

The BBVA Research

Geo MENA Report

A Visual Guide to Regional Geopolitical Affairs
December 2015

Yigit Engin, Álvaro Ortiz Vidal-Abarca, Tomasa Rodrigo López

With the collaboration of the Cross Emerging Markets and Turkey units at BBVA Research





Key takeaways



- ① The situation in the region remains complex. Conflict is close to reach historical peaks
- ① Some advances in Tunisia and Libya, but ISIS' pressure into failed states will continue
- ① Syrian conflict escalates after Russia entered in the conflict
- ① Iraqi situation is still fragile
- ① Iran is ready to open to the world
- ① Turkish new Government's challenges
- ① Europe is not immune and will have to be involved in the region
- ① The US is losing "soft power" in the region
- ① Cyber activity is pretty active in the conflict

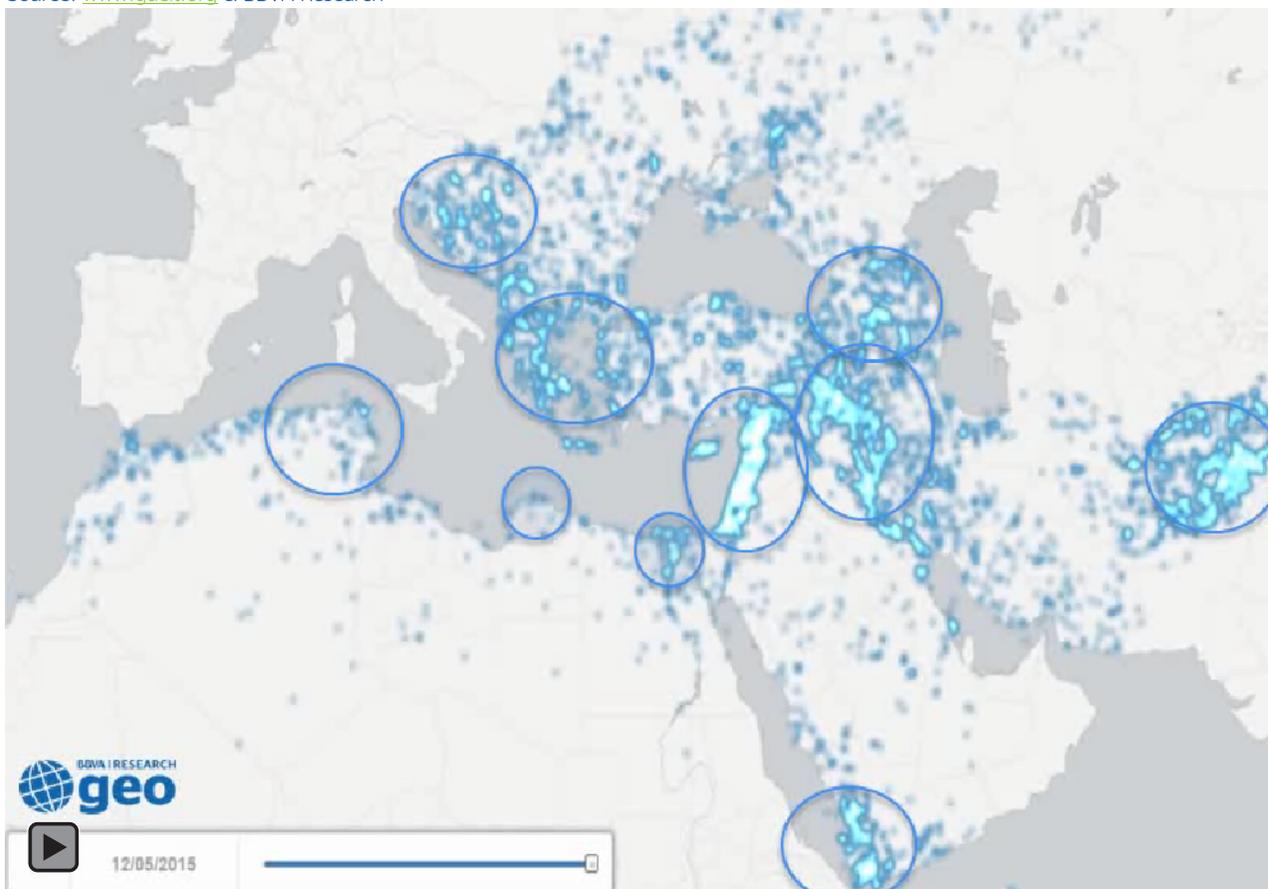


The Middle East Conflict Map

BBVA Conflict Heatmap in 2015

(Number of conflicts / Total events)

Source: www.gdelt.org & BBVA Research



The Syrian war remains complex with no transition plan

The Russian-Turkey tension escalates

Iraq is still in a fragile situation

ISIS tries to destabilize failed states in some regions

The proxy war continues in Yemen

The refugees crisis poses some risks for Europe.

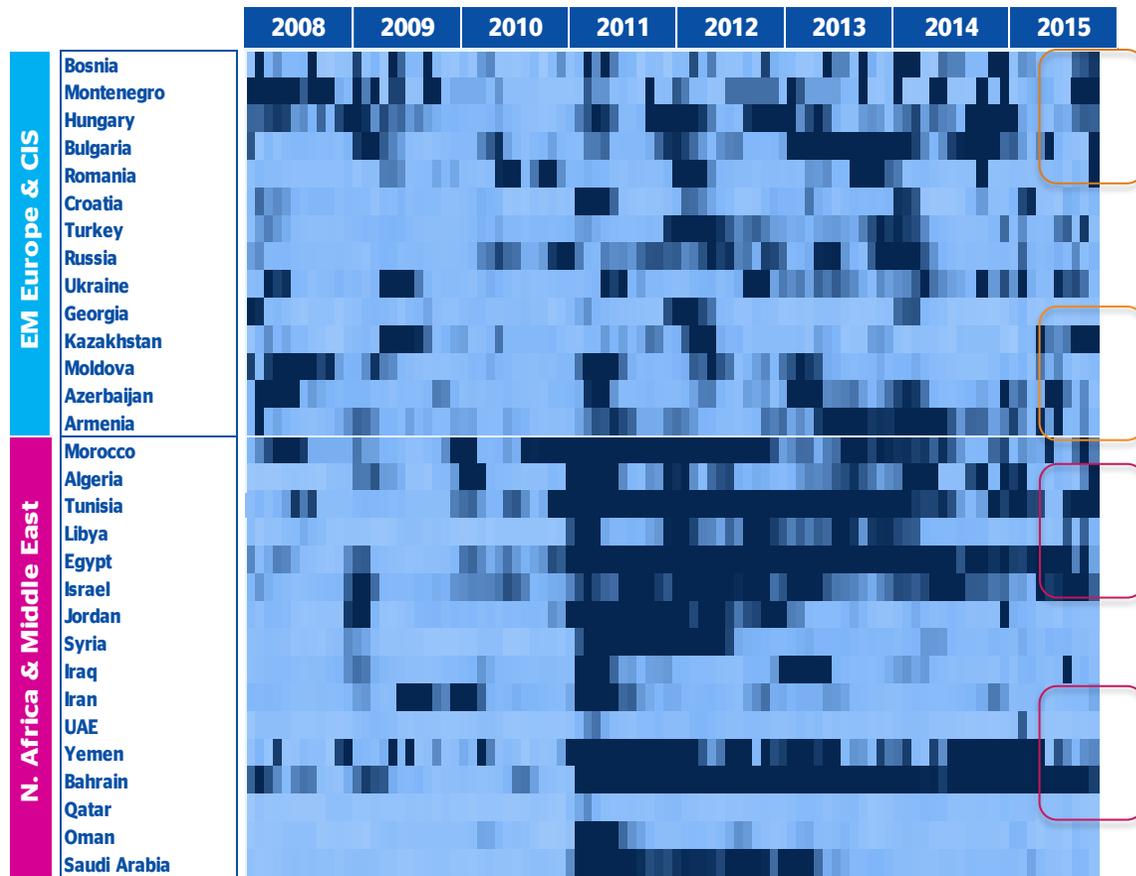


The Social Unrest Map: some new hot spots

World Protest Intensity Map Jan 2013 - November 2015

(Number of protests / Total events. Dark Blue: High Intensity)

Source: www.gdelt.org & BBVA Research



New signs of problems in some Balkan countries

Also new, but mild, signs in the Caucasus

Some revival of unrest in North Africa

Together with those with chronic instability

Protest Intensity: Low High

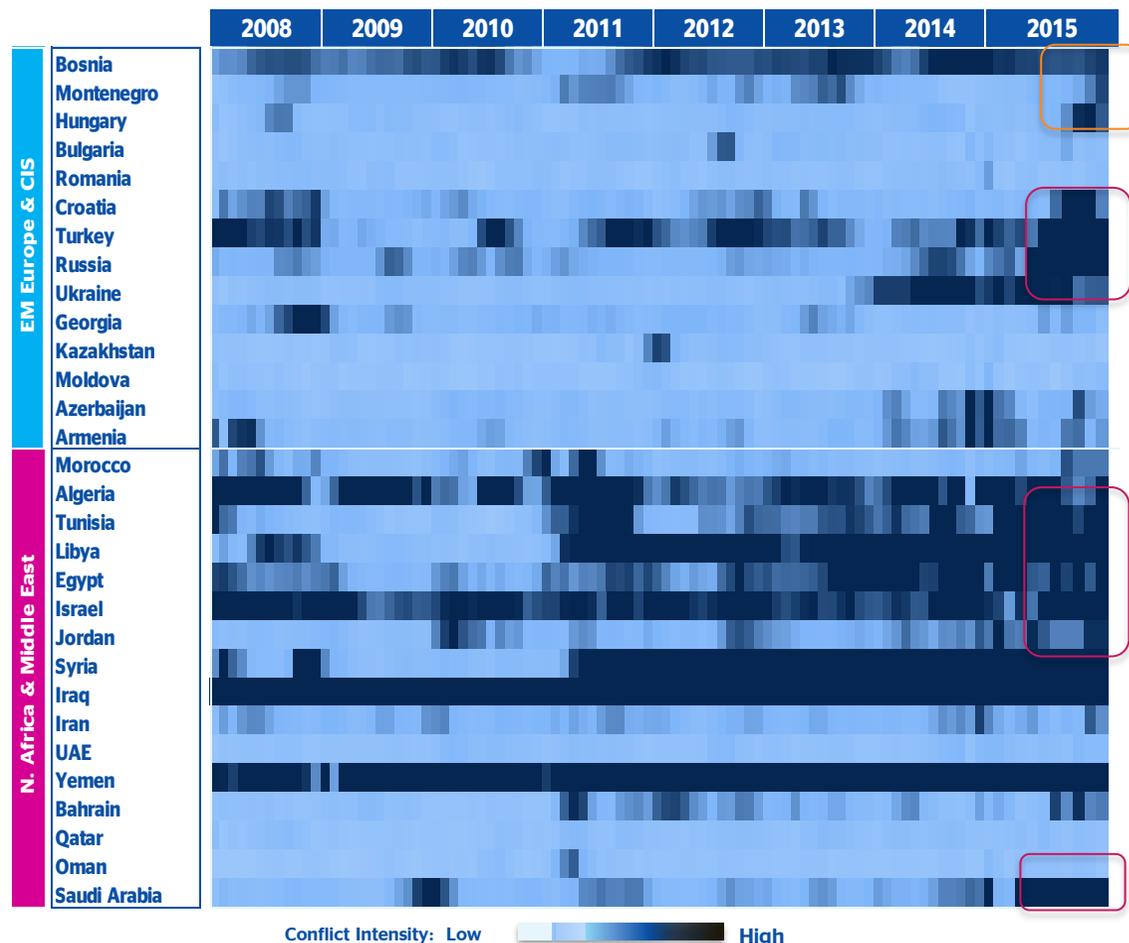


The Conflict Map: A permanent crisis

World Conflict Intensity Map Jan 2013 - November 2015

(Number of conflicts / Total events. Dark Blue: High Intensity)

