

# Dentons Flashpoint

## Daily Global Situation Report

August 4, 2021

# Global Situation Update: August 4, 2021

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## KEY TAKEAWAYS

New York City becomes first US city to require proof of vaccination for a number of indoor activities, including dining, concerts and gyms.

US SEC Chairman Gensler calls for new powers to regulate “Wild West” of crypto markets.

China and India agree to pull back troops from another flashpoint along their disputed border.

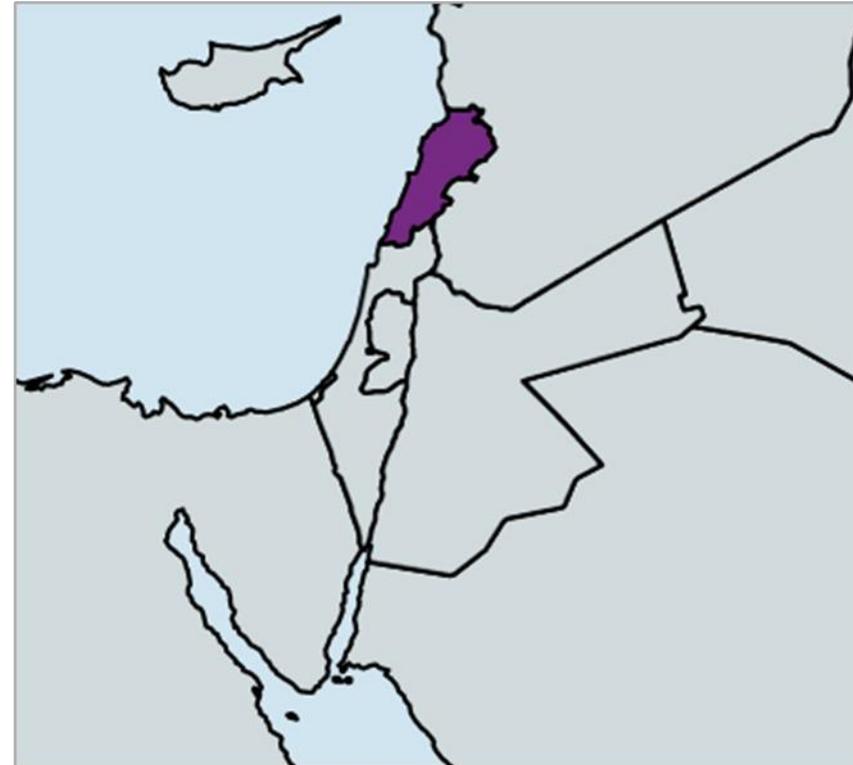
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# Global Situation Update: August 4, 2021

## WHAT WE'RE WATCHING

Today marks one year since the Beirut port explosion that killed hundreds, left thousands injured and homeless, and caused billions of dollars in property damage. New Prime Minister Najib Mikati said that he will not yet announce a cabinet in recognition of the tragic anniversary.

Anti-government demonstrations are expected to continue across Lebanon despite the appointment of Mikati, who is a wealthy businessman. In addition to economic concerns, protestors are also frustrated by the lack of progress with official investigations into the 2020 blast. While the risk of civil unrest remains high, foreign businesses and personnel are unlikely to be targeted, but will face indirect security threats as well as operational disruption, for example from roadblocks.



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# Global

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**Globally, confirmed coronavirus cases topped 198.7 million with 4.2 million deaths; more than 3.8 billion vaccine doses have been administered.**

- According to a new study by the World Mortality Dataset, there have been over 1 million more **COVID-19 deaths** than were officially reported.
- The WHO is seeking **\$11.5 billion in urgent funding** to fight the more infectious Delta variant of the coronavirus, the largest portion of which would go to buying tests, oxygen and face masks in poorer nation.
- **Tokyo Olympics** organizers on Wednesday reported 29 new Games-related COVID-19 cases, including four athletes.

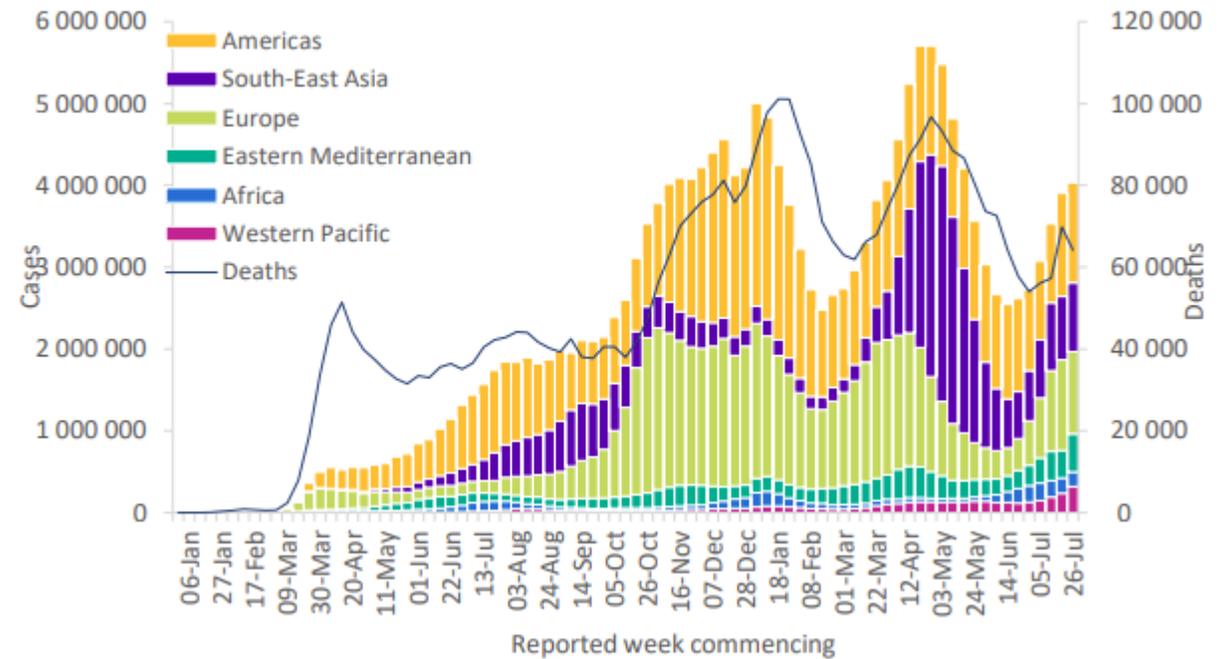
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# Global

Globally, an average of over 570,000 new COVID-19 cases were reported each day over the past week as compared to a little over 540,000 cases reported daily the week before.

