

Dentons Flashpoint

Daily Global Situation Report

August 25, 2021

Global Situation Update: August 25, 2021

KEY TAKEAWAYS

More than 70,000 people have been evacuated from Afghanistan in the largest airlift in history.

Airbnb will house 20,000 Afghan refugees for free, urging other business leaders to take action.

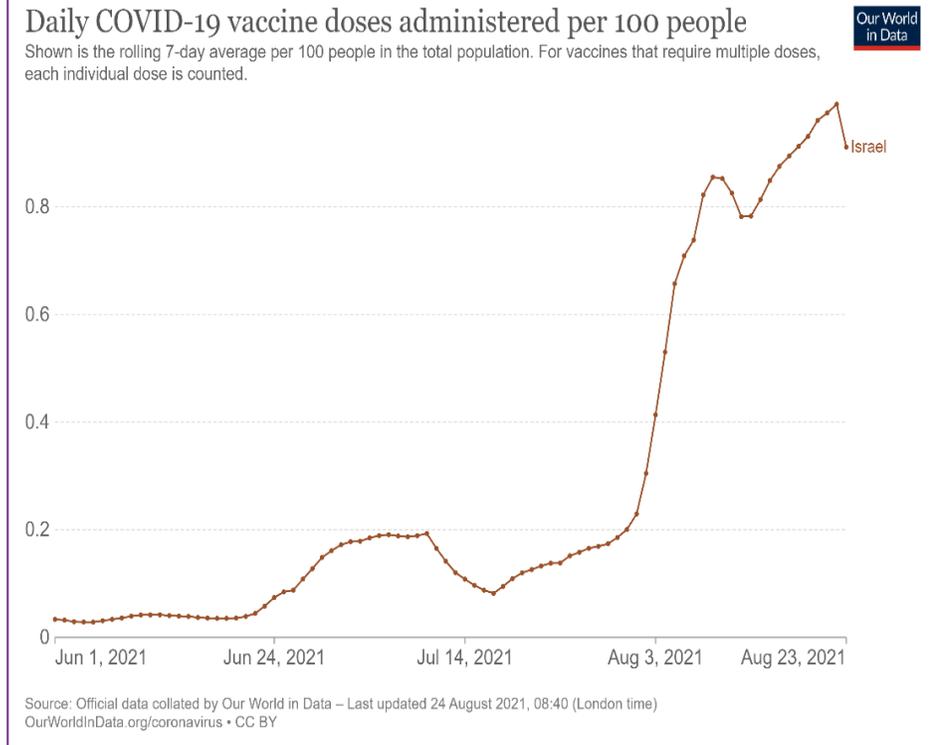
The UK and France move towards approving booster programs for vulnerable groups.

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WHAT WE'RE WATCHING

Leaders of organizations with workforces in developing countries should be aware that the apparent success of Israel's rollout of booster shots, while encouraging for the prospects of protection against the Delta variant, may have unexpected impacts. Millions around the world still lack access to first doses of the vaccine, and an increase in booster shots on the basis of the Israeli initiative may worsen supply issues and ultimately prolong the pandemic.

The country of nine million began rolling out boosters at the end of July and has now expanded eligibility to everyone over the age of 30. Nearly one month into rollout, official statements and data published by the health ministry affirm that a third dose of the Pfizer vaccine significantly improves protection from Delta. Over the past 10 days, infections have abated among the age group that first got the booster shot.



Note: This report is based on sources and information deemed to be true and reliable, but Dentons makes no representations to same.

Global

Globally, confirmed coronavirus cases topped 212.3 million with 4.4 million deaths; more than 4.6 billion vaccine doses have been administered.

- Research by the World Weather Attribution Initiative found that the unprecedented rainfall that caused flooding in Germany and Belgium this summer was made more likely due to **climate change**; the group forecast that more such extreme weather events are likely as the planet warms.
- Wealthy countries are under mounting pressure to hand over their share of a historic **IMF support package** to the world's poorest economies, which are struggling with the impact of the coronavirus pandemic.

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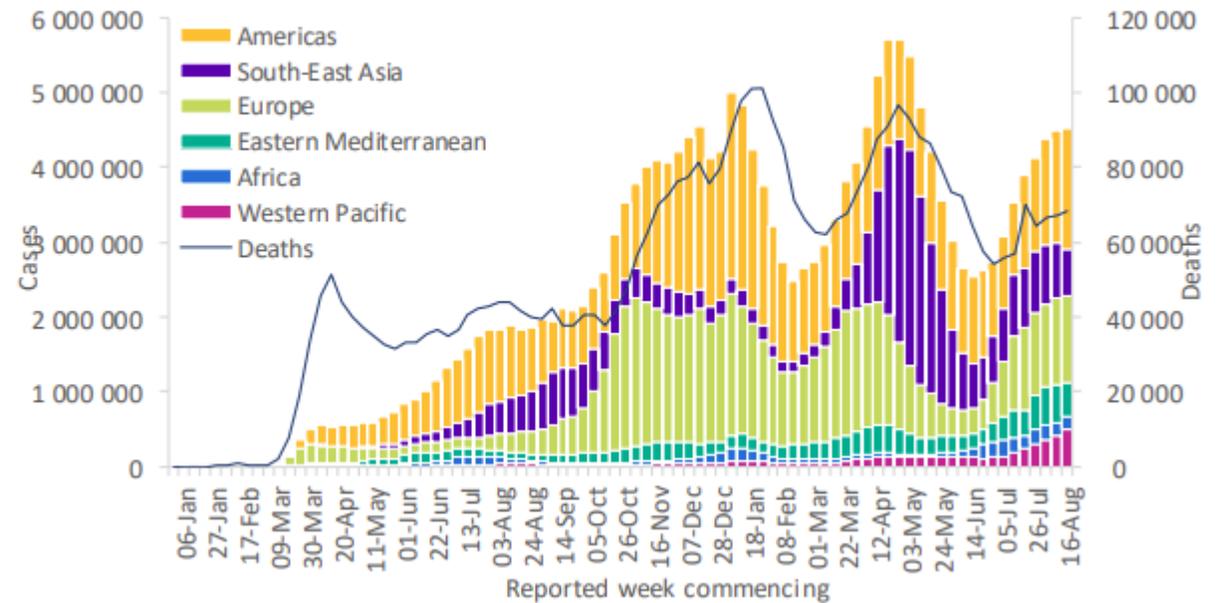
Global

With over 4.5 million new cases reported this week, the number of new cases reported globally seems to be plateauing after increasing for nearly two months (since mid-June).

