

Geopolitics

BBVA Research Big Data Geopolitics Monitor

Big Data Unit

02 April 2025

Trump pressures EU NATO members for even more defence spending (5% GDP). China Launches Military Exercise on Taiwan

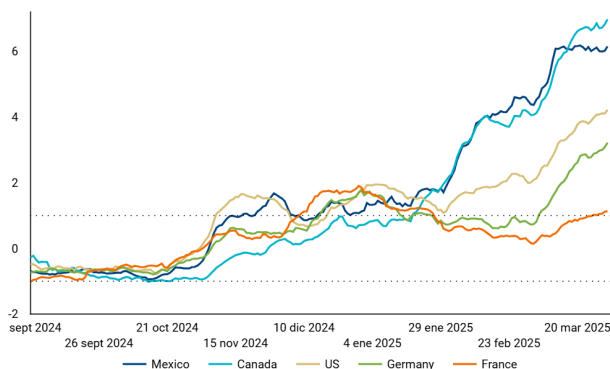
Trump pressures EU NATO members for more spending (5% GDP): President Trump, Secretary of State Marco Rubio and Defense Secretary Pete Hegseth increase pressure to boost defense spending well above the previous 2% of GDP guideline, with Trump calling for a 5% target. EU measures, including a new 150 billion euro defense fund and relaxed debt rules for military spending, could help member states approach the 3.5% mark by 2030. Meanwhile, NATO's new war plans, devised after Russia's 2022 invasion of Ukraine, are pushing for capabilities that could require about 3.5% of GDP.

China Launches Large-Scale Military Exercise around Taiwan: China is launching large-scale military and coastguard exercises around the island. China deployed naval, air, ground, and missile forces to conduct exercise focused on gaining "comprehensive control". Simultaneously, the China Coast Guard carried out "law enforcement patrols," though Taiwan's defense ministry indicated that activity by Chinese vessels had not yet escalated to boarding or detaining ships. In response, Taiwan conducted a snap readiness drill and closely monitored the PLA aircraft carrier Shandong, which sailed closer to the island than ever before. Taiwan's President Lai Ching-te has responded to mounting pressure by reinforcing the nation's defense readiness, including large-scale civil defense training. American officials reaffirmed support for Taiwan.

The BBVA Monitor: economic policy uncertainty indicators remain in the spotlight

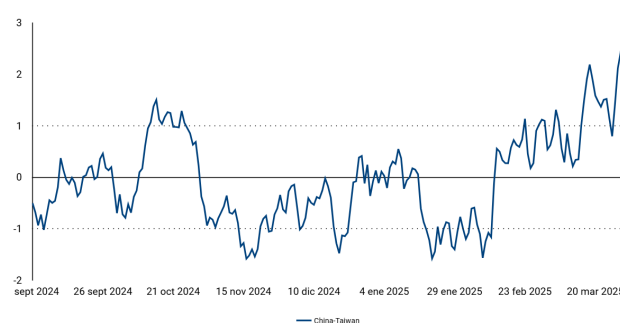
- **Economic Policy Uncertainty** continues to rise in many **European and American countries** due to tariff measures and the persistent uncertainty surrounding global trade (see Fig. 1 and Fig. 3).
- The latest large-scale **Chinese** military exercise around **Taiwan** has increased the **bilateral tensions** index between the two countries, with significant geopolitical implications (see Fig. 2).
- **Geopolitical risk indicators** remain at extreme levels for **Israel** (see Fig. 3 and Fig. 5), with no clear signs of moderation. In **Venezuela**, the indicator is approaching the extreme risk area too (see Fig. 3 and Fig. 4).
- **Social unrest** remains elevated in **Turkey** following the arrest of Istanbul's Mayor, Ekrem İmamoğlu, on corruption charges (see Fig. 3).