This increasing trend is largely attributed to substantial increases in the Eastern Mediterranean and the Western Pacific Regions which reported a 37 percent and 33 percent increase respectively as compared to the previous week.

Figure 1. COVID-19 cases reported weekly by WHO Region, and global deaths, as of 3 August 2021\*\*



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# COVID-19 Vaccine

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**Children who fall ill with COVID-19 rarely display long-term symptoms, with the majority recovering in less than a week, a peer-reviewed UK study suggests.**

- Fully-vaccinated people have an around 50 to 60 percent **reduced risk of infection** from the Delta coronavirus variant, including those who are asymptomatic, a large English coronavirus prevalence study found
- In the **UK**, 16 and 17-year-olds are expected to soon be offered COVID-19 vaccines.

# Markets & Business

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**GM will once again close its North American truck plants due to the chip shortage, and Stellantis warned that chip shortages would continue to stall production.**

- **Microsoft** and **Tyson Foods** will require on-site workers to be vaccinated.
- Three **US automakers**, the **United Auto Workers**, and **McDonalds** have decided to require masks at the workplace.
- **Ralph Lauren** saw quarterly revenues rise as demand for formal clothes increased.
- **Sony** posted a record Q1 profit on pandemic demand for devices and content.
- Hush Puppies owner **Wolverine World Wide** acquired British 'athleisure' company **Sweaty Betty**.
- **Clorox** predicted a drop in sales for the year ahead as pandemic-related cleaning demand recedes.
- Sales of **Eli Lilly's** COVID-19 antibody treatment have fallen since vaccines became widely available.
- **SoftBank** has acquired a \$5 billion non-voting stake in Swiss drugmaker **Roche**.
- **Lyft** earned its first-ever measure of profitability in the second quarter as ride demand rebounds.
- A massive quarterly loss reported by **Japan Airlines** underlines the sector's uneven global recovery, as US airlines bounce back more quickly than European or Japanese peers.

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# Africa

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- The **Sudanese** cabinet approved a draft bill allowing the country to join the International Criminal Court, a first step ahead of ratification in parliament.
- **Tanzania's** defense minister died of undisclosed causes.
- **Nigeria** opted to leave the Maritime Organisation for West and Central Africa (MOWCA) over what it saw as a disregard for the rules in selecting a new secretary general.
- **Rwanda** lifted its total lockdown on the capital Kigali but left in place several COVID-19 related measures.
- The UN reported that fighting has displaced approximately 200,00 from **Ethiopia's** Amhara region.

