

# • Russia became directly involved in Syria, escalating the conflict

Russia planes carried out air strikes in Syria, targeting mainly rebel positions

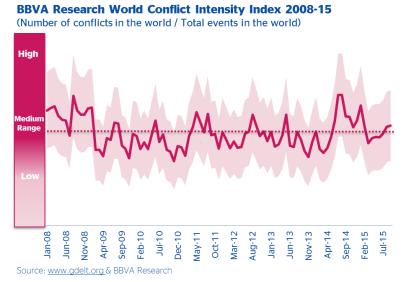
• ISIS could lose some ground in Syria due to Russian intervention

ISIS continued to expand outwards, to offset its potential losses in its core territory in Syria.

• The refugee crisis continued posing risks in Europe

European Union approved a plan to relocate 120,000 migrants across its countries, but will try to deter new arrivals.

The BBVA Research world conflict intensity index<sup>1</sup> rose during September, given Russia's greater involvement in the Syrian conflict. By the middle of September, the Russian participation in the Syrian conflict was increasing and its military deployment was becoming more evident (see <u>Syria: Russian military presence</u> on the rise). Finally, at the end of the month, Russia began to carry out its first air strikes in Syria (see <u>Syria: Russian airstrikes woes</u>). The targets were mainly Syrian opposition locations around the central cities of Hama and Homs, and support missions for the Syrian regime's planes in north-west Syria, near Latakia. Russian aerial operations also hit the rural provinces controlled also by al-Nusra. Besides, the latest news on Iranian forces deployment in Syria and the presence of Chinese advisors could complicate the crisis, driving the conflict to become a new proxy war.



On the other hand, **ISIS** established robust ground campaigns in **Libya**, **Egypt**, and **Afghanistan**. The group also **expanded in the near abroad**, as **reflected in its new activity in Bangladesh and Russia's Caucasus**, to compensate for anticipated losses in Syria due to Russian intervention.

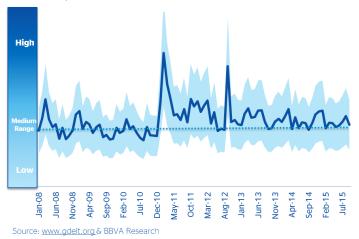
Russia's shift toward Syria and its rapid military build-up in the country suggests a change, at least temporarily, prioritising its strategy in Middle East. It has supposed an **operational pause in eastern Ukraine by the separatists.** However, despite this, the rebels' decision to hold **elections** on 18 October and 1 November **poses major risks** in the country.

<sup>&</sup>lt;sup>1</sup>Details about methodology can be found in the following link: <u>Methodology, tracking protests and conflicts</u>.

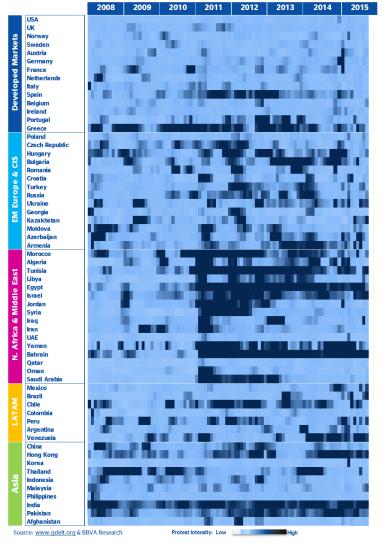


## Geo-World Monthly Update September 2015 Geostrategic Analysis

**BBVA Research World Protest Intensity Index 2008-15** (Number of protests in the world / Total events in the world)



**BBVA Research World Protest Intensity Map Jan 2011 – Sep 2015** (Number of protests / Total events. Dark Blue: High Intensity)



### ... while social unrest has started to ease

Protests around the world decreased in September to the medium range (as shown by our BBVA Research world protest intensity index<sup>2</sup>). According to our BBVA Research world protest intensity map, the main hot spots were the following:

-In regional terms, social unrest remained stable in Western Europe and East Asia. In Emerging Europe, some new tensions arose. Instability in some Middle Eastern and North African countries continued at worrisome levels, and social pressures also increased in Latin America.

- In Western Europe, unrest remained quite calm. Greece political turmoil eased after Tsipras' victory in the snap elections. Some demonstrations erupted in Ireland to protest against the disappointing European Commission's aid package to help farmers' cash flow problems and stabilise agricultural markets.

-In Emerging Europe and CIS countries, antigovernment protests intensified in Ukraine asking for early elections given the banking scandal which has seen over USD1 bn go missing. Protests arose in Kazakhstan with demonstrations against the victimisation of workers and activists, while they eased in Azerbaijan and Turkey. Social unrest rose in Hungary due to migrants' protests against the tough new laws introduced at the Hungary-Serbia border.

-In North Africa and the Middle East, social unrest is still well alive. Demonstrations continued at high intensity in Israel, and also in Tunisia against a controversial law offering amnesty to corrupt businessmen and politicians. Instability also increased in Morocco due to municipal elections, while it relaxed in Algeria and Iran.

- In Latin America, tensions intensified in Mexico given the resurgence of protests on the first anniversary of the disappearance (and presumed murder) of 43 students. Social unrest also continued at high levels in Brazil, given the continuing political upheaval. Tough anti-mining protests took place in Peru, which ended with some deaths. Social turmoil in Venezuela continued at extreme levels.

- Pressures in Asia continued to be focused on Hong Kong and India. Tensions intensified for the second consecutive month in Malaysia, with anti-government protests against the corruption scandals.

In sum, the main hot spots remained in the Middle East and North Africa. Tensions also arose in Eastern

Europe, because of the migrant crisis and their their various countries apparent negative to cooperate. The increased involvement of Russia in the Syrian conflict has complicated the situation, and a possible resolution of the conflict now seems even more unlikely. In Latin America, the political climate deterioration continued alive. Western Europe and Asia remained calm.

<sup>&</sup>lt;sup>2</sup>Details about methodology can be found in the following link: <u>Methodology, tracking protests and conflicts</u>.



## **Geo-World Monthly Update** September 2015 Geostrategic Analysis

#### 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.

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 shall this document nor its contents form the basis of any contract, commitment or decision of any kind.

In 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 in 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. It is forbidden its reproduction, transformation, distribution, public communication, making available, extraction, reuse, forwarding or use of any nature by any means or process, except in cases where it is legally permitted or expressly authorized by BBVA.