

# Geo-World: Conflict & Protest December

## GEOSTRATEGIC ANALYSIS

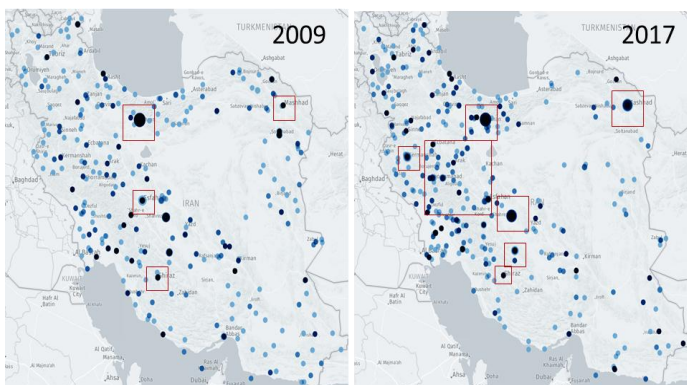
Álvaro Ortiz / Tomasa Rodrigo / Yigit Engin

December 2017

Middle East continues to be at the heart of geopolitical tensions. The dispute over Jerusalem has intensified once again after the U.S. unilaterally decided to move its embassy from Tel Aviv to Jerusalem. The U.N. General Assembly voted to deny that decision. Protests erupted in Iran at the end of the year against the regime amid of unfulfilled economic promises while wasting resources in foreign conflicts. In addition, the war in Yemen escalated to riskier levels as Houthis are targeting Saudi capital with missiles. North Korea faced new sanctions that would target mainly its energy imports, but some rapprochement between North and South Korea was observed on winter olympics. The US announced its readiness to hold talks. Social unrest rose in North Africa and Middle East, as well as in some Asian and Latin American countries.

Th Iranian protests exploded, the U.N. rised against U.S. decision on Jerusalem and the Yemen war intensified

Figure 1 Iran Social unrest map: 2009 vs 2017



Source: www.gdelt.org & BBVA Research

### 128 countries voted against Jerusalem decision

The U.N. General Assembly voted a resolution inked in by Turkey and Yemen that ruled out U.S. Jerusalem decision.

### Protests erupted in Iran throughout the country

Social unrest outbroke in several cities of Iran against the regime, economic policies and corruption.

### Mixed signals from Korea

While the U.N. Security Council increased the pressure over Pyongyang increasing sanctions, South Korea opens the possibility to North Korea to participate in the Winter Olympic Games.

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

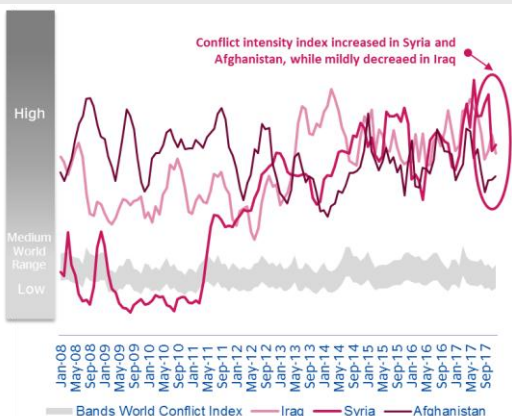
- **Protests broke out in Iran at the end of the year** (Dec 28), starting in Mashhad, Iran's second-largest city by population in the northeastern part, and spreading to cities and towns across the country. More than 20 people had been killed amid the social unrest. Protests focused on the economic policies, although their scope has expanded as protests spread throughout the country rather than concentrate in the big cities as in 2009 (green revolution). These protests are the most intense national challenge to the Iranian government since the 2009 Green Movement (Iranian presidential election protests).
- **After the U.N. Security Council failed to reach a consensus to rule out President Trump's Jerusalem decision due to U.S. veto, the issue was raised in the UN General Assembly (UNGA).** Although, the U.S. administration warned to cut aids if countries voted in favor of Turkey-Yemen resolution on Jerusalem demanded that all countries comply with Security Council resolutions regarding the status of Jerusalem, the resolution has

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

been approved with 128 countries' green light. 35 countries remained abstent and only 9 countries including the U.S. and Israel voted against the resolution.