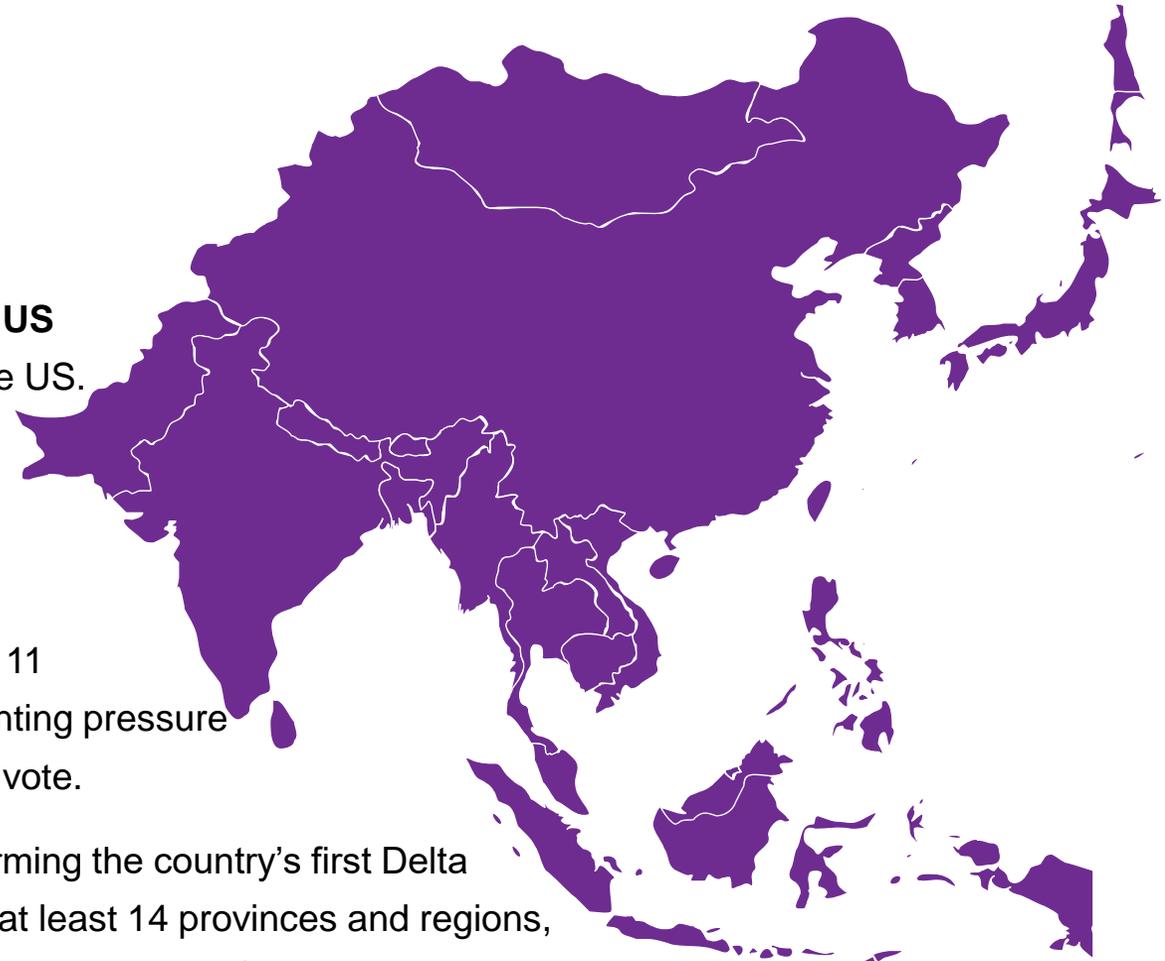


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# Asia

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- **South Korean** lawmakers said that **North Korea** has requested that **US** sanctions be lifted as a condition for talks on denuclearization with the US.
- **China and India** have agreed to pull back troops from another flashpoint along their disputed border, one day after issuing a joint statement calling weekend military talks “*constructive*.”
- **Malaysia’s** Prime Minister Yassin lost his majority in Parliament after 11 Umno MPs withdrew support for his government. Yassin defied mounting pressure to quit on Wednesday, insisting to remain in power until a confidence vote.
- **China** will test all 12 million residents of the city of Wuhan after confirming the country’s first Delta variant case; China’s current COVID-19 outbreak has now spread to at least 14 provinces and regions, prompting various levels of lockdown and travel restrictions. China’s special envoy for climate change said that the country would release a climate action road map “**very soon**.”
- **Australia’s** central bank will stand by its decision to taper bond purchases from September, under the assumption that the Delta variant will only cause a temporary economic hit. Australia’s New South Wales reported daily infections lingered near a 16-month high despite the lockdown of 5 million people in Sydney entering its sixth week.



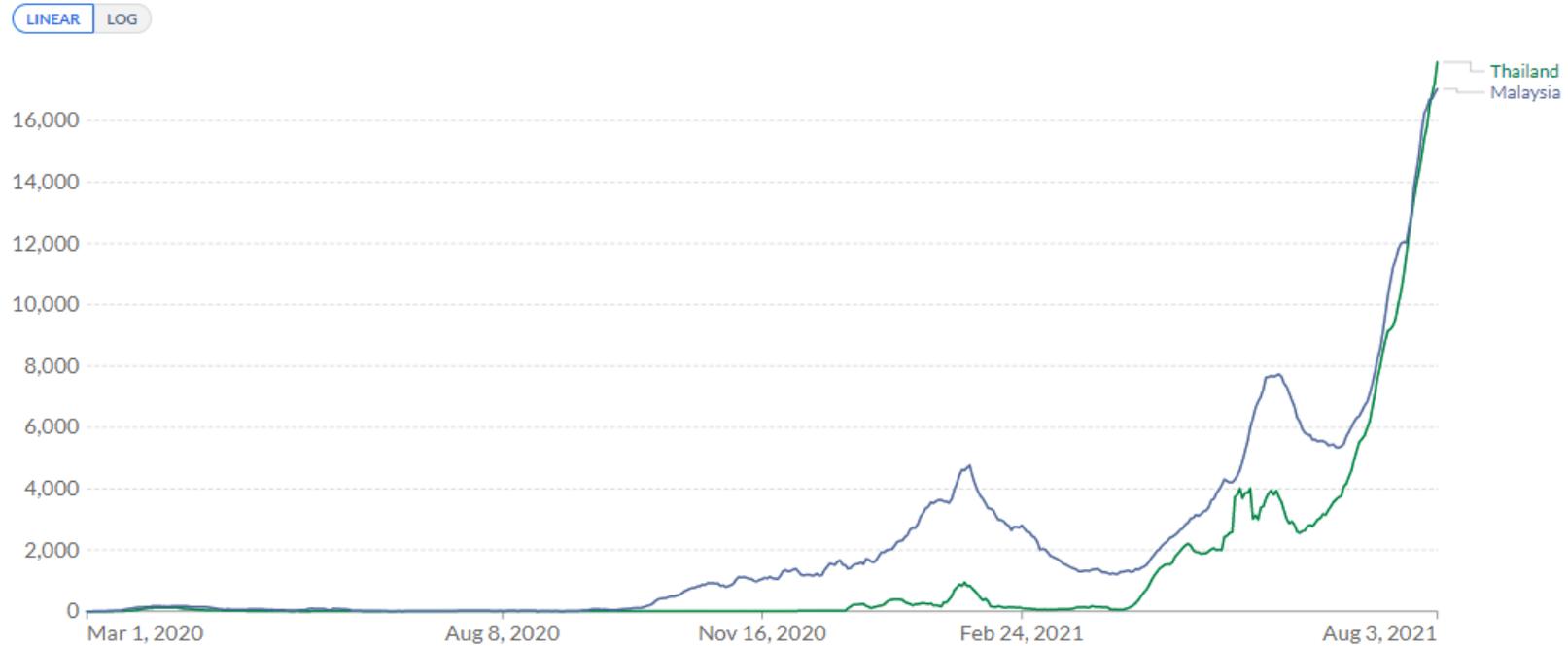
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# Asia

Thailand's daily COVID-19 cases have surpassed 20,000 for the first time; Malaysia new cases reached record highs above 15,500.

