

## GEOSTRATEGIC ANALYSIS

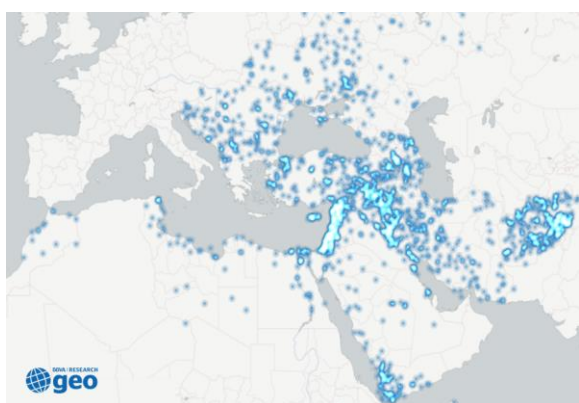
## Geo-World: Conflict &amp; Social Unrest - June Update

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Important setbacks of ISIS in its core terrain in Northern Syria and Iraq took place during the month thanks to the efforts of the US led coalition and pro-regime forces in Syria and the Iraqi Security Forces in Iraq. Russia continued intensifying its air campaign in Syria on behalf of al-Assad. However, ISIS maintains its potential for destabilizing and keeping terror abroad intact such as the Istanbul, Baghdad and Orlando attacks showed. The Brexit decision opened the door to new uncertainties in Europe at least in the short term and risks of further nationalist claims in Europe could become more evident. Social unrest in North Africa remains worrisome as well as in some Latin American countries. In Asia, tensions over maritime claims in the South China Sea are still active, with risks of escalation.

## Geopolitical conflicts around the world increased during June...

Figure 1  
BBVA Research MENA Conflict Heatmap (June)  
(cumulative number of conflicts / Total events)



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

**A worrying Ramadan**

ISIS conducted great attacks in Iraq (Baghdad), Lebanon, Jordan and Turkey during the celebrations of Ramadan.

**Important setbacks of ISIS in its core terrain, contrasting with brutal attacks abroad**

Significant threats of ISIS in its core terrain in Northern Syria (Aleppo) and Iraq (Fallujah) took place, but the Group carried out important attacks abroad such as the ones in Orlando and Bangladesh.

**Violence in eastern Ukraine intensified**

Heavy fire along the Ukraine-Separatist frontline and the presence of heavy weapons increased.

The BBVA Research World Conflict Intensity Index<sup>1</sup> increased during June given that some of regional conflicts remain intact and some others deteriorated:

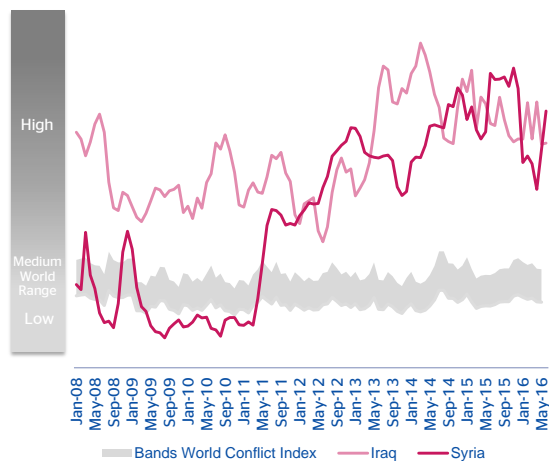
- **In Syria and Iraq, the situation continues critical despite some setbacks of ISIS on its core terrain.** The US led Syrian Democratic Forces (Arab forces and YPG) surrounded the key transit hub of Manbij (Eastern Aleppo), threatening to cut the last remaining supply lines available to ISIS over the Syrian-Turkish Border. On the other hand, the Iraqi Security Forces finalized its operation to retake Fallujah from ISIS. As response, ISIS carried out an important attack in Baghdad with at least 140 deaths and 150 injured. Russia intensified its air campaign in Syria on behalf of al-Assad and Iran is increasing its military presence. Further risks of a new humanitarian crisis in Aleppo are well alive.
- However, the **ISIS potential to terror and destabilize abroad remains unaltered and even increased during the Ramadan.** The attacks in Orlando, Turkey, Lebanon, Jordan and Bangladesh.
- **In Eastern Europe, violence in eastern Ukraine intensified** during the month. Incidents along the Ukraine-Separatist frontline have come under heavy separatist fire in recent weeks with a marked rise of

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

ceasefire violations and the increase of heavy weapons in Donbas. Further military action could be expected in the short term. Our conflict index in the Caucasus also continued to deteriorate.