The Regions of the Americas and Western Pacific reported an increase in new cases in the past week, 8 percent and 20 percent, respectively.

Globally, the number of deaths reported this week remained similar to last week, with over 68,000 new deaths reported.

Figure 1. COVID-19 cases reported weekly by WHO Region, and global deaths, as of 22 August 2021**



Note: This report is based on sources and information deemed to be true and reliable, but Dentons makes no representations to same.

COVID-19 Vaccine

Formal US approval of the Pfizer Inc /BioNTech COVID-19 vaccine will make it nearly impossible to successfully challenge mandates by employers, per legal experts. Following the FDA announcement on Monday, CVS Health Corp, Chevron Corp and Goldman Sachs issued mandates for some employees.

- Protection against COVID-19 offered by two doses of the Pfizer/BioNTech and the Oxford/AstraZeneca coronavirus vaccines begins to fade within six months, showing the need for **booster shots**, per researchers in Britain. Pfizer's effectiveness five or six months after the second dose fell from 88 percent to 74 percent and AstraZeneca vaccine's effectiveness fell from 77 percent to 67 percent after four to five months.
- **India** will supply millions of additional COVID-19 vaccine doses to its states to try to inoculate all school teachers by early next month, as the country gradually resumes physical classes.
- **Europe's** medicines regulator has approved additional manufacturing sites for mRNA-based coronavirus vaccines developed by **Pfizer-BioNTech and Moderna** to help boost production amid a resurgence in infections.
- South Korea is calling on the US to help Korean companies access **intellectual property** for producing COVID-19 vaccines as the highly infectious Delta variant sparks a reassessment over global vaccine requirements.
- A second shot of the **Johnson & Johnson coronavirus vaccine** generates a protective response beyond the response from a single dose, the company reported.

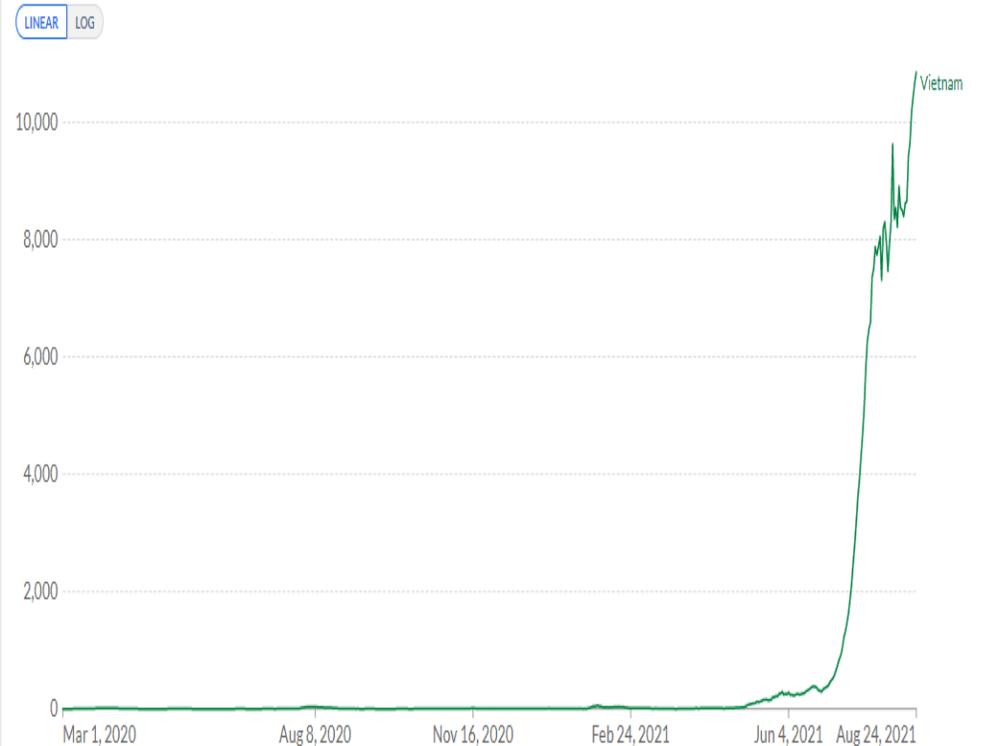
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COVID-19 Vaccine

Vietnam Prime Minister Pham Minh Chinh sent a letter to the head of the WHO and urged its vaccine sharing program COVAX to prioritize Vietnam *"in the fastest manner and with the largest volume possible."* Vietnam has vaccinated less than 2 percent of its population, instead relying on a containment strategy. However, surging infections are shutting down factories, impacting a key part of global supply chain for such brands as Samsung and Nike, now making the government scramble to secure more vaccines.

Daily new confirmed COVID-19 cases

Shown is the rolling 7-day average. The number of confirmed cases is lower than the number of actual cases; the main reason for that is limited testing.