## 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

Our World  
in Data

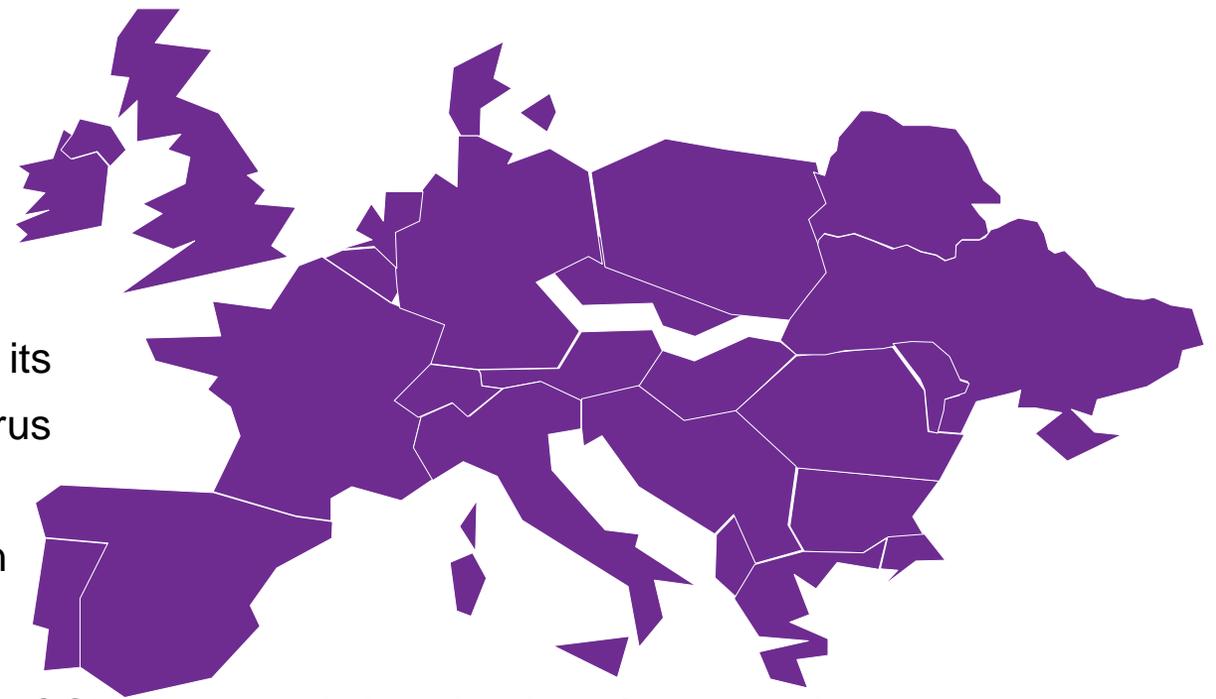
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# Europe

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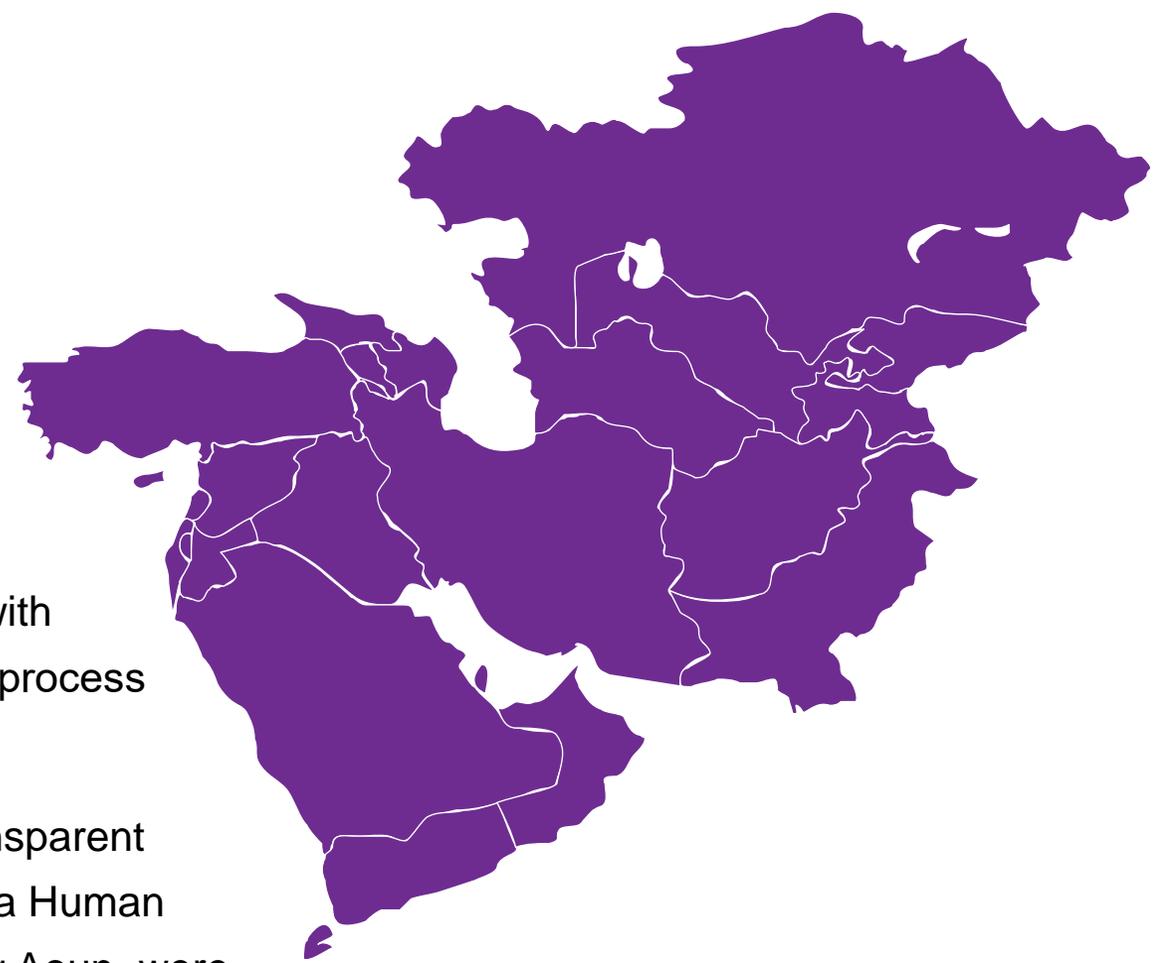
- **Euro zone** business activity surged in July, expanding at its fastest pace in 15 years, with the lifting of more coronavirus restrictions; however, supply chain disruptions and labor shortages meant input prices surged at the fastest rate in over two decades.
- **Scotland's** First Minister Sturgeon eased most remaining COVID-19 restrictions but kept face covering requirements in place.
- **Belarusian** opposition leader Sviatlana Tsikhanouskaya urged western nations to tighten sanctions on Belarus.
- **Greek** authorities told people in Athens to stay indoors on Wednesday as a wildfire raging uncontrolled north of the city covered the sky in a thick cloud of smoke. The blaze broke out on Tuesday and in scorching temperatures, it spread to nearby towns burning homes and cars and forcing residents to flee.