Source: www.gdelit.org & BBVA Research



Incipient signs of conflict in the Balkans

Russia and Turkey maintain high levels of conflict intensity

A really complex situation, not only in Syria, but in many countries in MENA

Chronic crisis in Syria and Iraq

Saudia Arabia's situation should be monitored

Conflict Intensity: Low High

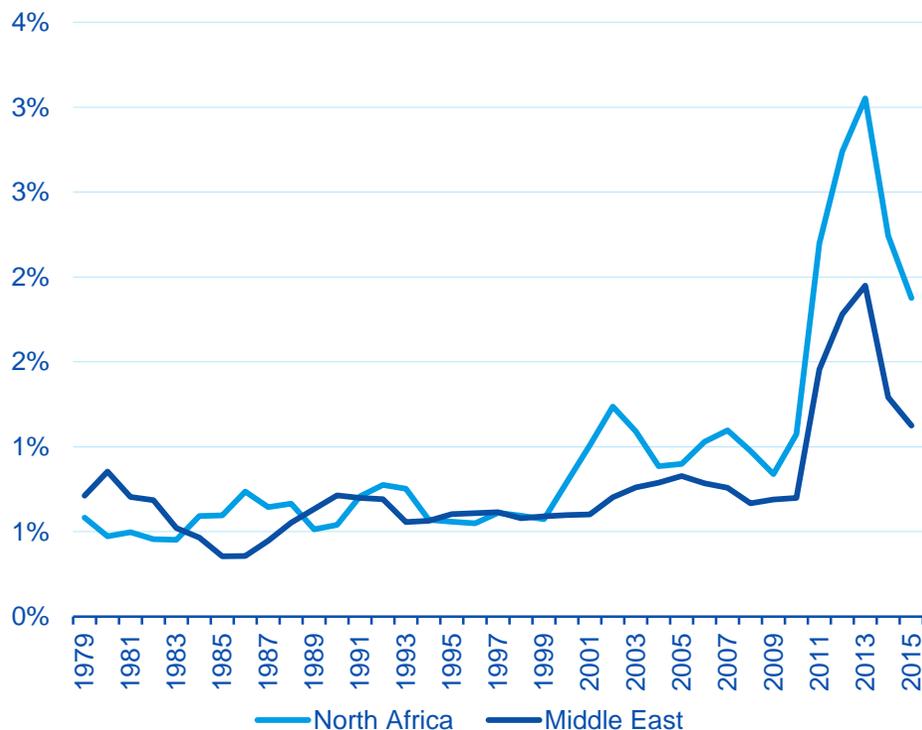


The current instability is reaching non precedent levels

BBVA Research Social Unrest Index in MENA

(Protests/ total events)

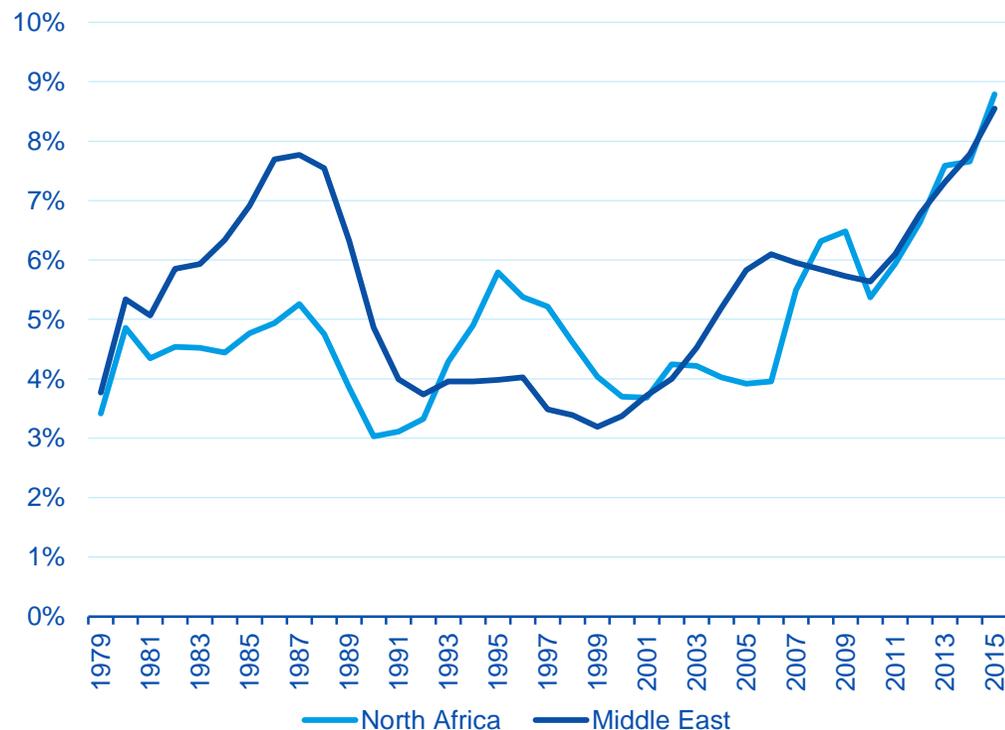
Source: www.gdelt.org & BBVA Research



BBVA Research Conflict Index in MENA

(Conflicts/ total events)

Source: www.gdelt.org & BBVA Research



The **Arab Spring supposed an structural change in the instability level**, both in the Middle East and North Africa. The situation shows some histeresys.

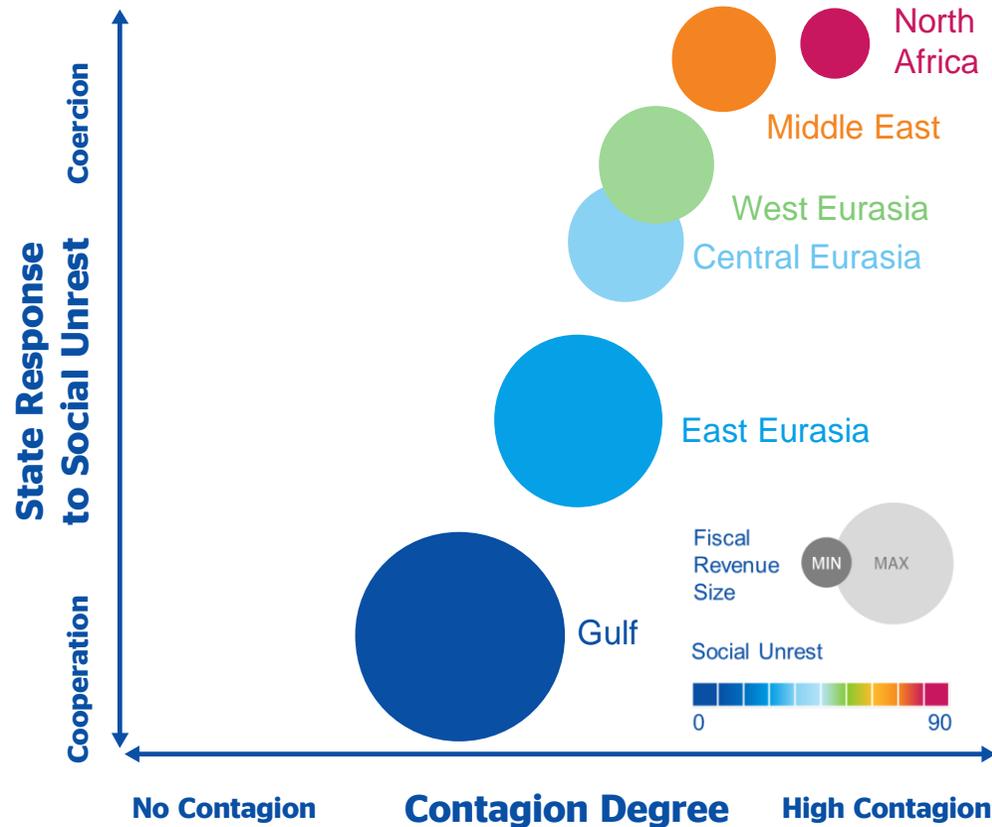
More worrisome is the evolution of the conflict in the region, which **has surpassed the conflict intensity levels assisted some decades ago**.