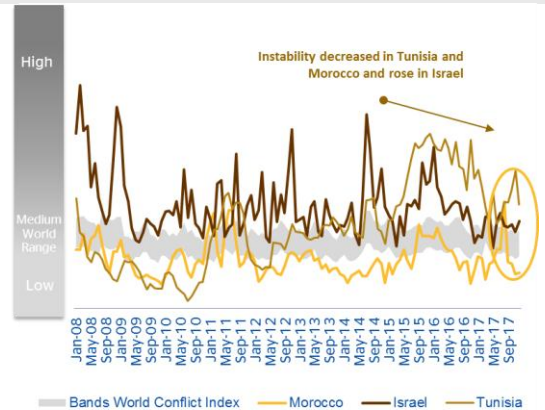
- **Houthi Movement forces fired a ballistic missile targeting a high-level meeting in Riyadh** in mid-December and another missile afterwards targeting Saudi territories. Meanwhile, Saudi-led bloc and U.S. blamed Iran on supporting Houthi movement and its missile attacks. U.S. Ambassador to the U.N. Nikki Haley presented evidences and argued that Iran is accountable for transferring missile systems to Yemen. However, the controversy is still alive. Some European counterparts and technical delegation of the U.N. have question marks on the direct link between Tehran and missiles targeting Saudi Arabia.
- As a response to North Korea's November test of a missile, **the U.N. Security Council increased the pressure over Pyongyang and sanctioned its export sectors, labor mobility and its energy imports**. The exports to North Korea would be limited to 500,000 barrels per year from 4 million barrels per year. However, it was concerned that North Korea could have already stockpiled hydrocarbons for possible sanctions. Meanwhile, the U.S. declared that it was ready to initiate talks with North Korea without preconditions. Nevertheless, U.S. Foreign Secretary Tillerson stated that talks should be held by an announced halt to Pyongyang's weapons testing. On the other hand, South Korea asked the U.S. to postpone two military drills to take place in March in order to incentivize Pyongyang to attend Olympic games, which could make North Korea halt missile tests.

**Figure 2** BBVA Research Middle East Conflict Intensity Index 2008-17. (Number of conflicts / Total events)



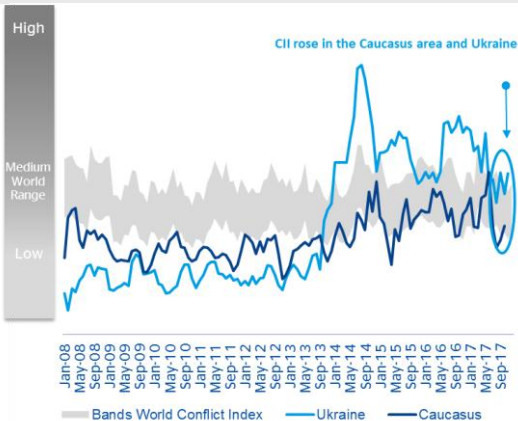
Source: [www.dgelt.org](http://www.dgelt.org) & BBVA Research

**Figure 3** BBVA Research North Africa Conflict Intensity Index 2008-17. (Number of conflicts / Total events)



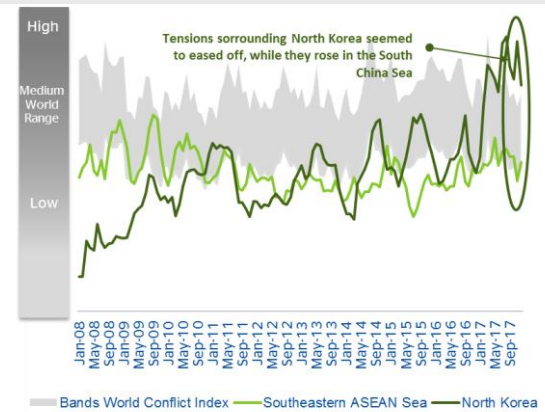
Source: [www.dgelt.org](http://www.dgelt.org) & BBVA Research