Source: Johns Hopkins University CSSE COVID-19 Data

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Markets & Business

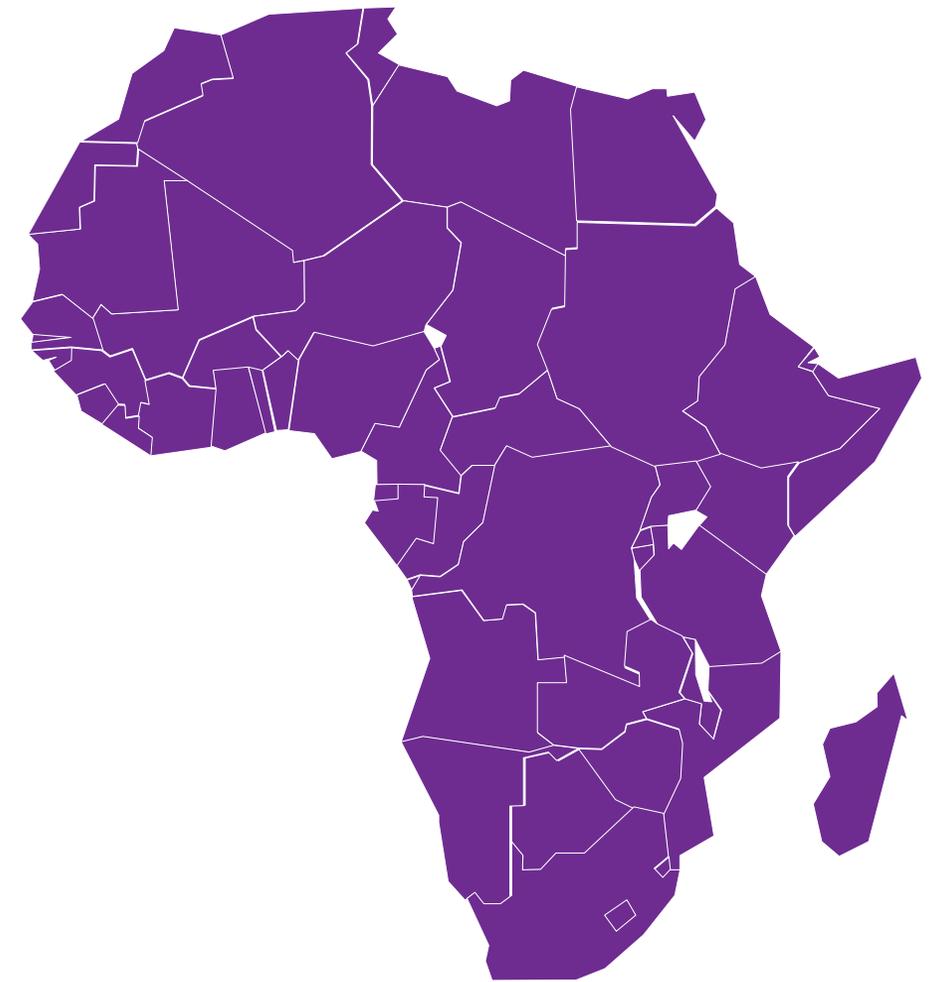
Global corporate profits in Q3 are likely to fall for the first time in 18 months after record earnings in April-June, per Reuters calculations.

- **Best Buy** raised its full year sales forecast in anticipation of strong electronics demand.
- **Yelp** is facing fallout over new features allowing businesses to list vaccine requirements; opponents to vaccine requirements are writing a deluge of negative reviews, causing content moderation challenges for Yelp.
- **Airbnb** will house 20,000 Afghan refugees for free, urging other business leaders to take action as well.
- **Waymo LLC**, a unit of **Alphabet**, is rolling out driver-supported robotaxis in San Francisco for selected riders.
- The US FAA is launching a review of how **Boeing** employees handle safety issues.
- **Swiss International Air Lines** will become one of the first airlines in Europe to require all of its flight crews to be vaccinated against COVID-19. Chicago-based **United Airlines** said it would require all 67,000 of its employees in the US to get vaccinated.

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Africa

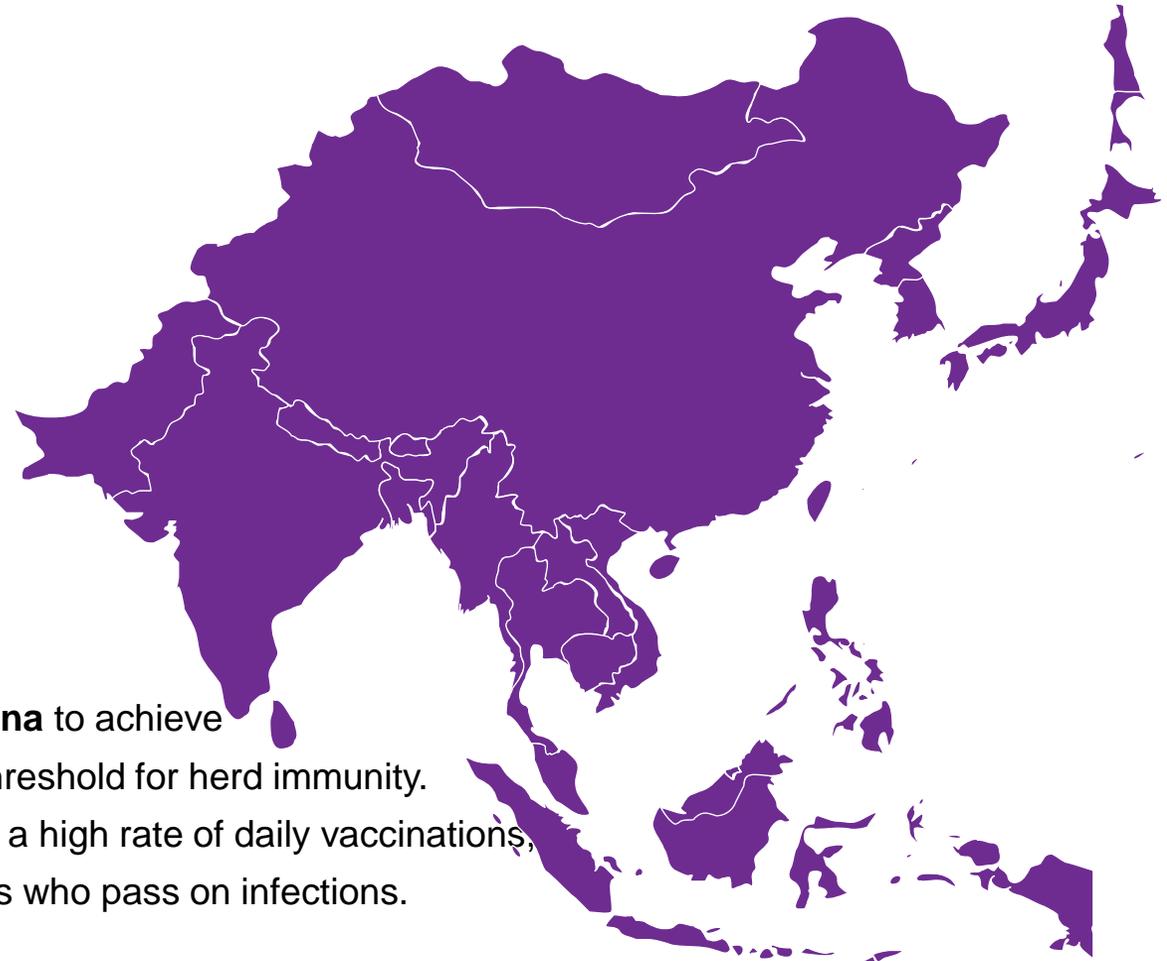
- New national statistics show that unemployment in the second quarter hit a record high for **South Africa**, rising to 34.4 percent.
- **Zambia's** new president, Hakainde Hichilema, took office Tuesday, praising the resiliency of the country's democracy and pledging to lower cost of living.
- The UN Office for the Coordination of Humanitarian Affairs (OCHA) condemned the “*worsening situation*” in Beni, **Democratic Republic of Congo**, which has been the site of successive attacks by armed groups.
- **Algeria** cut diplomatic relations with **Morocco** on Tuesday, citing what it called hostile actions.