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# Middle East

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- Borders have left a tanker that maritime sources had said was seized off the coast of the **UAE** in what is suspected as a hijacking attempt by the **Iranian** IRGC.
- An **Iranian** official said that Tehran would not move forward with prisoner swap plans with the **US**, citing US “breaches” in the process of freeing detainees.
- **Lebanese** President Aoun said he is fully supportive of a transparent investigation into the Beirut blast, shortly after the release of a Human Rights Watch report arguing that Lebanese officials, including Aoun, were aware of and tacitly accepted the risks of the explosive material.
- **Tunisia’s** largest labor union called on President Saied to appoint a new government within 30 days.
- In a surge of violence in the capital, a blast near the office of **Afghanistan's** main security agency wounded three people on Wednesday hours after a bomb and gun attack on a minister's compound.



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# How do You Manage Incident Response?

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*2021 has already seen business disrupted by extreme weather, ransomware attack, the ongoing pandemic and more. The common refrain “It’s not if, but when” rings truer than ever for disruptive incidents that will impact business as usual.*

*Working with Dentons, you can effectively develop an organizational incident-behavior adopted by all your team members. Dentons will help you build muscle memory through tabletop exercises, which are crafted to fit the business strategy of every client.*

*Our team plays events and incidents of different severities and complexities and accounts for real-world factors such as inconclusive evidence, mistakes by responders, and the business impact of eradication steps. Our tech-savvy lawyers continuously revise the playbooks per the evolving sector-specific threat landscape.*

*Dentons tabletop sessions are fluid, and designed to enhance preparedness with services, including:*

- ❖ Ransomware tabletop exercises
- ❖ Post-tabletop action reports
- ❖ Maturity assessments for preparedness
- ❖ Supply-chain attack simulation
- ❖ Comprehensive incident response plan
- ❖ Threat analysis and monitoring

*All interaction with Dentons is attorney-client privileged*

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

# Americas

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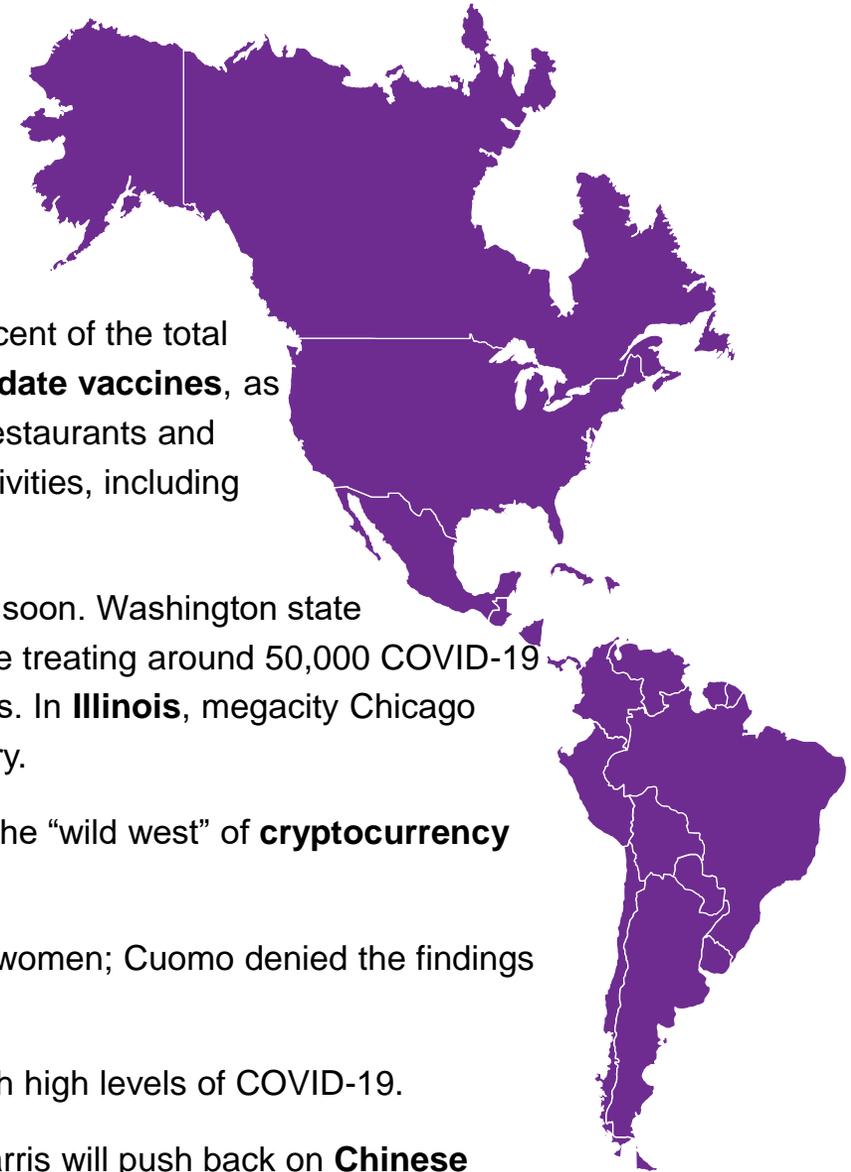
- **Canadian** factory activity grew at its slowest pace in five months in July due to supply constraints.
- **Brazilian** Economy Minister Guedes warned that the \$17 billion in court-ordered government payments, which includes fees for court losses compensation, benefits and tax refunds the government must pay following legal defeats in court, slated for 2022 would hit the federal budget “*like a meteor.*”
- **Brazil’s** President Bolsonaro faces a judicial inquiry into his unsubstantiated warnings of voter fraud, which could disqualify him from running for re-election.
- A controversial prosecutor in **Guatemala** has been tapped to replace an internationally renowned graft-fighter who claims he was fired for his efforts to investigate corruption cases linked to President Giammattei.