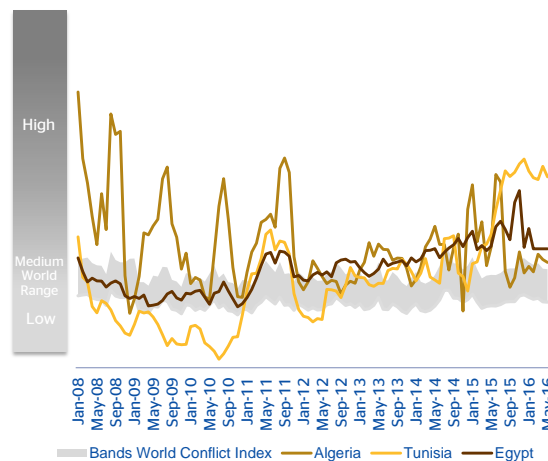
- **In Asia, maritime disputes over the South China Sea remain on the fore, although levels on conflict are below the world average.** China accused the Indonesian navy of opening fire on a Chinese fishing boat in disputed fishing grounds. This prompted China to protest strongly through diplomatic channels, claiming that Indonesia violated international laws. Indonesia increased its defense budget for 2016 and will use some of the funds to upgrade the air base and build a port on the Natuna Islands, whose nearby waters are claimed by China. China claimed that it may withdraw from the UN Convention on the Law of the Sea if an international tribunal rules in favor of Philippines in an impending case regarding its territorial claims. China also suspended diplomatic ties with Taiwan in response to the new President's failure to endorse the "One China" principle. As response, Taiwan accidentally fired a supersonic aircraft carrier missile towards China. Ballistic tests by North Korea remain risky.

Figure 2  
**BBVA Research Middle East Conflict Intensity Index 2008-16 (Number of conflicts / Total events)**



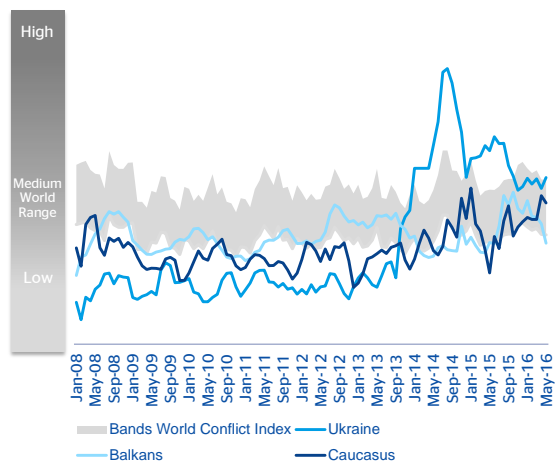
Source: [www.dgelt.org](http://www.dgelt.org) & BBVA Research

Figure 3  
**BBVA Research North Africa Conflict Intensity Index 2008-16 (Number of conflicts / Total events)**



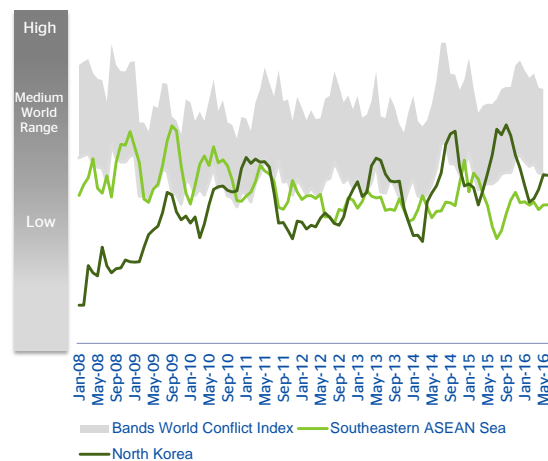
Source: [www.dgelt.org](http://www.dgelt.org) & BBVA Research

Figure 4  
**BBVA Research Eastern Europe Conflict Intensity Index 2008-16 (Number of conflicts / Total events)**



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

Figure 5  
**BBVA Research Asia Conflict Intensity Index 2008-16 (Number of conflicts / Total events)**