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Asia

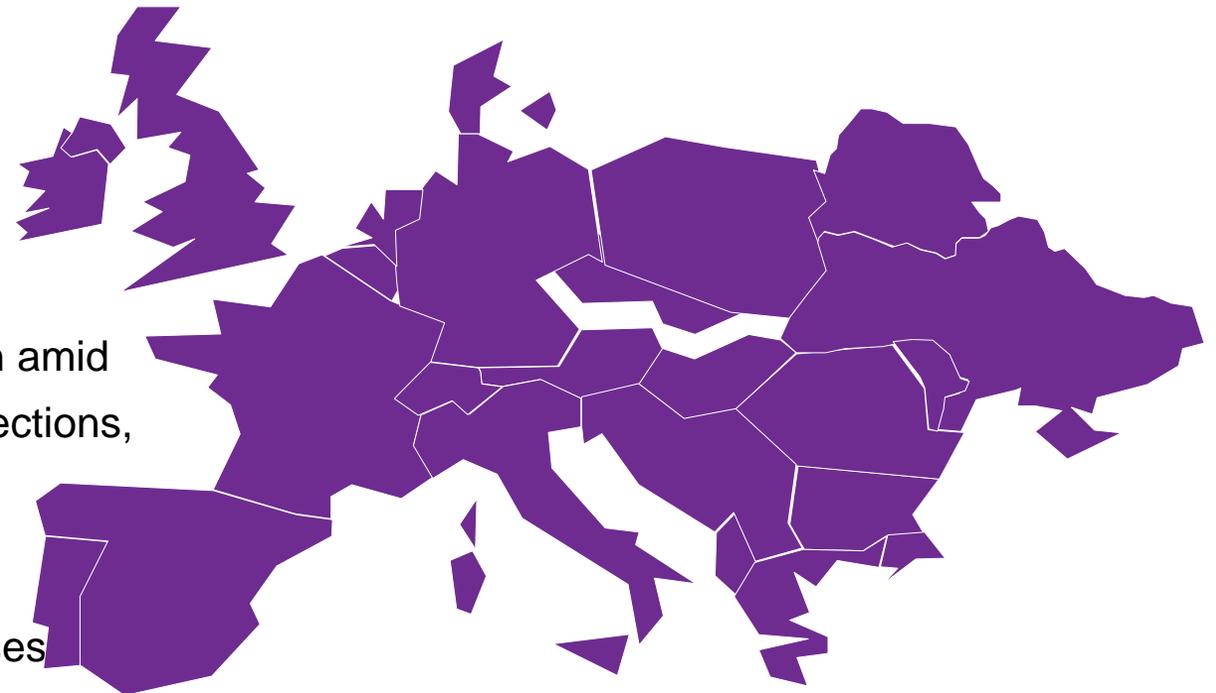
- The pandemic pushed an estimated 75 million to 80 million people in developing **Asia** into extreme poverty last year, per a new report released by the Asian Development Bank.
- **Philippine** President Duterte accepted his party's nomination to be a vice-presidential candidate in next year's election, alongside his aide Senator Christopher "Bong" Go.
- Epidemiologist and government advisor Zhong Nanshan expects **China** to achieve 80 percent vaccination by the end of 2021, approaching a potential threshold for herd immunity. Strict measures against the unvaccinated are helping China maintain a high rate of daily vaccinations, including cities announcing penalties against unvaccinated individuals who pass on infections.
- **China's** largest cargo airport, Shanghai Pudong International, is experiencing a serious backlog of cargo as the coronavirus continues to cause flight cancellations and supply chain disruption. China is planning to plant 33 million hectares of forests and grasslands over the next five years as part of carbon reduction goals.
- **Japan** is expected to expand its state of emergency to eight more prefectures, including Hokkaido and Hiroshima, as the country struggles to stem a record rise in the number of COVID-19 cases.