The Buffer to cope with the crisis is now lower

Fiscal revenues - state response - social unrest degree relationship

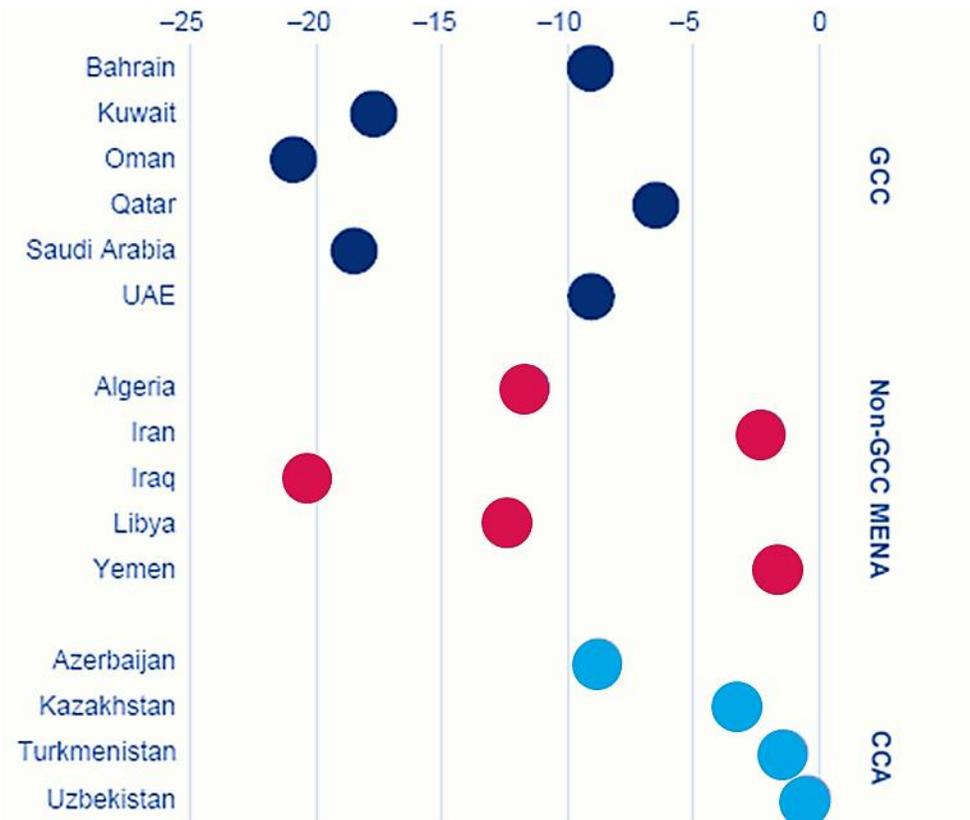
Source: www.gdelt.org & BBVA Research



Impact of Lower Prices on Fiscal balances 2014-15

(% GDP)

Source: www.gdelt.org & BBVA Research

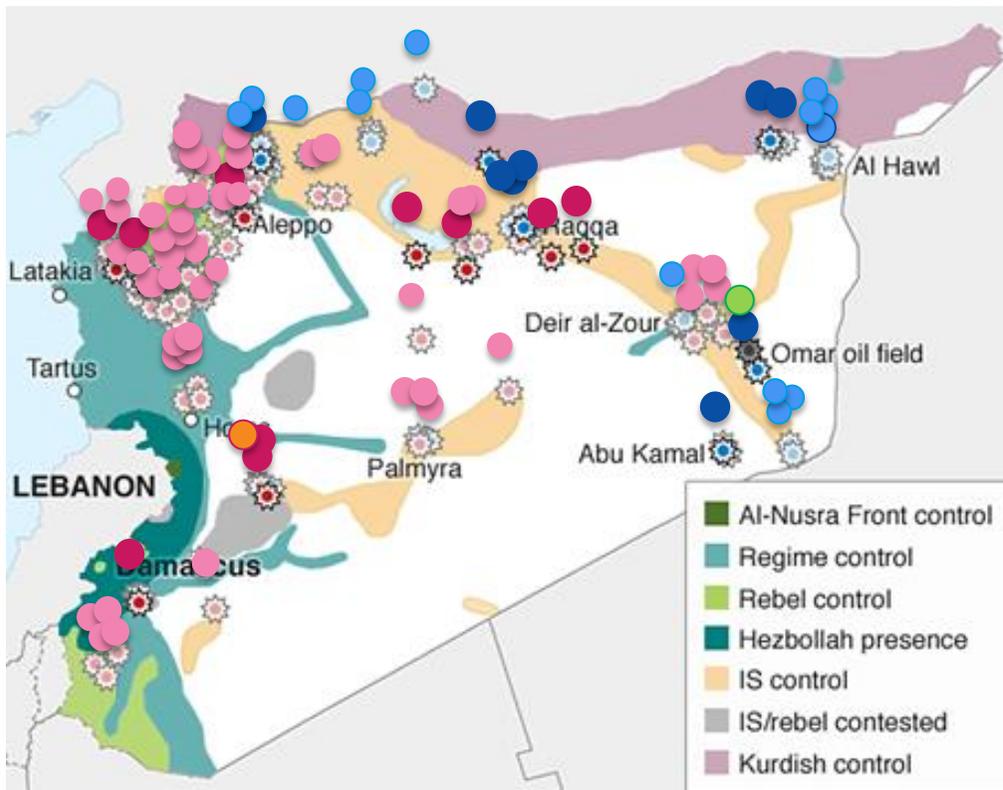


*Change in the countries' fiscal balance due to the projected drop in oil price

Syria: escalation after Russia entered in the game

Control of Terrain and strikes in Syria

Source: ISW & BBVA Research



UK

Other Coalition

Russian

● From 1 Dec -

● From 1 Dec -
● 30 Sept to 30 Nov

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● 30 Sept to 30 Nov

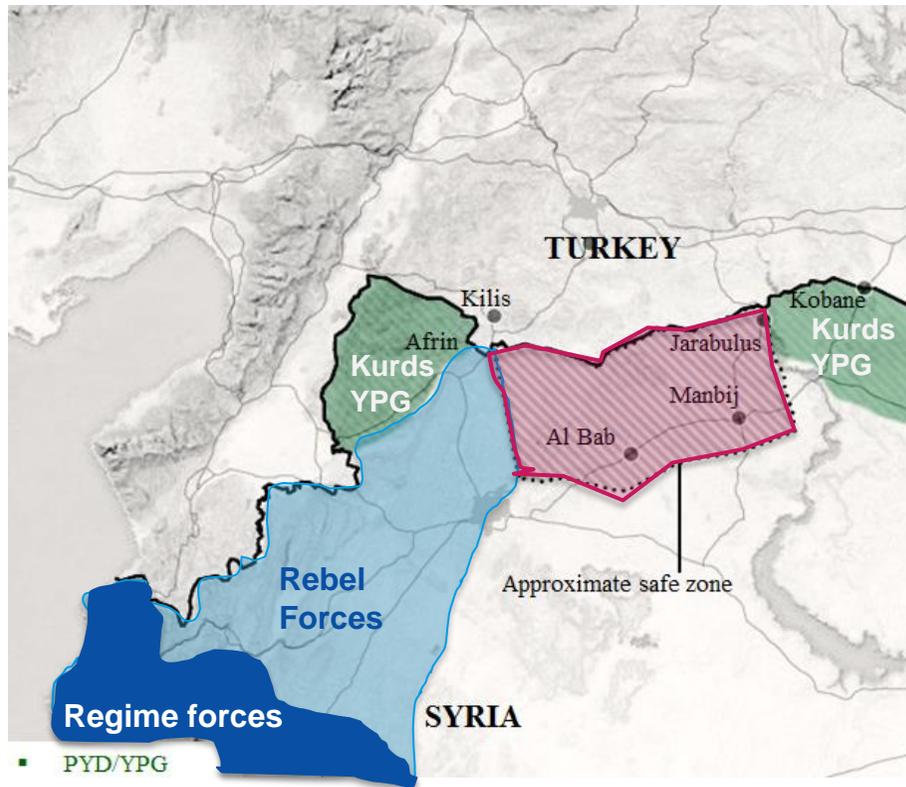
- Most of the Russian attacks have been delivered in Aleppo (ISIS and Syrian Rebels), Homs (Syrian rebels) and more recently in Raqqa (ISIS) together with the International Coalition.
- ISIS lost some provinces in northern Syria and in Iraq, but intensified its attacks both in the rest of Syria and in the global realm.
- ISIS launched strikes near Aleppo, Hama and Homs, which attracted more Russian airstrikes conducted from its Syrian and outer bases.
- ISIS lost provinces in Ramadi and Sinjar in Iraq.
- Attacks in Ankara, Beirut and Paris are the sign of ISIS's global pursuit of power.
- ISIS threatens other Western countries, escalating its attacks.
- Violence in Europe and in the Middle East will change the course of the war against ISIS.

Turkey maintains its idea a no-fly zone, but Russians insist in support Al Assad

Turkey's safe-zone plan

(The only part of Turkey-Syria border held by ISIS and free from YPG)

Source: NY Times & BBVA Research



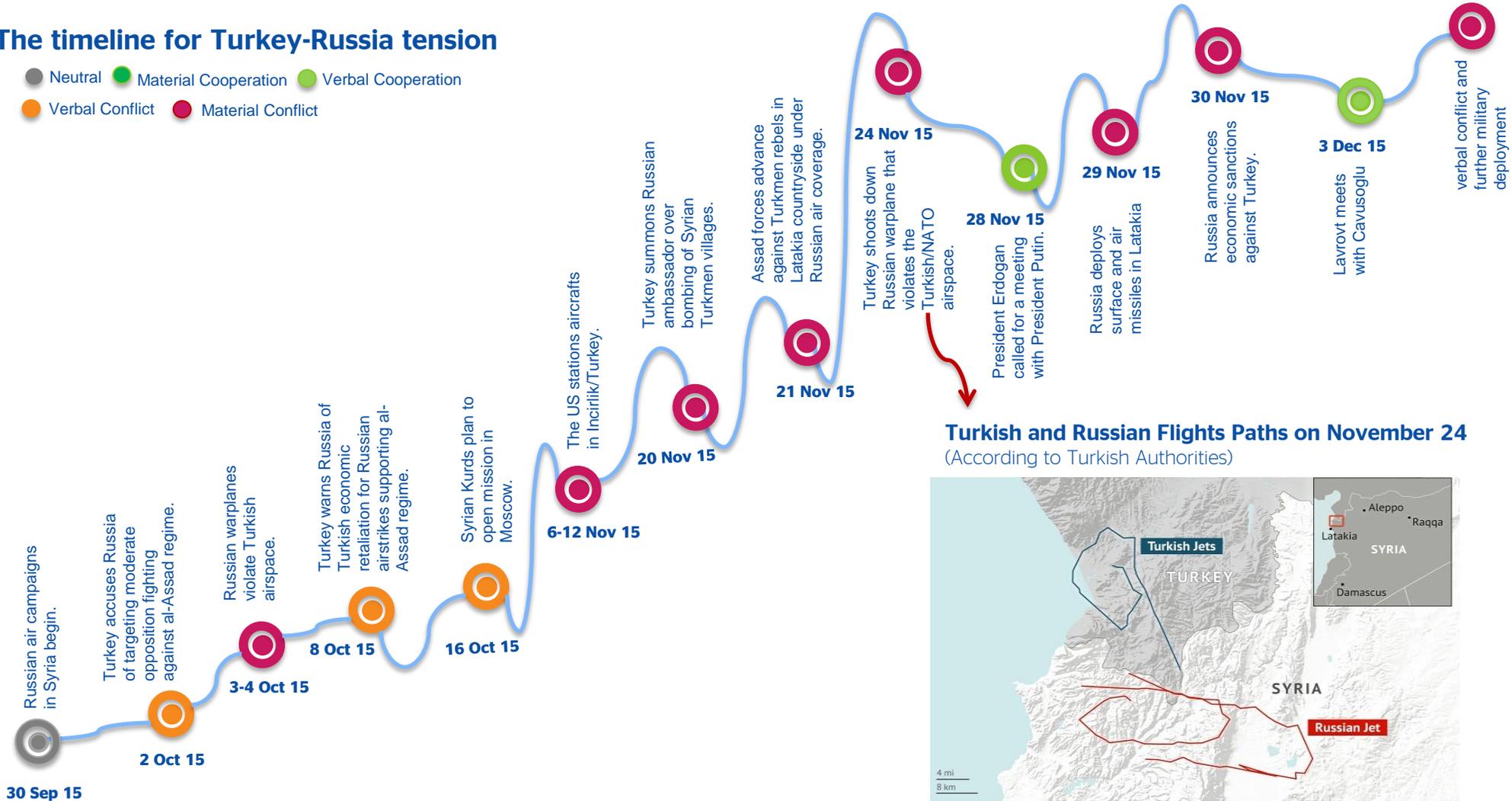
- Turkey wants to open a land corridor free from its enemies through the Arab world.
- Syrian refugees could be hosted within this safe zone.
- Turkey could make a military intervention if the YPG marches through the west of Euphrates.
- Turkey offered to take part of a Grand Coalition to push for these plans above, but not with its own ([Syria: Pressure to act in Syria increased after Paris](#)). Turkmen rebels' boots would be on the ground.
- Russian/Regime operations against Turkmen in Syria and recent crisis with Moscow endangered Turkey's safe zone plan ([Syria: Russian airstrikes woes](#)).