**Figure 4** BBVA Research Eastern Europe Conflict Intensity Index 2008-17. (Number of conflicts / Total events)



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

**Figure 5** BBVA Research Asia Conflict Intensity Index 2008-17. (Number of conflicts / Total events)

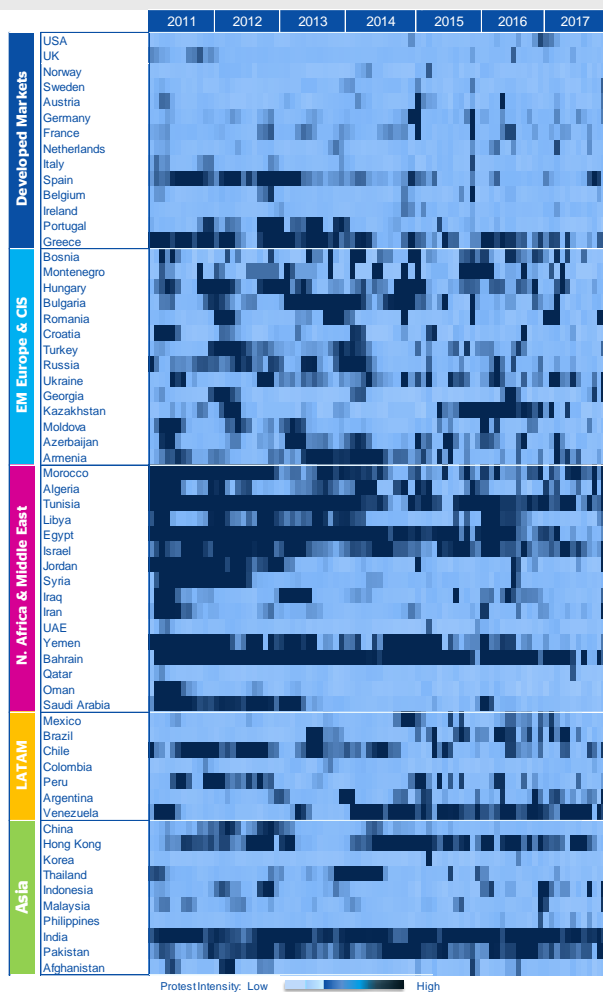


Source: [www.dgelt.org](http://www.dgelt.org) & BBVA Research

## Social unrest also rose during December

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

**Figure 6** BBVA Research World Protest Intensity Map Jan 2011 – Dec 2017  
(Number of protests / Total events)



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

- In regional terms, some demonstrations took place in Europe and protests rose in some Eastern European countries. In North Africa & Middle East instability also rose, as well as in some Asian countries. Social noise also increased in some Latin American countries:
- In Europe, uncertainty decreased in Spain after the Catalanian elections. Demonstrations rose in Germany against Trump’s decision of recognizing Jerusalem as Israel’s capital. Social unrest also rose in Sweden (against gang rapes happened during the month) and Austria (against the new coalition government of far right and conservatives) and remained in Greece.
- In Emerging Europe, protests against Trump’s Jerusalem declaration rose in Turkey too. Instability against judicial reforms in Romania remained at high levels. Protests rose in Ukraine and Georgia while eased off in Armenia.
- In North Africa and the Middle East, there has been a widespread rise of social unrest (especially in Israel) given anti-Trump protests. Protests sharply rose in Iran, expanding throughout the country.
- In Latin America, demonstrations against WTO meeting emerged in Argentina. Social unrest rose in Chile. Venezuela is still one of the main hot spots.
- In Asia, pro-Palestine protests emerged in Indonesia, Malaysia and Pakistan, while instability remains at similar levels in India.

## Summary

The Middle East continues to be *hottest* region in December with the decision on Jerusalem and social unrest in Iran becoming the key issues. Meanwhile, the situation in the Korean Peninsula remains uncertain and still unsolved with some mixed signals as the tensions with the US are still alive, but some rapprochement between the two North Korea and South Korea was observed.

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

## **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.