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Europe

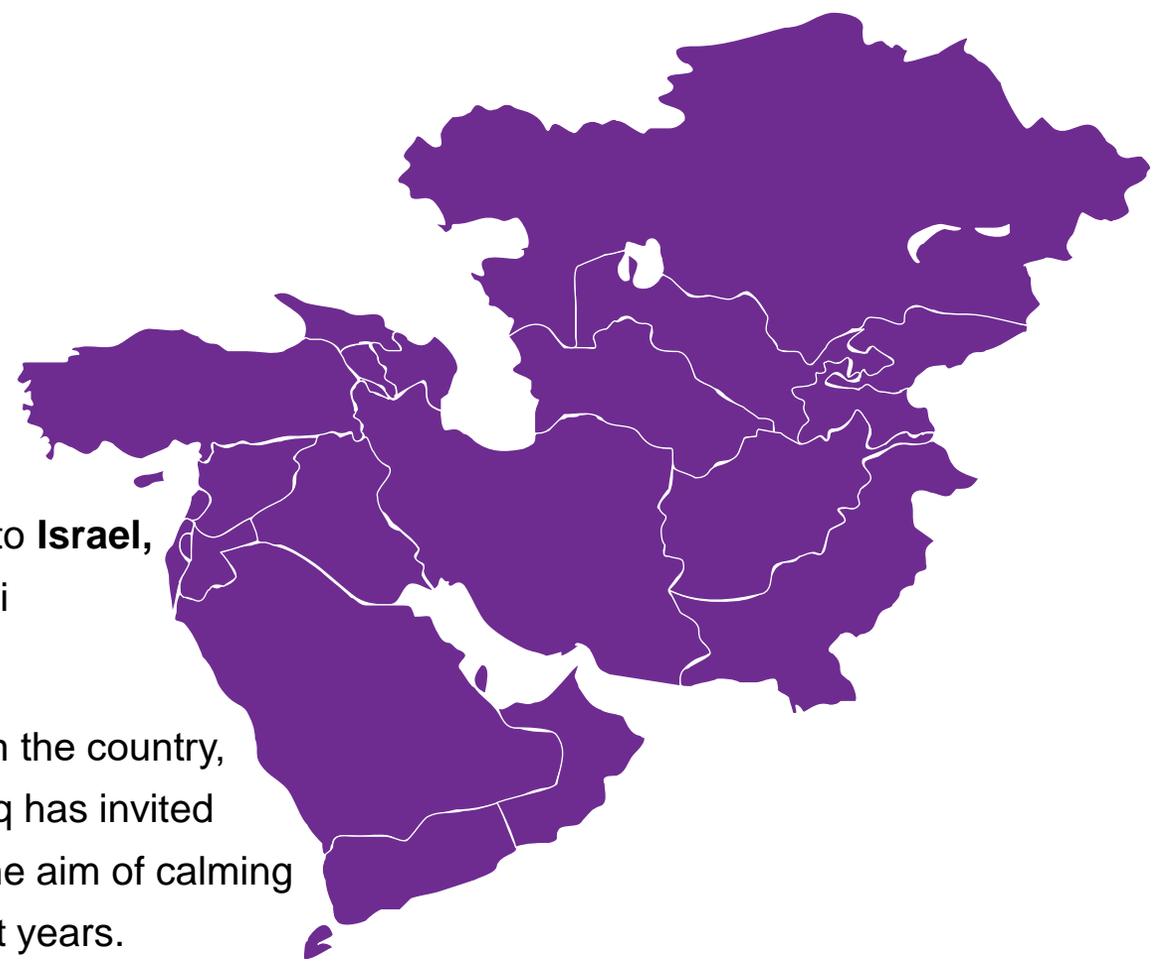
- **German** business expectations have declined this month amid supply chain disruptions and concerns over Covid-19 infections, pointing to a loss of momentum in the recovery of the eurozone's largest economy.
- **UK** government advisors are set to recommend third doses of COVID-19 vaccine for the immunocompromised in a “*targeted*” program. **France's** national health authority endorsed the government's plan to give booster shots for the elderly and immunocompromised from October. **Scotland** released plans for an independent inquiry into the government's handling of the pandemic. After registering that nine out of ten patients hospitalized with COVID-19 in the country were unvaccinated, the **Greek** government announced new vaccine requirements for all public and private sector workers and the end to free tests for the unvaccinated.
- **British** foreign minister Raab reported that almost all British citizens without dual nationality had been evacuated from **Afghanistan**. **Russia** began evacuating more than 500 people from Afghanistan.



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Middle East

- **Russian** forces moved into **Syria's** opposition enclave of Deraa, trying to avert an offensive.
- Hamas-backed activists in **Gaza** launched incendiary balloons into **Israel**, marking a further escalation of tensions following overnight Israeli airstrikes.
- **Iraq's** government approved BP's plan to spin off its operations in the country, as the oil major seeks to focus on lower-carbon investments. Iraq has invited **Iran** and **Gulf states** to a summit in Baghdad on Saturday with the aim of calming tensions which have brought them close to open conflict in recent years.
- In one of the biggest such airlifts ever, the US and its allies have evacuated from **Afghanistan** more than 70,000 people, including **US** citizens, **NATO** personnel and Afghans at risk, since August 14. President Biden is maintaining his plan to withdraw US troops from Afghanistan by August 31 despite international pressure to extend evacuations, saying the evacuations are on track. The World Food Programme said that 14 million Afghans could soon be facing starvation.



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How do You Manage Political Risk?

Today, the economic and political changes affecting international business are more complex than ever. Conflicts, coups and the coronavirus pandemic continue to impact governments and people worldwide and shape the business landscape in 2021.

Dentons offers business leaders routine and one-off political risk assessments on specific interests. Many clients also retain our team of attorneys and former intelligence and military professionals, equipped with the latest big data analytics tools, deep substantive knowledge and extensive networks of contacts, to provide services, including:

- ❖ Political and country risk forecasts and analysis
- ❖ Market-entry assessments
- ❖ Legislative and government action forecast
- ❖ Comprehensive project analysis
- ❖ Coronavirus vaccine tracker and return-to-work monitoring
- ❖ Investment risk analysis

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To learn more about the bespoke intelligence and risk services from Dentons, contact [Karl Hopkins](#).