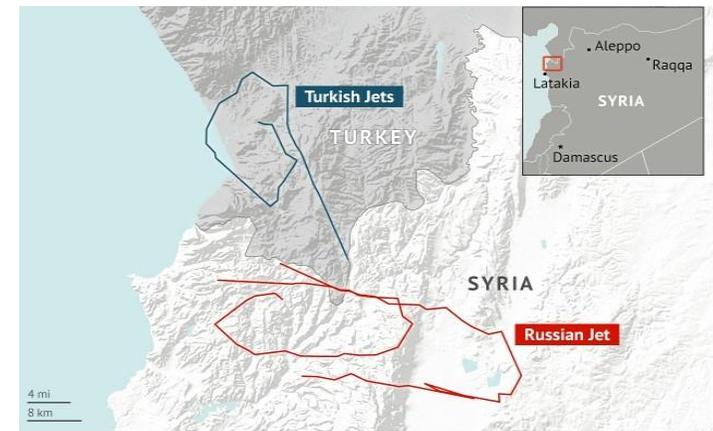
The situation escalates rapidly after the downing of the Russian warplane

The timeline for Turkey-Russia tension

- Neutral
- Material Cooperation
- Verbal Cooperation
- Verbal Conflict
- Material Conflict



Turkish and Russian Flights Paths on November 24
(According to Turkish Authorities)



There are some alternatives for Turkey to cope with energy problems

Approximate routes of competing Pipelines

(Political Economy of Syrian Proxy War)

Source: BP, Gazprom & BBVA Research

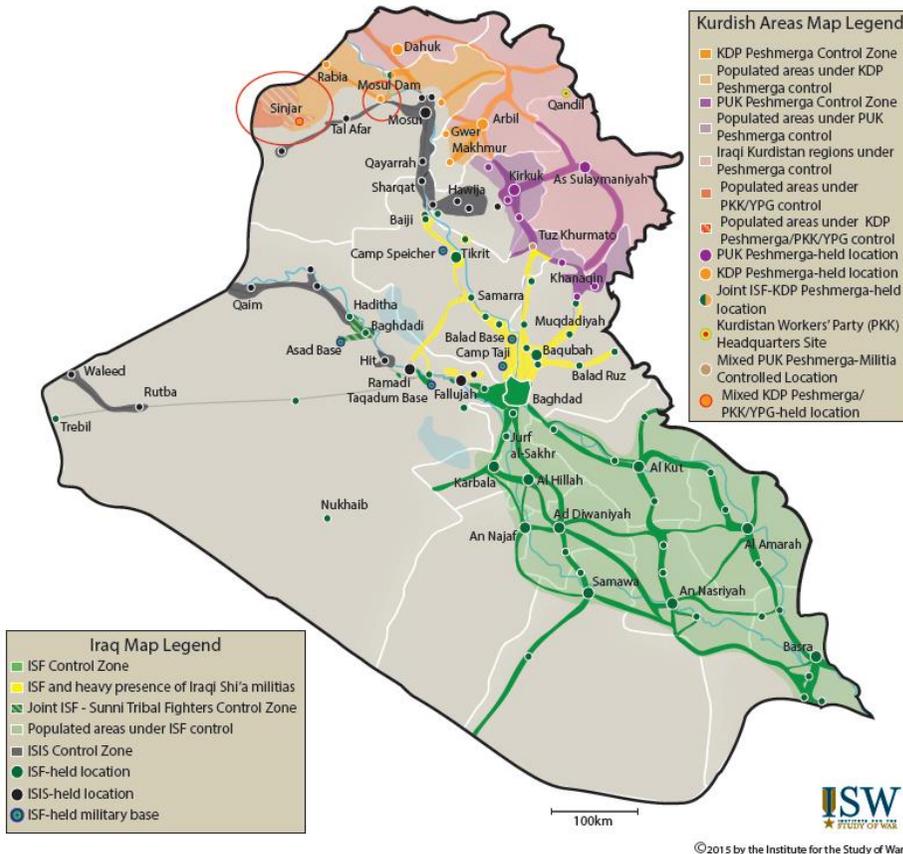


- **Proxy warring parties in Syria were also the sponsors of competing pipeline projects** ([Syria: Pipeline wars](#)).
- **Advocates of Qatar-Turkey Pipeline:** Saudi Arabia, Turkey, Qatar.
- **Advocates of Iran-Iraq-Syria (IIS) Pipeline:** Russia, Iran, Iraq, Syria (al-Assad).
- **Qatar-Turkey Pipeline** would serve Saudi Arabia to bypass Iranian threats to block the Persian Gulf and would also serve Turkey to decrease its dependence on Russian gas.
- **IIS Pipeline** would serve Iran to sell gas from an allied territory and would serve Russia to sustain its patronage over Syrian economic interests.

The situation on Iraq is still fragile and pressured by the proxies

Iraq control of terrain (November 2015)

Source: ISW



- **PM Abadi pushed for reforms** under Grand Ayatollah Ali al-Sistani's coverage, who is a leading Shi'a cleric ([Iraq: On the brink of a political crisis favoring ISIS](#)).
- **But Iran proxies in Iraq utilizes the political/military crisis in Iraq** (depleting oil revenues and ISIS) to topple PM Abadi and reinstate VP Maliki the President.
- **Recent gains in Ramadi and Sinjar will give a way to liberate the Mosul from ISIS**, which will provide a strategic upper hand to the Iraqis.
- **However, Iraq has deeper problems.** Contested areas captured by Kurdish Peshmerga like Kirkuk and Shi'a fighters' dominance in fight against ISIS may create ethnic and sectarian discomfort in the country.
- As Kurdish Region of Iraq's importance is increasing for Turkish energy security after the tension with Russia, **Turkey's intervention into the region may intensify and this will escalate the crisis between Ankara and Baghdad.**

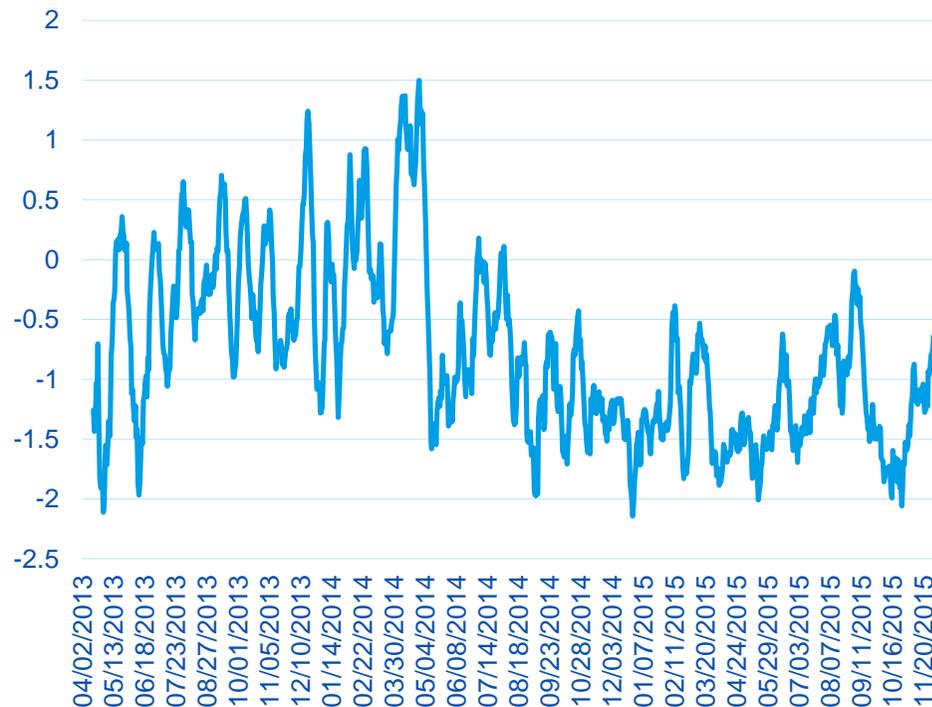


Main powers are facing the new situation in a divergent way... Iran is adapting well to it

Iran economic pulse

(Tone of the economy in Iran. Lower values indicates a worse perception)