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# Americas: US

- Across the nation, 191.8 million have received at least **one dose of the vaccine**, or 57.8 percent of the total population. President Biden denounced Republican officials who have blocked efforts to **mandate vaccines**, as he encouraged cities and states to require that individuals show proof of vaccination to visit restaurants and other public spaces. New York City will require proof of vaccination for a number of indoor activities, including dining, concerts and gyms.
- **Florida** Governor DeSantis (R) said that “*hospital admissions have slowed*” and should peak soon. Washington state officials on Tuesday reported the highest hospitalization levels recorded in 2021. Hospitals are treating around 50,000 COVID-19 patients, a count that more than doubled in two weeks but remains below last summer’s levels. In **Illinois**, megacity Chicago added **Georgia, Utah, Kentucky, South Carolina and Hawaii** to its COVID-19 travel advisory.
- SEC Chairman Gary Gensler called on Congress to give his agency new powers to regulate the “wild west” of **cryptocurrency** markets.
- An **independent investigation** found that New York Governor Cuomo sexually harassed 11 women; Cuomo denied the findings as Democratic leaders including President Biden called for his resignation.
- The CDC on Tuesday issued a new 60-day moratorium on **residential evictions** in areas with high levels of COVID-19.
- Secretary of State Blinken announced a strategic dialogue with **Indonesia**. Vice President Harris will push back on **Chinese** claims in the South China Sea in her upcoming trip to **Vietnam and Singapore**, per the White House.



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# The Biden Administration's Emerging Policy in Southeast Asia

By Briana Boland

**US Secretary of Defense Lloyd Austin spent the last week of July in Southeast Asia, marking a progression of the Biden Administration's growing attention to the region. As the new administration continues to develop its Indo-Pacific policy, the content of Austin's visit provides insight into US prioritization of partnerships in Southeast Asia, the differences between the Quad and ASEAN as regional frameworks, and how broader China policy will impact US relations with other regional states.**

Given the growing economic power of ASEAN countries, along with their concerns in the South China Sea and strategic interest in balancing relations with China and the west, the direction of US policy towards the Southeast Asia will have key long-term implications for the both region's security situation and how US-China tensions impact the region's international business environment.

July saw a concerted effort by the Biden Administration to reassure Southeast Asia of its importance in US foreign policy, following an

initial six months in office that left many in the region doubting the new administration's attentiveness. President Biden has not spoken with any Southeast Asian leaders by phone, no cabinet official had visited the region until Austin, and US engagement generally focused on the Quad above ASEAN. Secretary of State Blinken missed a May US-ASEAN Foreign Ministerial meeting due to a technical issue while on a flight to the Middle East, an unintentional incident that nonetheless added to the perception that Southeast Asia was not a top US priority. However, the past month has marked both a successful US-ASEAN virtual Foreign Ministerial Meeting, and most importantly, a cabinet-level visit from Defense Secretary Lloyd Austin. The Administration will continue building on this momentum through Secretary Blinken participation in ASEAN's upcoming Regional Forum, and through an upcoming trip by Vice President Harris to Vietnam and Singapore.

Austin's visit provided two sets of key takeaways: first, through the message he conveyed to the region at his keynote speech in Singapore, and second, through developments in bilateral relations with Singapore, Vietnam, and the Philippines.

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# The Biden Administration's Emerging Policy in Southeast Asia

Providing expansive remarks through the forum of the International Institute for Strategic Studies (IISS) Fullerton Lecture, Austin sought to reassure regional partners of US commitment to Southeast Asia, providing indicators of the direction of the Biden Administration's strategy for engagement with the region. In keeping with President Biden's signature foreign policy theme of alliance-building, Austin emphasized US hopes to strengthen partnerships and reiterated that groupings like the Quad are complimentary to other regional infrastructure like ASEAN. Pushing his signature idea of "integrated deterrence," Austin discussed the importance of working more closely on non-traditional aspects of defense, namely cybersecurity. Perhaps most importantly, Austin led with a US pledge to aid Southeast Asia in its struggle with COVID-19 through "no strings attached" vaccine deliveries, hitting on the most urgent issue of the day for many regional countries.

Though issues related to China were clearly central to Austin's visit, his lecture signaled a balanced approach, both emphasizing that the US would stand up for its interests and seek a "constructive, stable relationship" with Beijing. For Southeast Asian nations that rely on

China as their biggest economic partner and the US as their primary security partner, Austin's tone, and reiteration that the US is not asking regional countries to choose between itself and China, was likely welcomed. With the Biden Administration's China strategy still emerging, Austin's trip to Southeast Asia provides an important glimpse into how the new US leadership is approaching key regional issues and diverging from the Trump Administration. Instead of statements emphasizing "freedom of navigation" that were often perceived as applying primarily to US freedom of navigation, Austin shifted emphasis to argue that China's South China Sea claims threaten the freedoms of all regional countries, as well as the United States. Overall, the shift in rhetoric acted to emphasize that the US seeks to protect the interests of all regional parties and wants to develop stronger bilateral relations based on more than competition with China. Along with a shift in rhetoric, immediate action from the US is set to emphasize COVID-19 aid, helping establish goodwill and boost economic recovery.