Americas

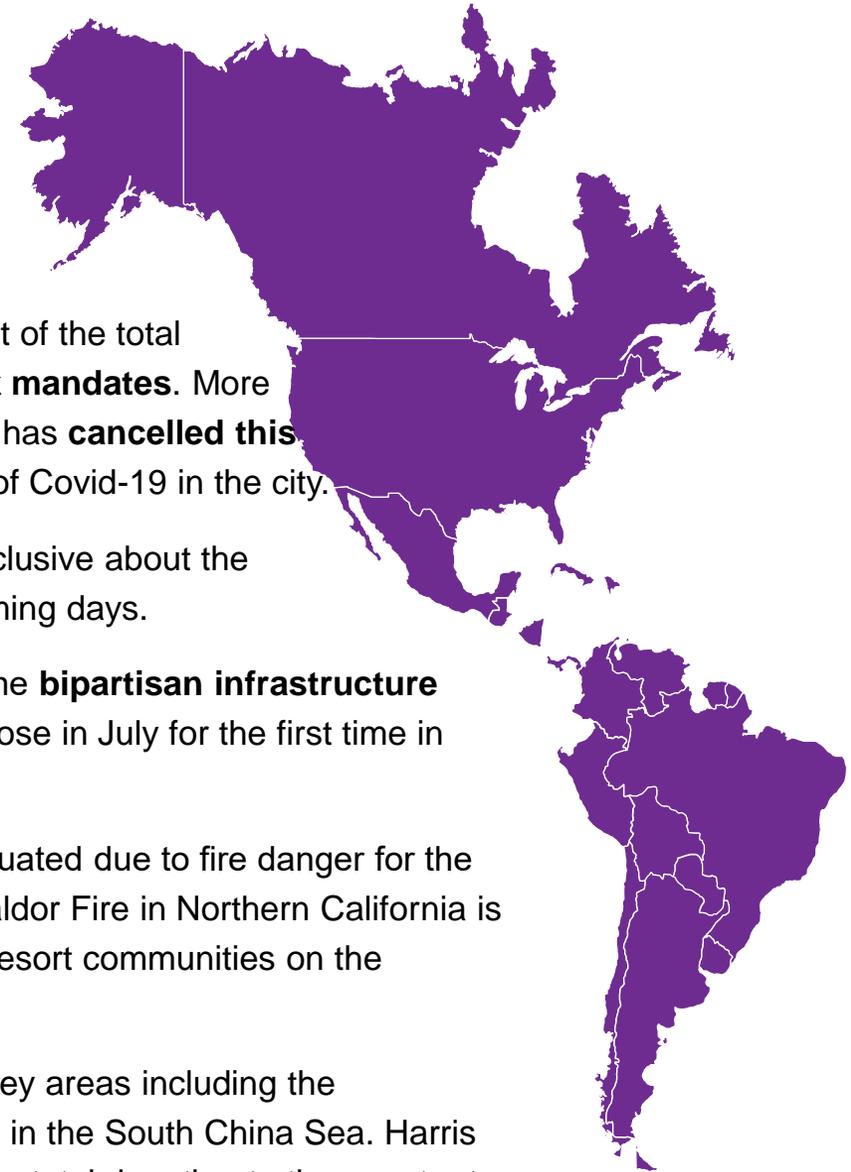
- Former **Mexican** presidential candidate Ricardo Anaya fled the country, claiming that politically motivated charges are being levied against him.
- **Peru's** new leftist president, Pedro Castillo, is reportedly considering a cabinet reshuffle due to pressure from the opposition.
- **Chile's** presidential race started Tuesday; predictions are difficult to make amid a crowded group of candidates across the political spectrum.
- A new judge was tapped to investigate the killing of former **Haitian** President Moïse.
- Minutes from a meeting of **Brazilian** state governors show that a majority of them are concerned about state police officers participating in an upcoming march to support President Jair Bolsonaro.



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Americas: US

- Across the nation, 202 million have received at least one dose of the **vaccine**, or 60.9 percent of the total population. Missouri's attorney-general sued schools districts in the state that have set **mask mandates**. More than 40 US states are now on Chicago's **travel advisory list**. The National Rifle Association has **cancelled this year's annual meeting**, which was due to take place in Houston, because of elevated rates of Covid-19 in the city.
- President Biden received a classified briefing from the intelligence community that was inconclusive about the **origins of the novel coronavirus**. A public version of the report could be released in the coming days.
- The House passed the Democrat's \$3.5 trillion budget blueprint and set a date for voting on the **bipartisan infrastructure bill**. Kathy Hochul was sworn in as New York's new governor. **Sales of newly built homes** rose in July for the first time in four months.
- A new **wildfire** has caused Minnesota's Boundary Waters Canoe Area Wilderness to be evacuated due to fire danger for the first time since 1976, as drought changes fire conditions even in typically cool areas. The Caldor Fire in Northern California is of highest concern as it approaches the Lake Tahoe basin, a popular alpine lake region with resort communities on the California-Nevada border.
- Vice President Harris met **Vietnam's** top leaders on Wednesday, offering support in several key areas including the enhancement of its maritime security in an effort to counter Beijing's increasing assertiveness in the South China Sea. Harris also announced the donation of an additional one million doses of Pfizer vaccines, bringing the total donation to the country to 6 million doses, and an additional \$23 million to support its efforts to fight the pandemic.



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Implications of Shifting US-Israel Relations as Prime Minister Bennet Visits Washington

Contributed by Dan Arbell, Special Advisor to Dentons

Israel's new Prime Minister, Naftali Bennett, will visit Washington August 25-26. At the center of his visit will be his first official meeting with President Biden on Thursday. Prior to the White House meeting, Bennett will be meeting today with Secretary of State Anthony Blinken, Secretary of Defense Lloyd Austin, and National Security Advisor Jake Sullivan, and may also hold meetings on Capitol Hill.

Following over a decade of sometimes tense relations with former Prime Minister Netanyahu, the success or failure of Prime Minister Bennet in stabilizing relations with the United States has important implications not only for the success of the country's new coalition government, but also for the role of US-Israel relations in broader stability in the Middle East. Israel's ties with Washington can impact US posture in the Middle East and sanctions policy, particularly as Bennet is expected to unveil a new Israeli strategy on Iran.

For businesses, US-Israeli relations can also impact the thorny politics surrounding the Israeli-Palestinian conflict, through creating or easing pressure on the private sector to take a stand on the conflict. The risk to companies was recently thrown under the spotlight by Ben & Jerry's decision to stop selling their ice cream

products in the "Occupied Palestinian Territories," in accordance with corporate values of "advocating for human rights and economic and social justice." Accused of supporting the Boycott, Divestment and Sanctions (BDS) Movement -- which the company denies -- Ben & Jerry's parent company Unilever is now facing legal actions in multiple US states with laws that require their state governments to stop doing business with companies that boycott Israel (with Israel defined to include the West Bank Israeli settlements).

Bennet's visit comes at a time when both leaders are preoccupied with other domestic and foreign policy issues. Bennett is attempting to contain a new surge of COVID-19 (Delta variant) in Israel and is also dealing with rising tensions with Hamas in Gaza. Biden is focused on the situation in Afghanistan in the aftermath of the Taliban

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takeover as the US continues to airlift thousands of US citizens, third-country nationals and Afghans at risk, while preparing to complete its troop withdrawal from the country in the coming weeks. Though under pressure from Congress to provide answers on its handling of Afghanistan, the Biden Administration want to demonstrate it can multi-task and continue with a somewhat business-as-usual approach at home and abroad.

During the visit, optics will be as important as substance for both sides. Bennett wants to show he is becoming a world leader, not less capable than former Prime Minister Netanyahu of leading Israel and representing it effectively and eloquently abroad. It is important for Bennett to develop a rapport with Biden and to begin to establish trust with the US President. While likely being open and frank in his conversation with Biden, Bennett will make an effort publicly not to embarrass or make things more difficult politically for the president and the administration.