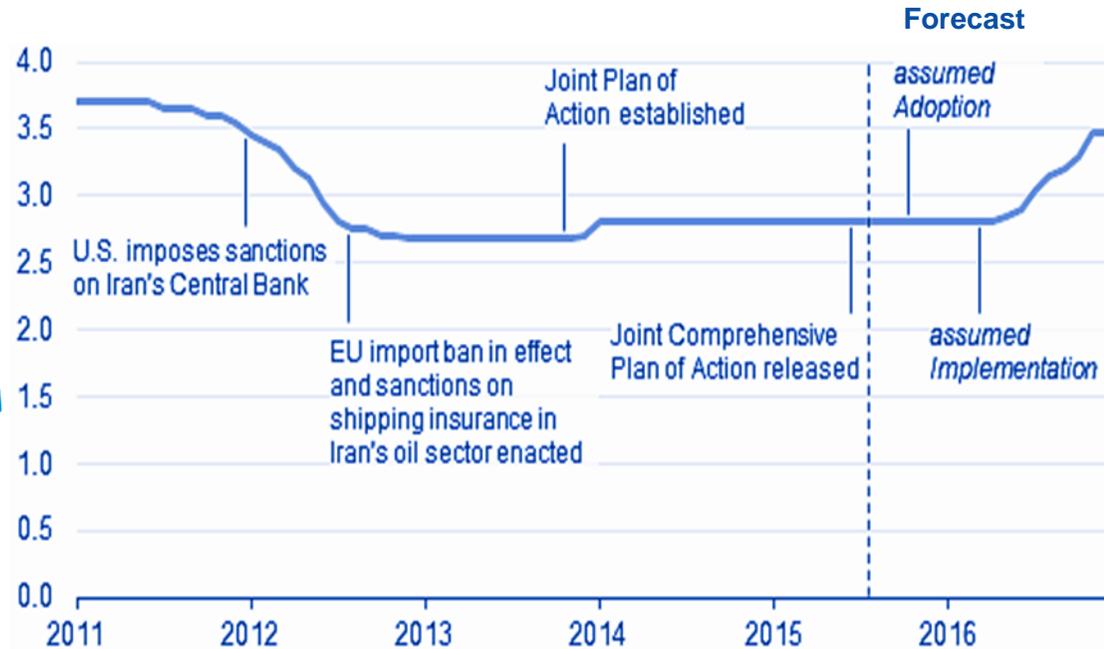
Source: www.gdelt.org & BBVA Research



Iran Oil Crude Production

(in million of barrels per day)

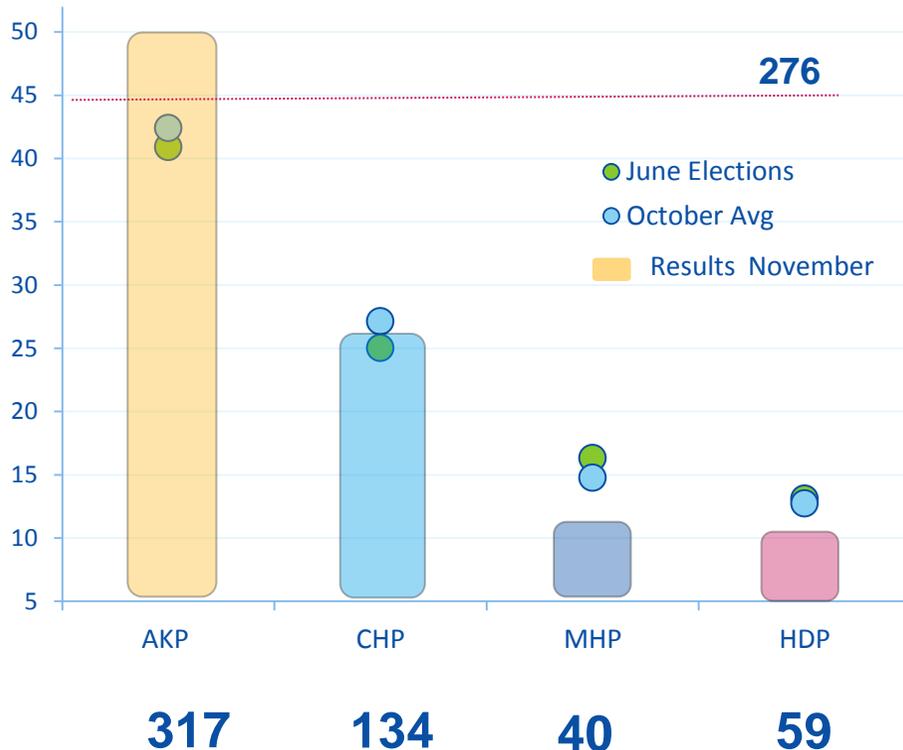
Source: EIA



In Turkey, elections finally supported a new Majority for the AKP

Turkey: Elections Polls and Results

(%vote intention and final vote)
Source: BBVA Research and official election results



* 330 seats needed to call a referendum

Turkey: Key Issues of the new legislative period

Source: BBVA Research

The constitutional reform & the potential change in the Presidential System

The Kurdish question and the possibility of a renewal of the “peace process”

Uncertainty on the new Government and the Economics Team has finished...

... but more important will be the economic policies and reforms to implement

A redefinition of the Foreign Policy... and new challenges to cope with the Middle East situation

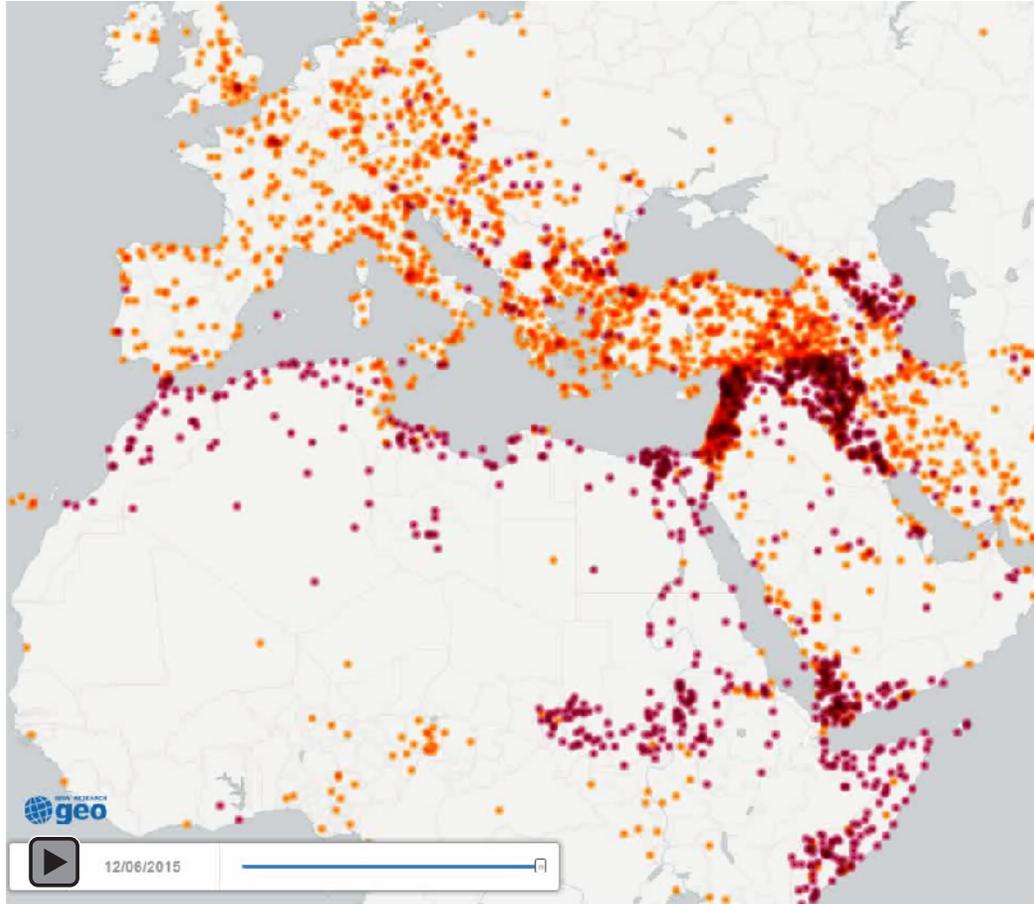
A new approach to the EU

The refugee crisis is still unsolved and has the potential to create new tensions

BBVA Research Refugees Flows Map in 2015

(Number of media citations about refugees' inflows and outflows)

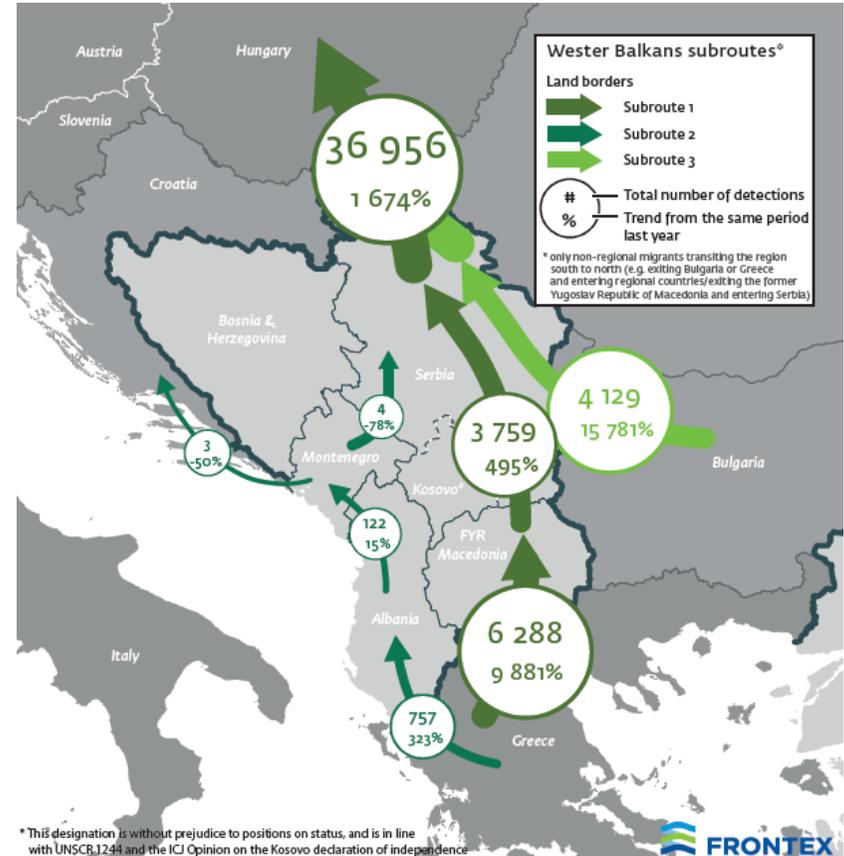
Source: www.gdelt.org & BBVA Research



Main sub-routes used by non-regional migrants through the Western Balkans

(Number of media citations about refugees' inflows and outflows)