Fig1. **EPU INDEX: MEX&CAN&US&GER&FRA**
(28-day weighted moving avg, normalized by its own history)



Source: BBVA Research & www.gdelt.org. Positive (negative) values indicate greater (lower) risk relative to the mean of period 2021-nowadays

Fig2. **BILATERAL TENSIONS INDEX: CHINA - TAIWAN**
(28-day weighted moving avg, normalized by its own history)



Source: BBVA Research & www.gdelt.org. Positive (negative) values indicate greater (lower) interest relative to the mean of period 2021-nowadays

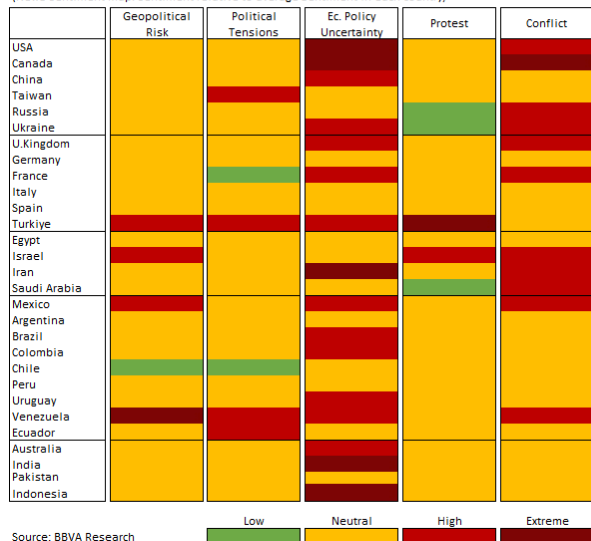
*The selection of news has been enriched by the BBVA Research Geo Assistant developed with Chat-GPT.

Fig3. **BBVA RESEARCH GEOPOLITICS MONITOR "SIGNAL" CHANGES**

(Signals in Geopolitical Risk, Political Tensions, Economic Policy Uncertainties, Protest and Conflict according to Standard Dev)

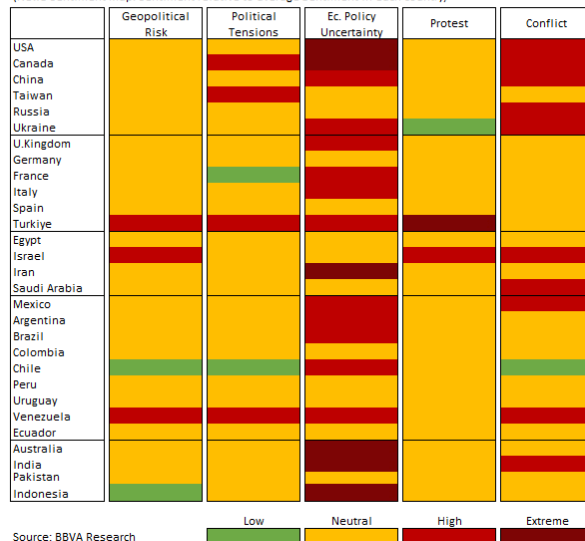
Summary of Signals After Hamas-Israel Conflict (March 25th, 2025)

(News Sentiment Map. Sentiment relative to average sentiment in each country)



Summary of Signals After Hamas-Israel Conflict April 1st, 2025)

(News Sentiment Map. Sentiment relative to average sentiment in each country)



Source: BBVA Research and www.qdelt.org.

Fig4. **GEOPOLITICAL RISK INDEX: LATAM**

(28-day weighted moving avg, normalized by its own history)

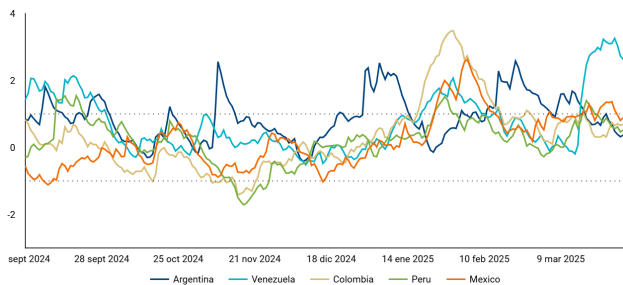


Fig5. **EPU INDEX: IRAN**

(28-day weighted moving avg, normalized by its own history)