The Biden Administration will likely extend a warm welcome to the Israeli Prime Minister, projecting an image of a strong US-Israel alliance, and also signaling it is hoping to turn a fresh page in the

relationship after years of tension between Democratic administrations and Israeli governments led by Netanyahu. The Israel-Hamas confrontation has taught Biden, Blinken and Austin that the Middle East does not wait for the US. The multiple regional crises (Syria, Lebanon, Iraq and Yemen) and the Iran issue need constant US attention and a meeting with Israel's PM (despite Afghanistan) is seen as timely by the administration.

Issues on the US-Israel Agenda

On issues of substance, the administration knows Prime Minister Bennett's views and political constraints all too well, as Bennett is heading a government which is leaning on a razor-thin 61 seat (out of 120) majority in the Knesset, and the governing coalition consists of eight parties representing a wide spectrum of the Israeli polity from the right, center, left. Biden is therefore not expected to push Bennett on the Palestinian issue as there is no consensus in the governing coalition on how to deal with the Palestinian issue. No movement is expected on advancing a two-state solution, as all parties in the Israeli coalition agree on the "continuation of the status quo." The Biden Administration understands the possibilities on the

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Israeli-Palestinian front are limited. It does not however want to see the situation deteriorate. In practical terms it will be easy for both sides to agree to focus on conflict management rather than on conflict resolution. Adopting moderate confidence building measures between Israelis and Palestinians is an option and focusing on steps designed to assist the Palestinian Authority (PA) economically is another area the US and Israel can agree on.

Rising tensions with Hamas will certainly come up in Bennett's meetings with senior administration officials. In the aftermath of the Israel-Hamas confrontation in May, efforts to consolidate the ceasefire were made through Egyptian and Qatari mediation. The Bennett government introduced a new equation of immediate retaliation against Hamas not only if rockets are launched into Israel but also if incendiary balloons from Gaza are launched into its territory. Israel also opposed the continuation of direct Qatari cash assistance to Gaza, and supported the new mechanism recently established by the UN and Qatar to provide Gazans in need with assistance via debit cards (instead of cash). The US supported the new payment mechanism which is designed to prevent Hamas from having full control of the assistance. Hamas however has responded

negatively to the new arrangement and has been encouraging activists to march to the Israel-Gaza border, provoking IDF forces and also allowing the launch of incendiary balloons into Israel. Tensions are rising and another round of fighting may erupt. Biden will support Israel's right to defend itself but may ask Bennett to exercise restraint in the coming days.

Iran will likely be at the center of the Biden-Bennett meeting, and differences in positions and views between the American and Israeli sides are highly likely. In the aftermath of Ebrahim Raisi's inauguration as Iran's new president and the recent developments in Afghanistan it is not clear if a US return to the 2015 JCPOA is as imminent as it was when Biden entered office in January 2021. In background briefings to the Israeli media on the eve of the visit, senior Israel officials have said that Bennett will be introducing to Biden a "new holistic strategy" on Iran, which deals with Iran's uranium enrichment and weaponization programs, as well as Iran's malign regional activities. This strategy, according to officials, will be very different from the strategy of the previous Netanyahu governments. Bennett believes a return to the JCPOA at this stage is

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pointless, because of the advances Iran has made in uranium enrichment and nuclear research. Bennet also believes the US, Israel and other regional actors need to work together to counter Iran. It will be extremely important for the two leaders to establish (US-Israel) bilateral working groups involving experts from both sides which will focus on all aspects of the Iranian challenge and try and reach some common ground on next steps as well as on contingency plans.

The deteriorating situation in Lebanon is a concern for both the US and Israel and it will likely be discussed between the two leaders. In recent weeks there have been fire exchanges between Israel and Hezbollah, but Israel does not want to go to war at this stage. The Biden Administration (together with France and the UK), is attempting to prevent a total collapse of the Lebanese state and is clearly concerned about the possibility of a war erupting between Israel and Hezbollah. Biden will urge Israeli restraint as well.

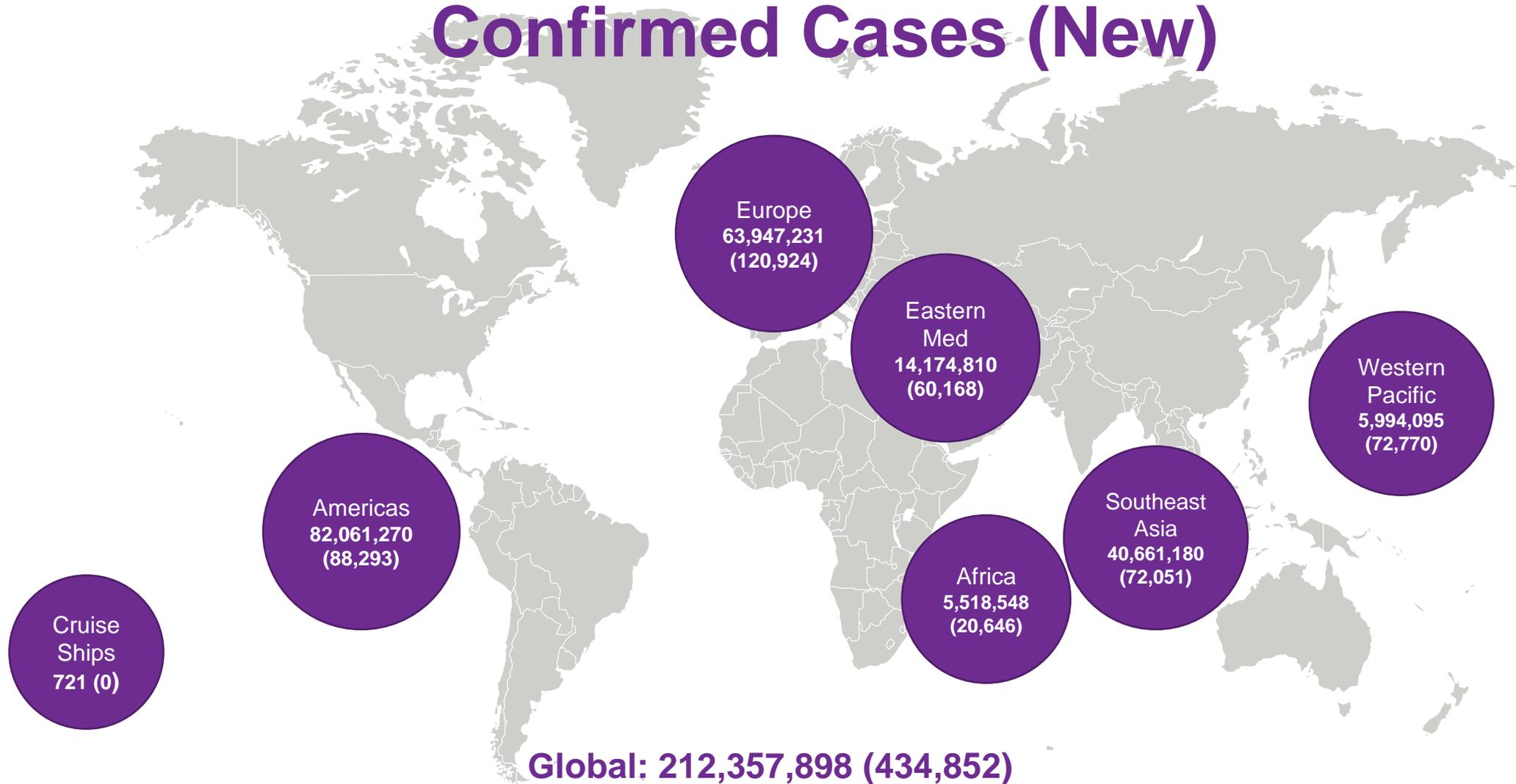
On the one year anniversary of the signing of the Abraham Accords between Israel the UAE and Bahrain (and later with Sudan and