Source: Frontex



* This designation is without prejudice to positions on status, and is in line with UNSCR1244 and the ICJ Opinion on the Kosovo declaration of independence



Some of the initiatives can revive the EU-Turkey enlargement process

The Turkey-EU Deal

Source: EU and Turkish Authorities

3 Eur billion funds to cope with the refugees crisis

Visa restrictions will be lifted at the end of 2016

Increasing participation in security meetings

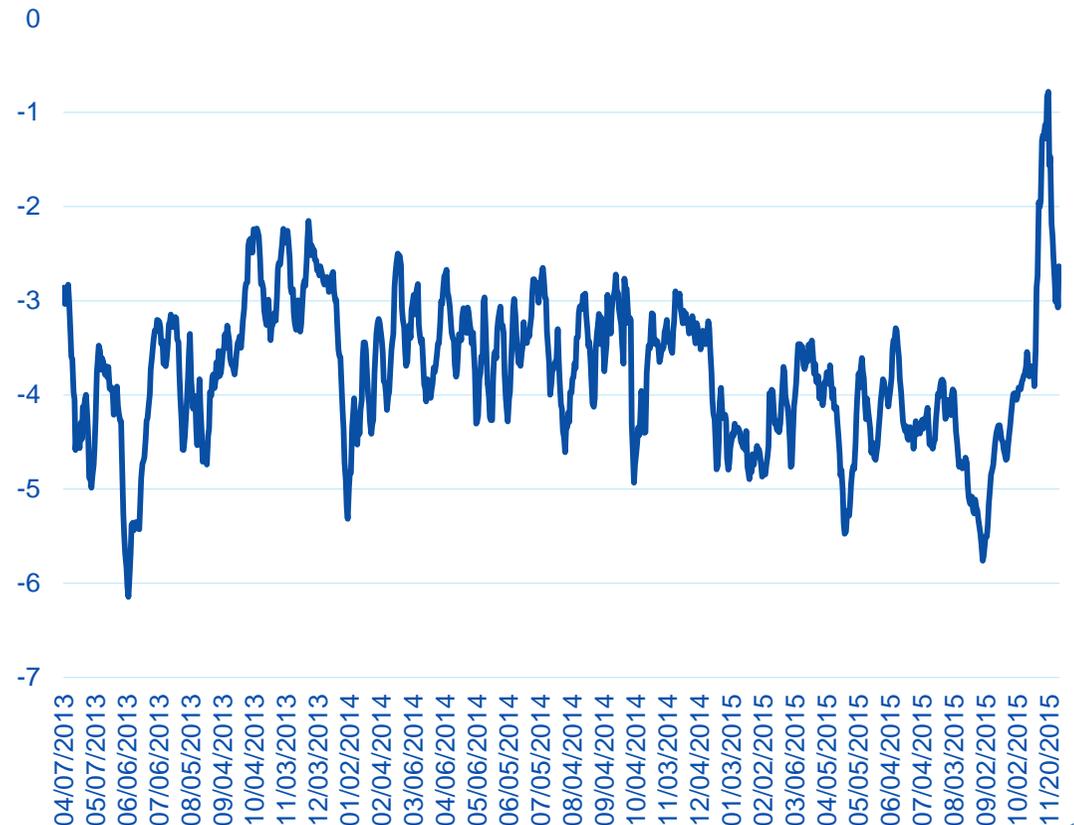
The opening of the chapter 17 on economic issues

Opening of other chapters conditional on other countries

Media sentiment on Turkey - European Union relationship

Lower values indicate a deterioration of Turkey-EU relations

Source: www.gdelt.org & BBVA Research



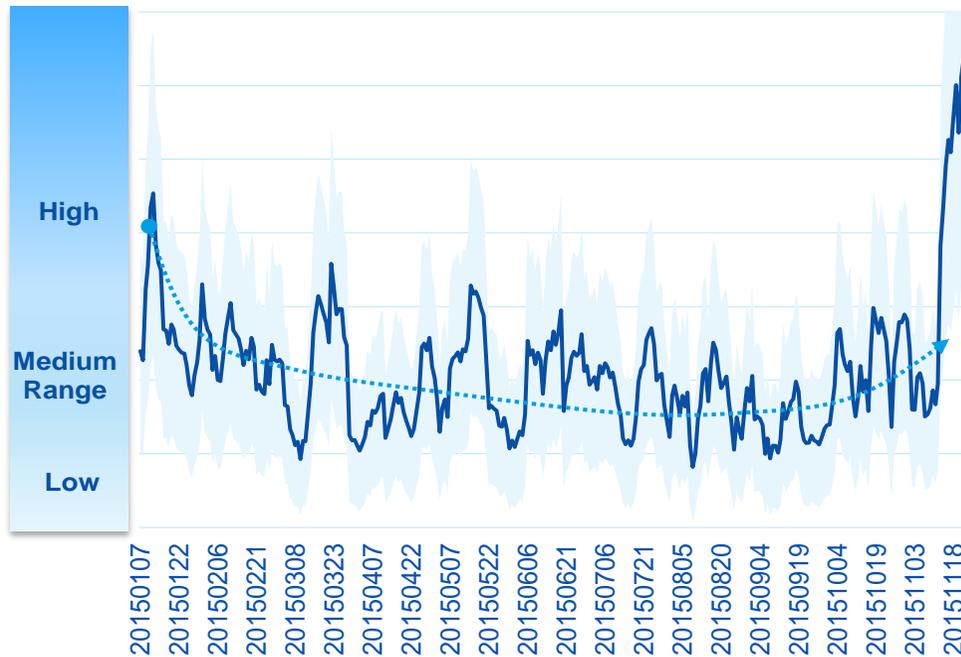


What it is clear is that is no longer a problem of the far East

Europe: Conflict Intensity Index during 2015

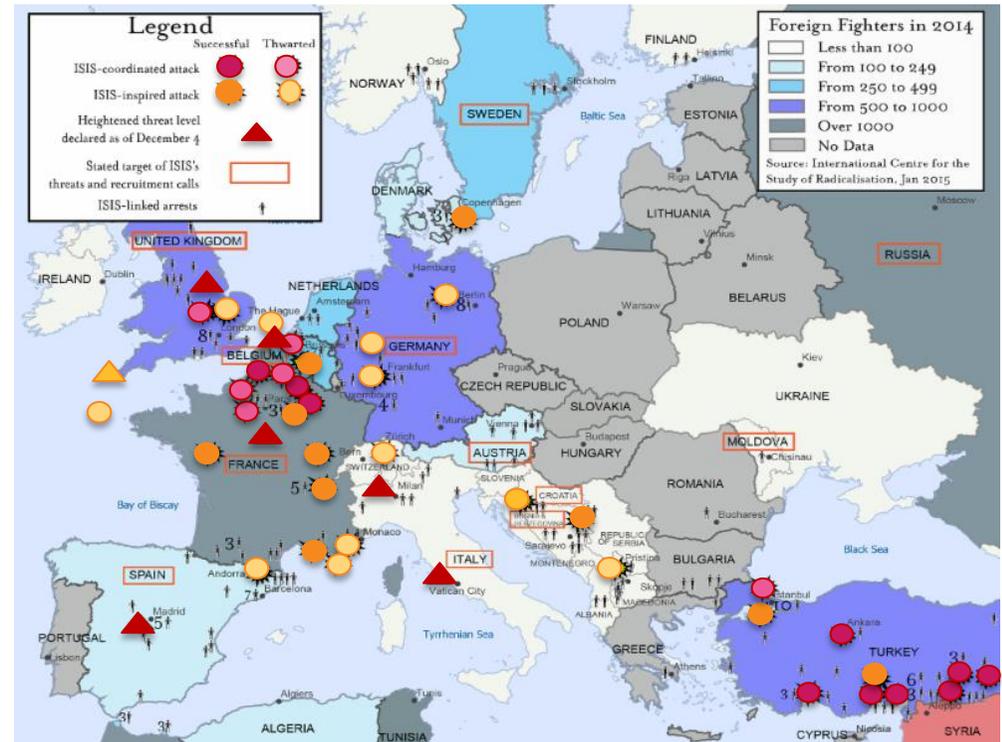
(Number of conflicts / Total events)

Source: www.gdelt.org & BBVA Research



ISIS linked Events in Europe (jan 2014 - December)

Source: ISW & BBVA Research



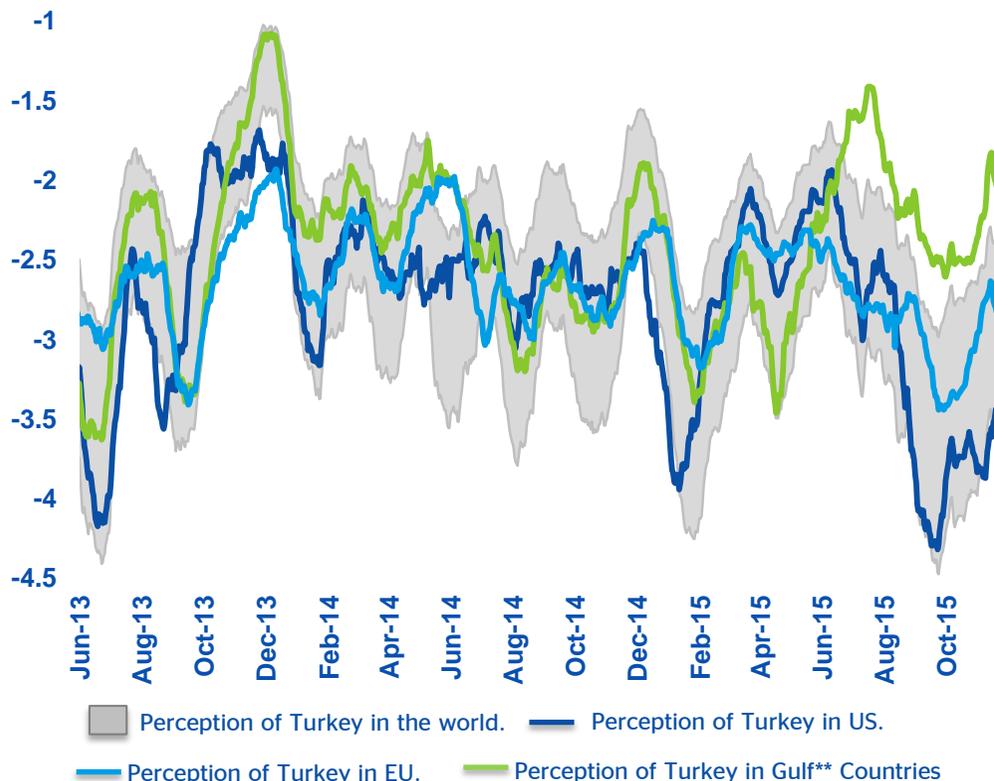


Turkish foreign policy still more valued in the East than in the West

Turkey's perception in the world

(Average tone* of Turkey's perception in the world-confidence bands- with respect to different focal areas -timelines)

Source: www.gdelt.org & BBVA Research



Turkish foreign policy remains more valued in the East than in the West

The US perception of the Turkey policy is recovering from a sizeable drop

* We use the "tone" of the world's news media coverage of the perception of Turkey in different countries. (higher numbers indicate more positive tone and a better perception, while negative numbers indicate more negative tone and worse perception.).