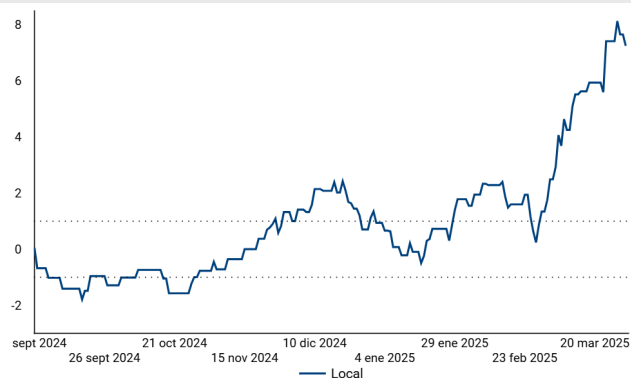
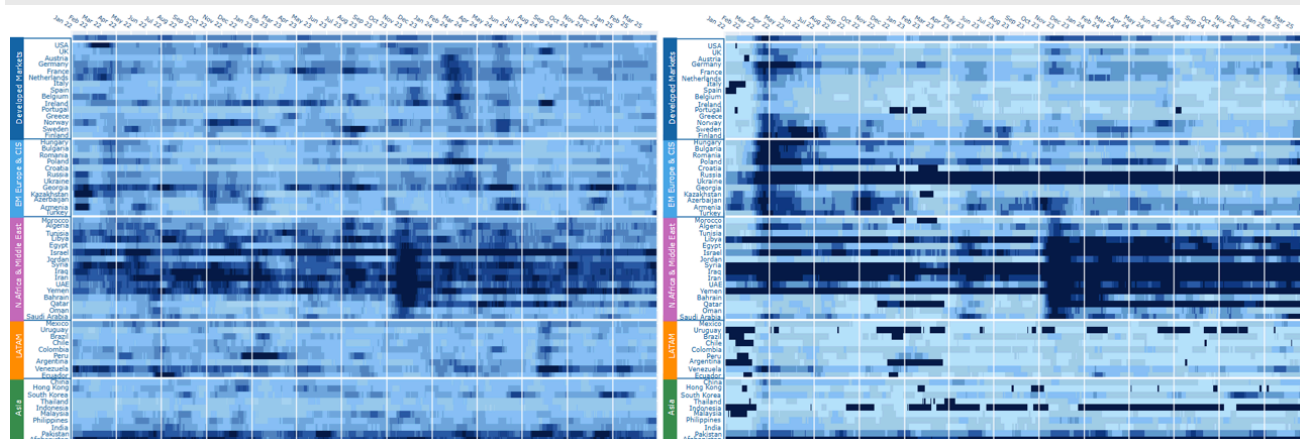


Fig6. **BBVA RESEARCH PROTEST AND CONFLICT HEAT MAPS**

(Evolution of Protest and Conflict over time by regions)



Methodological annex: indicators' construction

We have developed a daily tracker with weekly updates to monitor protest and conflict indicators for every country in the world from 2019 to present day. To construct this, we use a rich 'big database' of international events (GDELT), created by Leetaru and Schrodt (2013). GDELT is an open-source database that extracts and parses digital news monitoring 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. Thus, it contains a comprehensive and high-resolution catalog of geo-referenced events and themes.

Using different dictionaries, several thousands of taxonomies and themes are identified in the news pieces to classify the information. The algorithms used by GDELT also identify emotions, organizations, locations, news sources, and events across the world as well as their average sentiment using Natural Language Processing (NLP) techniques and the lexicon approach.

The included indicators are:

- Geopolitical Risk: or sentiment (weighted by coverage) of the country's geopolitical risk perception.
- Political Tensions: or sentiment (weighted by coverage) of the country's political tensions.
- Economic Policy Uncertainty or sentiment (weighted by coverage) about the country's economic policy uncertainty, also disaggregated by media origin.
- Protests or coverage regarding social protests or unrest in the country.
- Conflict or coverage of armed conflicts, which go beyond verbal protests.
- Bilateral Tensions or the sentiment (weighted by coverage) between a specific pair of countries that appear together in the news article (plus NATO and EU).

The indicators track the evolution of tensions and are normalized by their country's history since 2019, thus they are all expressed in terms of standard deviations from their historical patterns. Indicators usually lie within the range $[-1,1]$. Therefore, when the values exceed one (the upper boundary of the range), this means escalating tensions. While it's possible to observe simultaneous tensions arising in multiple countries (for example, due to geopolitical events affecting several nations, as seen in some of our heatmaps), using these indicators for direct quantitative comparisons of risk levels between countries is not recommended.

We apply a weighted moving average of 28 days (to include four complete weeks with the same number of days of the weeks) to reduce the noise of daily information and identify signals more clearly. The weights have been calculated using a discrete geometric distribution such that it puts more weight on recent data and less on past data (see Graph 1). Aggregating by weeks, the weight of the most recent week has a weight of 68%, the past week 22%, the previous 7%, and the fourth 3%. The weight of the 28 days can be seen in the following image. In such a way, the indicators reflect what has been happening in the last few days.

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