Beyond Singapore, Austin's visits to Vietnam and the Philippines, the two ASEAN countries seen as most receptive to confronting China,

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# The Biden Administration's Emerging Policy in Southeast Asia

represented more concrete progress in alliance-building. Earlier in July, the US Trade Representative formally closed the investigation into Vietnam's alleged currency manipulation which had clouded prospects for growing bilateral ties, setting up Austin for a warm welcome in Hanoi. In the Philippines, a 75-minute meeting with President Duterte was followed by the announcement that the president had decided to end the abrogation process for the US-Philippines Visiting Forces Agreement (VFA), which had cast a much darker cloud over bilateral ties in recent years. Like the US forces cost-sharing agreement reached with South Korea in May, both developments represent important "housekeeping" steps towards strengthening ties with key strategic partners.

While Austin's trip provided important insight into the Biden Administration's overarching strategy for Southeast Asia – one focused on alliance building and emphasizing common interests to defend – it also left questions about the place for ASEAN, as a regional body, in US engagement with the region. Though the Biden Administration continues to pledge support for the regional body, its inability to nimbly address key political issues means that more

immediate elements of US engagement with the region will likely occur through bilateral partnerships and new entities like the Quad. In particular, where issues involving China are concerned, ASEAN struggles to act with unity – frustration with Laos and Cambodia's growing alignment with Beijing even prompted one former Singaporean diplomat to suggest that they should be cut from the regional body. Even within its own membership, ASEAN has struggled to muster a cohesive response to the coup in Myanmar; little progress has been made on talks between rival parties in Myanmar, and ASEAN has still not appointed a special envoy. US engagement with ASEAN will continue, but likely with an eye to long-term regional development and promoting a counterweight to China's economic dominance. But for more immediate action, the US will look to strengthening bilateral partnerships and advancing newer alignments like the Quad.

For businesses operating in Southeast Asia, the direction of US policy towards the region will have important implications for security, stability, and potential to be caught in the crossfire of US-China tensions. A confrontational approach from the US to China in

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# The Biden Administration's Emerging Policy in Southeast Asia

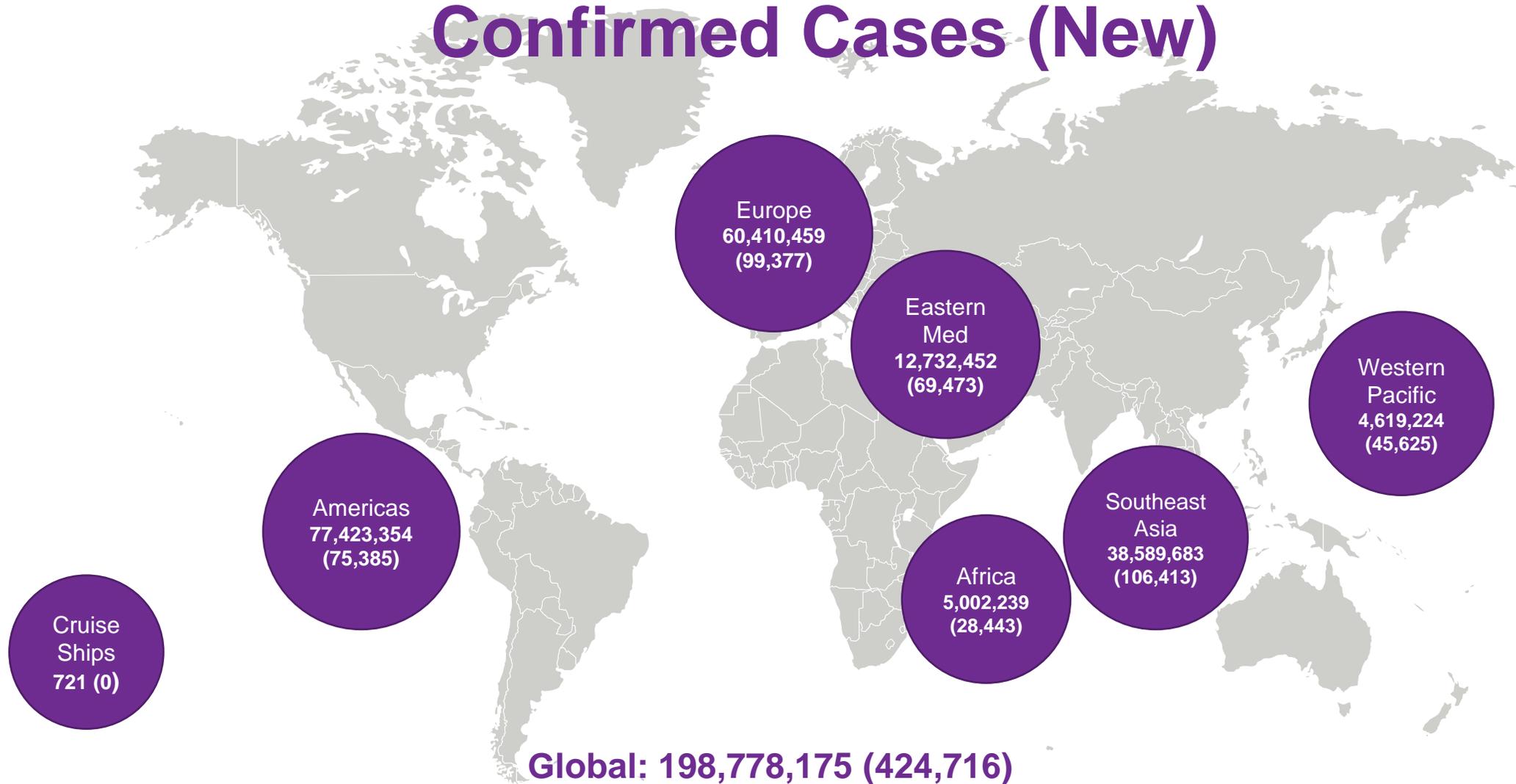
Southeast Asia could result in sanctions from both capitals targeting projects, operations or governments within the region, in an expansion of the type of targeting that has limited Huawei's expansion in international 5G networks or the type of downturn in relations that has so soured China-Australia economic ties. Overall, the early tone struck by Secretary Austin seems to signal that the Biden Administration will seek to limit unnecessary fallout in Southeast Asia from US-China tensions and seek more stable bilateral relations. However, the Biden Administration is also putting strategic competition with China on long-term footing, meaning that the region has a long road ahead of balancing geopolitical tensions and economic interests. Some competition could bring opportunity for Southeast Asia, particularly if the US and Japan follow through on discussions of increased involvement in regional infrastructure and technology projects. But differences over tense issues than economic ones, namely disputes in the South China Sea, will continue to create risks in Southeast Asia's political environment. Deepening US engagement is likely to only drive such tensions higher as Beijing reacts to perceived interference in its neighborhood.