** The Gulf Countries' perception Index includes all countries in the Persian Gulf (Saudi Arabia, Kuwait, Iraq, Bahrain, Qatar, UAE, Oman) weighted by their population.

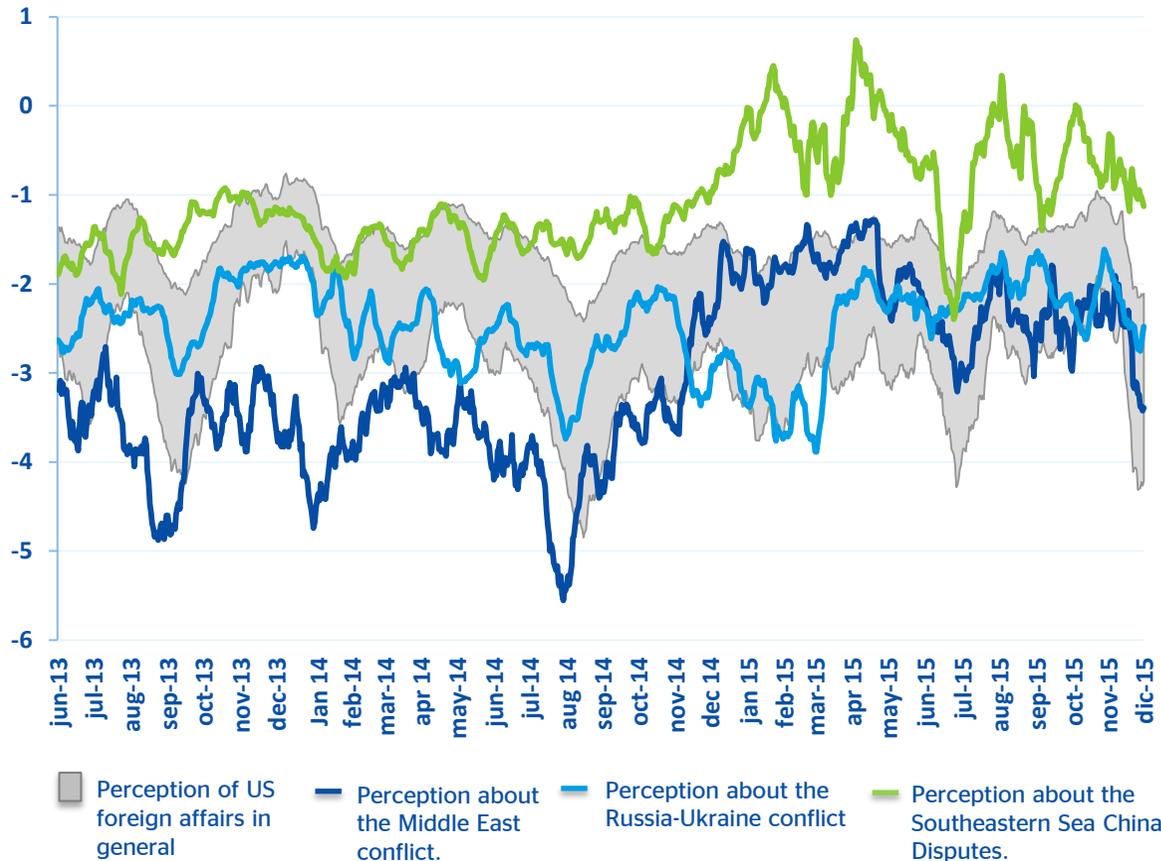


The US administration “soft power” on the Middle East is weakening

Obama Administration’s perception on foreign affairs

(Average tone* of the Middle East’s perception in the world-confidence bands- with respect to US, EU and China -timelines)

Source: www.qdelt.org & BBVA Research



Perception of US strategy continues to be best valued

While the US strategy to Middle East continues to deteriorate

* We use the "tone" of the world's news media coverage of the perception of the Middle East in different regions. (higher numbers indicate more positive tone and a better perception, while negative numbers indicate more negative tone and worse perception).

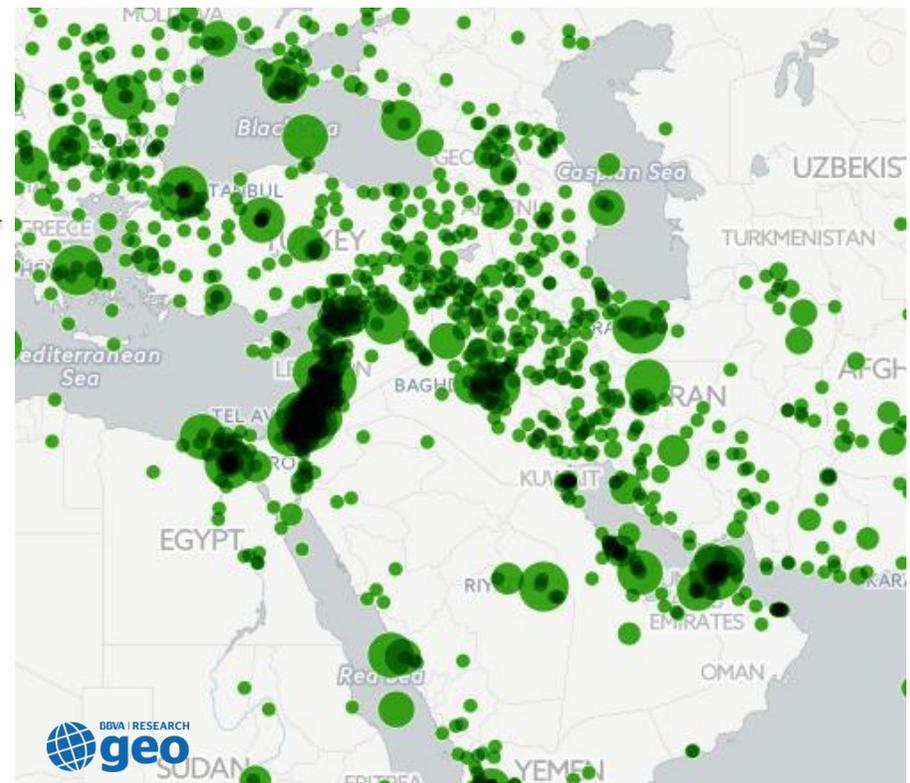


The “cyber” option is being intensive in the Middle East

Cyber Map Project

News on cyber warfare, cyber attacks, data breaches or another other issues relating to computer and online security. The interactive dynamics would link in each particular georeferenciated point to individual news.