Morocco), the issue of Arab-Israeli normalization is one of wide agreement between the Biden Administration and Israeli government. The two sides will likely review the current state of play and will look at possible openings to bring on board more Arab countries.

Coronavirus Condition Updates

As of 5:56 pm CEST on August 24, 2021

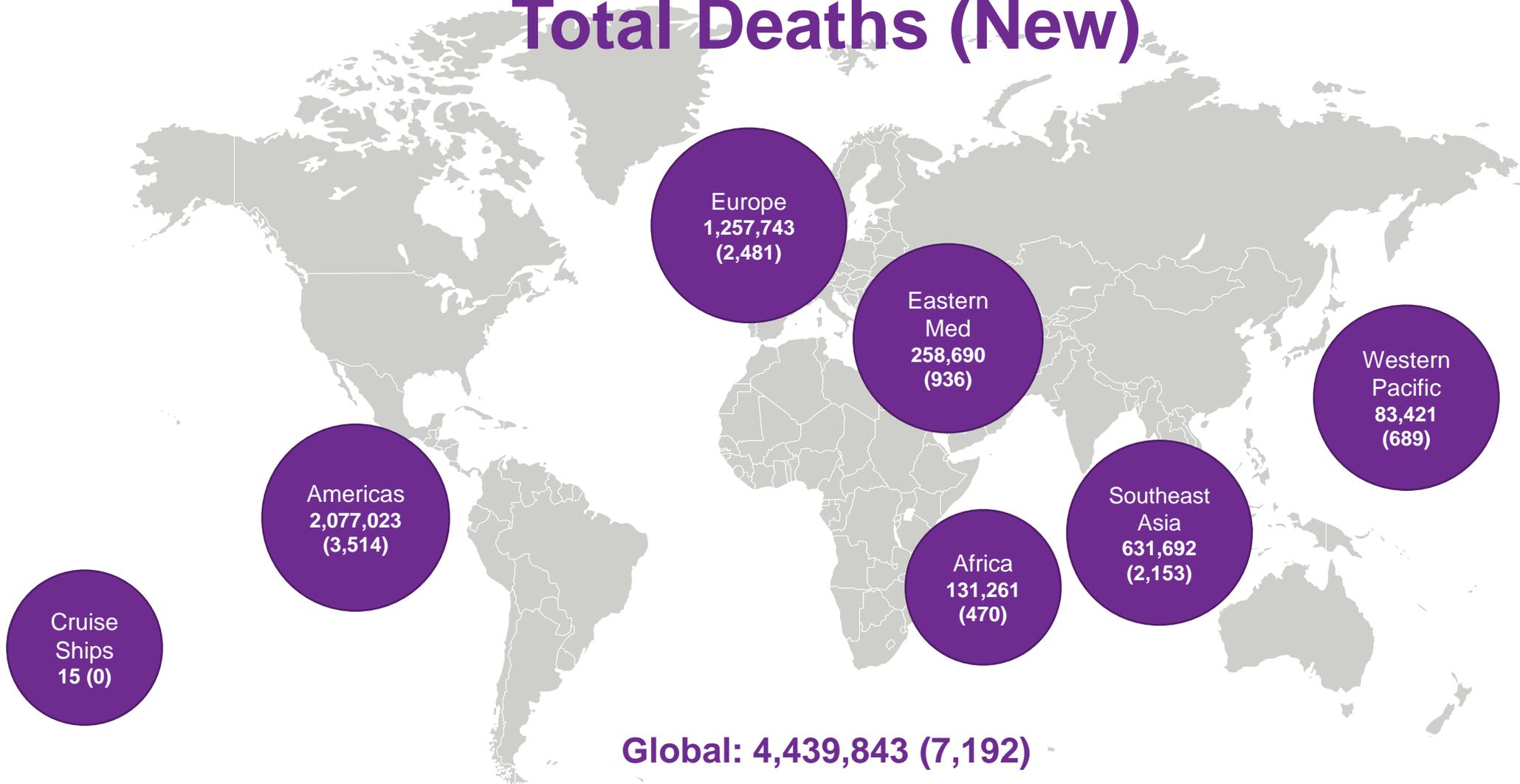
Confirmed Cases (New)



Reflects data as of 5:56 pm CEST on August 24, 2021.
Data Source: World Health Organization

Note: This report is based on sources and information deemed to be true and reliable, but Dentons makes no representations to same.

Total Deaths (New)



Reflects data as of 5:56 pm CEST on August 24, 2021
Data Source: World Health Organization

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Contacts

This summary is based on reports sourced from among the 75 countries in which Dentons currently serves clients as well as from firms in other locations, some of which will formally join Dentons later in 2020. We are pleased to share this complimentary summary and contemporaneous assessment, with the caveat that developments are changing rapidly. This is not legal advice, and you should not act or refrain from acting based solely on its contents. We urge you to consult with counsel regarding your particular circumstances.

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