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# Coronavirus Condition Updates

As of 5:30 pm CEST on August 3, 2021

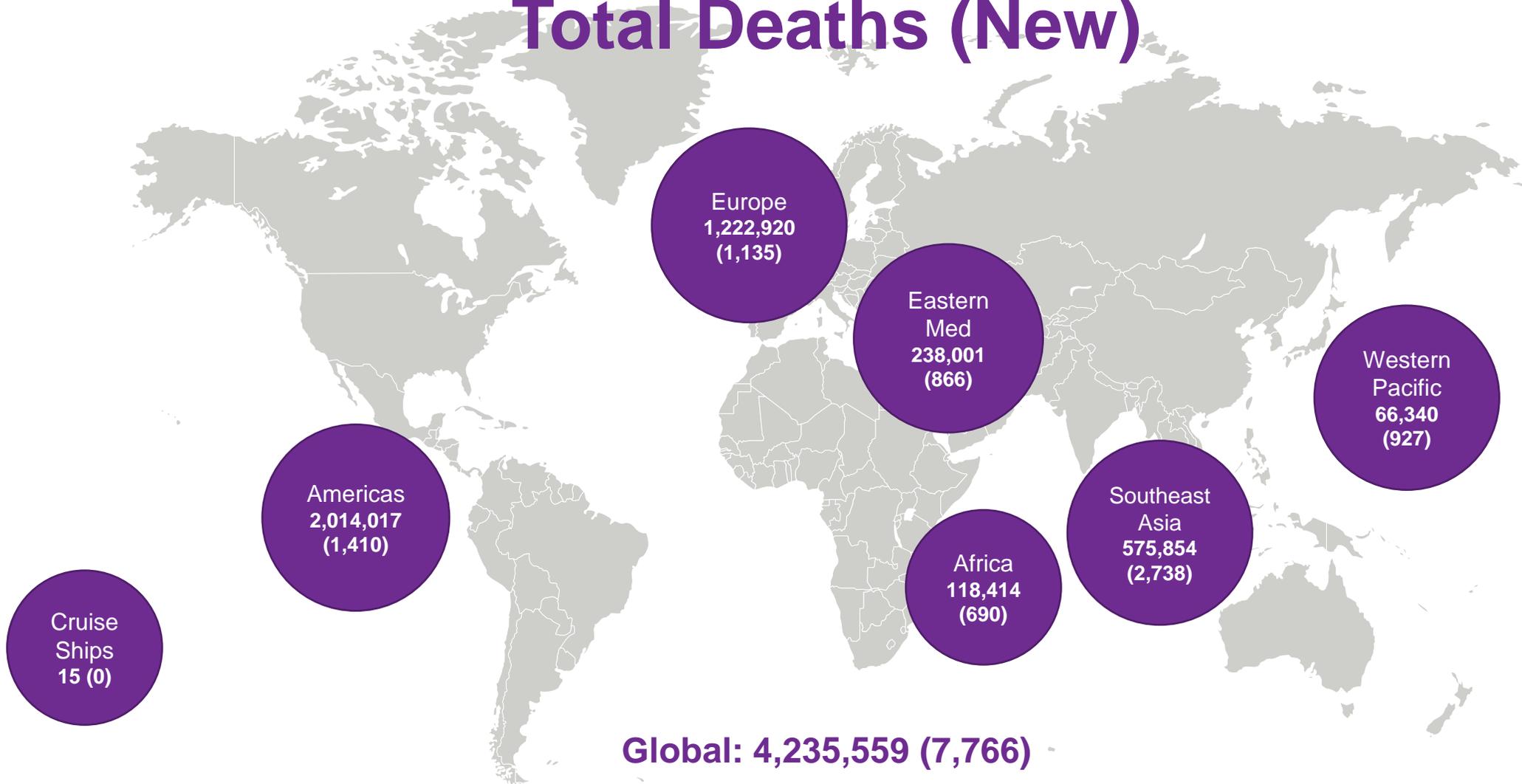
# Confirmed Cases (New)



Reflects data as of 5:30 pm CEST on August 3, 2021.  
Data Source: World Health Organization

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# Total Deaths (New)



Reflects data as of 5:30 pm CEST on August 3, 2021  
Data Source: World Health Organization

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# Contacts

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*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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## **Karl Hopkins**

Partner and Global Chief Security Officer  
Dentons  
Washington, DC

D +1 202 408 9225  
[karl.hopkins@dentons.com](mailto:karl.hopkins@dentons.com)

## **Melissa Mahle**

Senior Analyst  
Dentons  
Washington, DC

D +1 202 408 6383  
[melissa.mahle@dentons.com](mailto:melissa.mahle@dentons.com)