Source: www.gdelt.org & BBVA Research

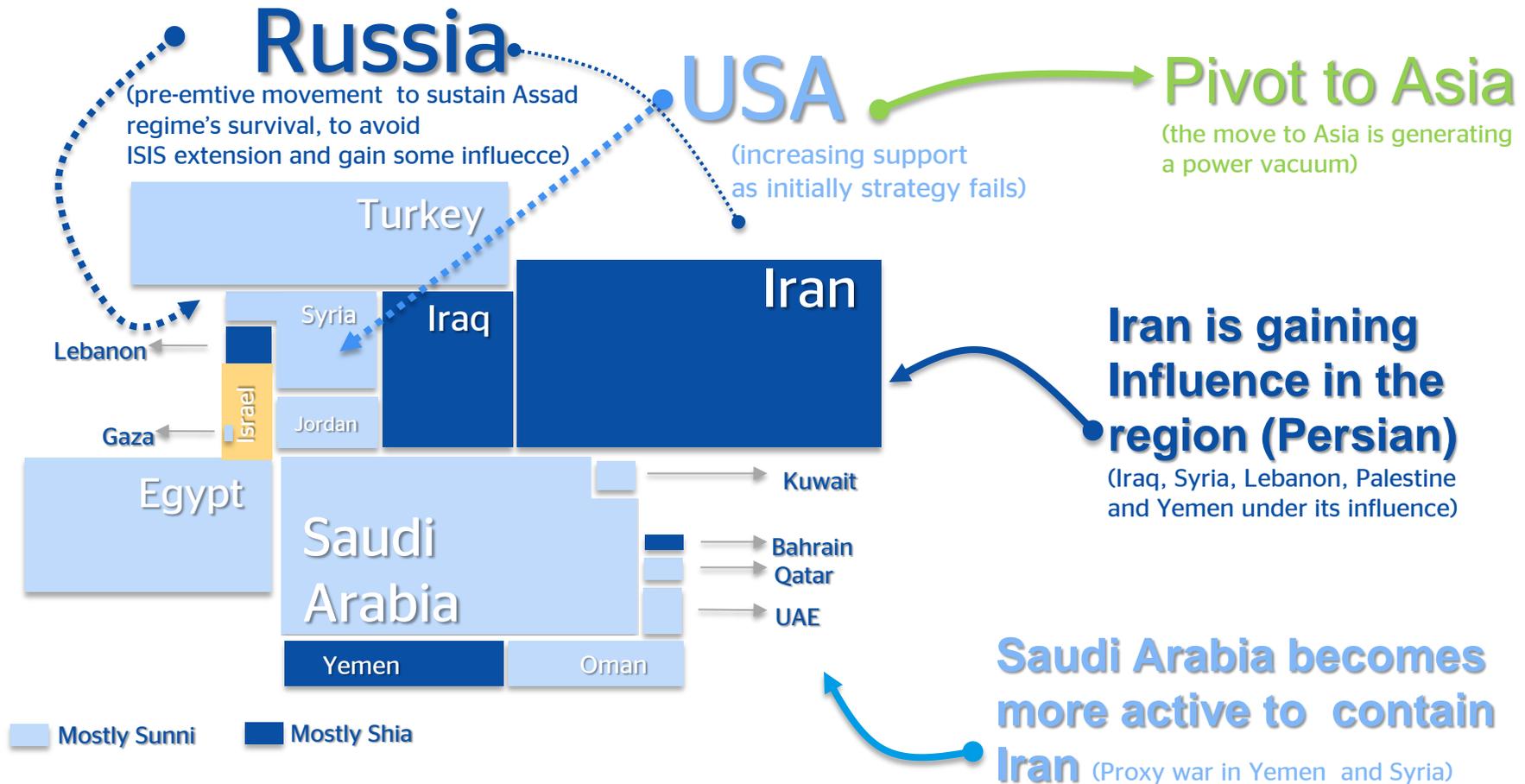




The Geopolitics in the Middle East

The geopolitics of the Middle East

Source: BBVA Research



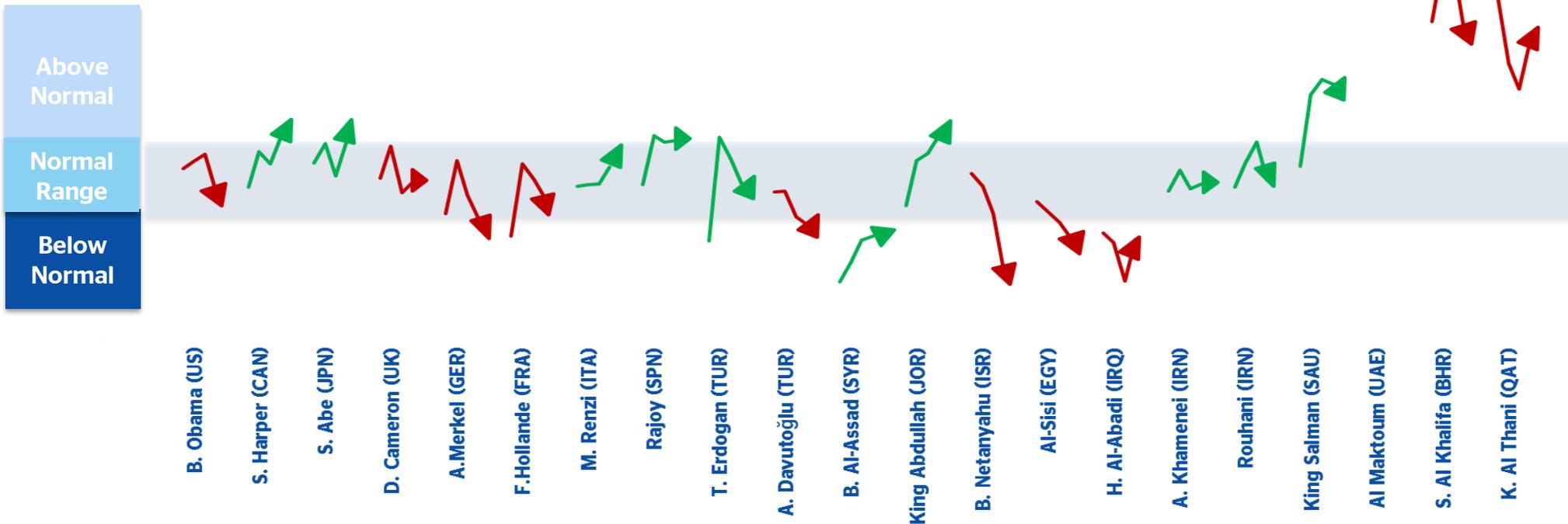


Middle East Leader Tone

World Leader Tone index (Evolution from Jan 2014 to Mar 2015)

(Evolution of the "Tone" of world leaders)

Source: www.gdelt.org & BBVA Research



* We use the "tone" of the world's news media coverage of the leaders as a sort of popularity index that might give us insights into their respective futures . it's closer to an assessment of his strength as a leader. (higher numbers indicate more positive tone, while negative numbers indicate more negative tone).



Geo MENA Report Annex Methodology: Tracking Protests and Conflicts

We have developed a tracking of protest and conflict indexes for every country in the world since 1 January 1979 through present day with daily, monthly, quarterly and annual frequencies. To construct this, we use a rich 'big database' of international events (GDELT at www.gdelt.org) which monitors the world's events covered by the news media from nearly every corner of the world in print, broadcast, and web formats, in over 100 languages, every moment of every day updated every 15 minutes.

- **BBVA Protest Intensity Index:** We collect every registered protest in the world for a particular time which are separately collated under the various headings of the **CAMEO taxonomy** as: demonstrate or rally, demonstrate for leadership change, demonstrate for policy change, demonstrate for rights, demonstrate for change in institutions and regime, conduct hunger strike for leadership change, conduct hunger strike for policy change, conduct hunger strike for rights, conduct hunger strike for change in institutions and regime, conduct hunger strike not specified before, conduct strike or boycott for leadership change, conduct strike or boycott for policy change, conduct strike or boycott for rights, conduct strike or boycott for change in institutions and regime, conduct strike or boycott not specified before, obstruct passage or block, obstruct passage to demand leadership change, obstruct passage to demand policy change, obstruct passage to demand rights, obstruct passage to demand change in institutions and regime, protest violently or riot, engage in violent protest for leadership change, engage in violent protest for policy change, engage in violent protest for rights, engage in violent protest for change in institutions and regime, engage in political dissent not specified before.
- **BBVA Conflict Intensity index:** In the same way, we collect every registered conflict in the world for a particular time considering a **wide variety of conflicts under the CAMEO taxonomy headings** as: impose restrictions on political freedoms, ban political parties or politicians, impose curfew, impose state of emergency or martial law, conduct suicide, carry out suicide bombing, carry out car bombing, carry out roadside bombing, car or other non-military bombing not specified below, use as human shield, use conventional military force not specified before, impose blockade, restrict movement, occupy territory, fight with artillery and tanks, employ aerial weapons, violate ceasefire, engage in mass expulsion, engage in mass killings, engage in ethnic cleansing, use unconventional mass violence not specified before, use chemical, biological, or radiological weapons, detonate nuclear weapons, use weapons of mass destruction not specified before.

Using this information, we 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 GDELT 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 thus for the exponential rise in media coverage over the last 30 years and the imperfect nature of computer processing of the news.



Methodology: emotional indicator and coding system in GDELT

The **GDELT database** offers several mechanisms for assessing the “**importance**” or “**impact**” of a particular **event**. The most common measures are:

- **Goldstein Scale.** This is a widely used scale in geopolitics that maps WEIS event codes onto a number representing level of conflict or cooperation. Each **CAMEO event code** is assigned a numeric **score from -10 to +10**, capturing the theoretical **potential impact** that type of event will have **on the stability** of a country. This is known as the Goldstein Scale. This field specifies the Goldstein score for each event type. NOTE: this score is based on the type of event, not the specifics of the actual event record being recorded. Thus two riots, one with 10 people and one with 10,000, will both receive the same Goldstein score. This can be aggregated to various levels of time resolution to yield an approximation of the stability of a location over time.
- **Average Tone.** This is the average “tone” of all documents containing one or more mentions of this event. The score ranges from -100 (extremely negative) to +100 (extremely positive). **Common values range between -10 and +10**, with 0 indicating neutral. This can be used as a method of filtering **the “context” of events** as a subtle measure of the importance of an event and as a proxy for the “impact” of that event. For example, a riot event with a slightly negative average tone is likely to have been a minor occurrence, whereas if it had an extremely negative average tone, it suggests a far more serious occurrence. A riot with a positive score probably suggests a very minor occurrence described in the context of a more positive narrative (such as a report of an attack occurring in a discussion of improving conditions on the ground in a country and how the number of attacks per day has been greatly reduced). To measure the emotional connotation in which the event appears, GDELT uses the tonal dictionary from Shook et al (2012). This scale goes beyond CAMEO event codes and is the measure that we use in the report.

To extract all this information from the text, the data are coded using the **open-source Petrach system** for events and additional software for location and tone. This coding engine identifies all named entities through noun phrases: all nouns, verbs, adjectives, adverbs,.. in the text. Unidentified cases can be separately processed with named-entity-resolution software. The speed of the algorithm is achieved through the use of shallow parsing algorithms and parallel processing.



BBVA

RESEARCH

This report has been produced by Emerging Markets Unit, Cross-Country Analysis Team

Chief Economist for Emerging Markets

*Chief Economist,
Cross-Country Emerging Markets Analysis*

Álvaro Ortiz Vidal-Abarca
+34 630 144 485
alvaro.ortiz@bbva.com

Tomasa Rodrigo
+3491 537 8840
tomasa.rodrigo@bbva.com

Yigit Engin
+90 212 318 10 60
yigite@garanti.com.tr

BBVA Research

Group Chief Economist

Jorge Sicilia

Cross Country Emerging Economies

Cross-Country Emerging Markets Analysis

Álvaro Ortiz Vidal-Abarca

alvaro.ortiz@bbva.com

Asia

Stephen Schwartz

stephen.schwartz@bbva.com.hk

Mexico

Carlos Serrano

carlos.serrano@bbva.com

Latam Coordination

Juan Ruiz

juan.ruiz@bbva.com

Argentina

Gloria Sorensen

gsorensen@bbva.com

Chile

Jorge Selaive

jselaive@bbva.com

Colombia

Juana Téllez

juana.tellez@bbva.com

Peru

Hugo Perea

hperea@bbva.com

Venezuela

Oswaldo López

oswaldlo.lopez@bbva.com

Developed Economies:

Rafael Doménech

r.domenech@bbva.com

Spain

Miguel Cardoso

miguel.cardoso@bbva.com

Europe

Miguel Jiménez

mjimenezg@bbva.com

US

Nathaniel Karp

nathaniel.karp@bbvacompass.com

Global Areas:

Financial Scenarios

Sonsoles Castillo

s.castillo@bbva.com

Economic Scenarios

Julián Cubero

juan.cubero@bbva.com

Innovation & Processes

Oscar de las Peñas

oscar.delaspenas@bbva.com

Financial Systems & Regulation:

Santiago Fernández de Lis

sfernandezdelis@grupobbva.com

Financial Systems

Ana Rubio

arubiog@bbva.com

Financial Inclusion

David Tuesta

david.tuesta@bbva.com

Regulation and Public Policies

María Abascal

maria.abascal@bbva.com

Recovery and Resolution Policy

José Carlos Pardo

josecarlos.pardo@bbva.com

Contact details:

BBVA Research

Paseo Castellana, 81 - 7th floor

28046 Madrid (Spain)

Tel. + 34 91 374 60 00 and + 34 91 537 70 00

Fax. +34 91 374 30 25

bbvaresearch@bbva.com

www.bbvaresearch.com

BBVA Research Asia

43/F Two International Finance Centre

8 Finance Street Central

Hong Kong

Tel: +852 2582 3111

E-mail: research.emergingmarkets@bbva.com.hk



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