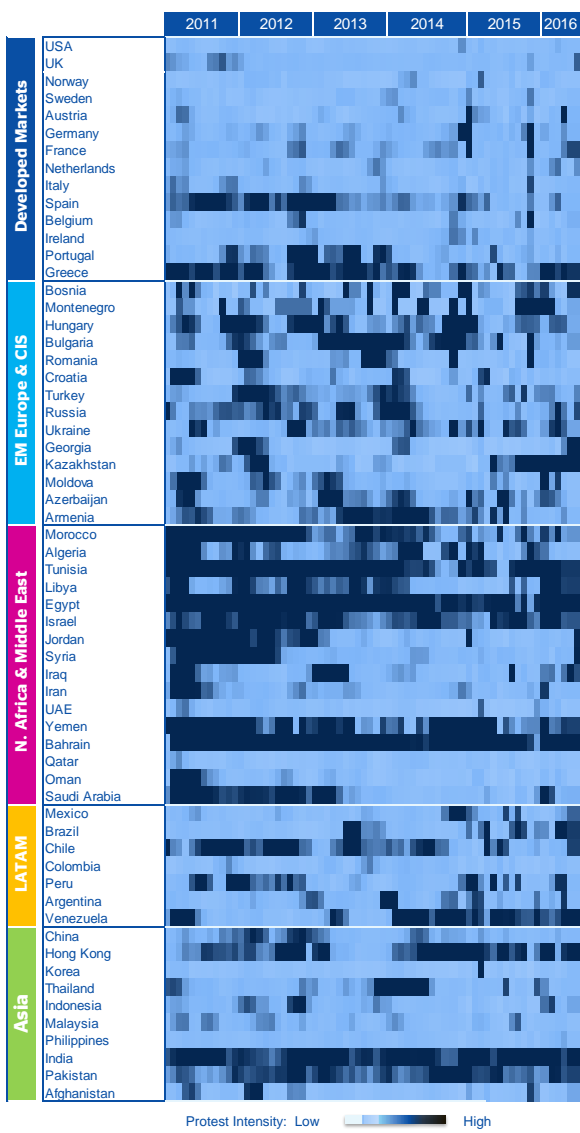


Source: [www.dgelt.org](http://www.dgelt.org) & BBVA Research

... while social unrest mildly decreased

The World Protest Index continued slightly decreasing in June (as shown by our BBVA Research World Protest Intensity Index<sup>2</sup>), reaching the long-term average. According to the BBVA Research World Protest Intensity Map, the key takeaways were the following:

Figure 4  
BBVA Research World Protest Intensity Map Jan 2011 – June 2016 (Number of protest / Total events)



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

Summing up

As we warned [last month](#), the Ramadan period has been marked by important ISIS attacks in Iraq (Baghdad) and the neighbouring (Lebanon, Jordan and Turkey). Thus, the MENA region remained as the most worrisome hot spots despite the advances against ISIS in Syria and Iraq. New unknowns, such as the Brexit, arose in Europe at least in the short term. The South China Sea territorial disputes continued also on the fore with serious risks in the near future.

- In regional terms, mild social protest arose in Europe after the Brexit referendum. In Emerging Europe, protests in the Balkans remained. The Middle East and North Africa continued at extreme levels of instability. Protests in Latin America intensified in some countries, while social unrest in Eastern Asia is still limited.
- In Western Europe, the Brexit decision led to some political noise, waking up nationalist sentiments on other European Countries with risks to trigger social unrest in the Continent. **Greece continued as the key hot spot.**
- In Emerging Europe, pressures in the Balkans remained, but more appeased than before thanks to the EU-Turkey Refugee deal. Demonstrations continued in **Kazakhstan and Georgia**. Social unrest also increased in Russia given the extension of economic sanctions for another six months, until January 2017.
- In North Africa and the Middle East, the critical situation persists. Instability in Libya, Tunisia and Egypt remained at extreme levels and erupted in Jordan, protesting against high unemployment and threatening its stability. **The ongoing political crisis in Iraq could also trigger further instability in the country** since ISIS is trying to take advantage of that.
- In Latin America, social tensions mildly rose in **Mexico, Brazil and Chile** and remained at high levels in **Venezuela**.
- In Asia, social unrest remained contained despite some revival of tensions over the territorial claims in the South China Sea.

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

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