

Dentons Flashpoint

Daily Global Situation Report

June 15, 2022

Global Situation Update: June 15, 2022

KEY TAKEAWAYS

The European Central Bank will hold an unscheduled meeting today to discuss the turmoil in European bond markets.

Ukraine rejects a Russian ultimatum to surrender the eastern city of Severodonetsk.

The World Food Program suspends food aid to almost 2 million in South Sudan due to low funds.

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WHAT WE'RE WATCHING

Today is the third consecutive day of mass protests in Ecuador as indigenous demonstrators and their allies express anger over rising gas and food prices and what they say are President Guillermo Lasso's "neoliberal" and free market policies. Many roads are blocked, while businesses and universities are closed amid heightened anti-government sentiment.

The leader of the National Confederation of Indigenous Nationalities (CONAIE), who called for an indefinite social mobilization until 10 demands are met, was arrested by security forces yesterday. President Lasso's pro-business plans will remain stalled, limiting the likelihood of improvements in the operating environment, and his pursuit of free trade agreements with several countries will lead to more unrest.



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Global

Trade ministers extended WTO meetings for a day, hoping to reach deals aimed at widening vaccine distribution, boosting food security, reducing fishing subsidies and extending a moratorium on digital-commerce tariffs.

- **Global demand for oil** will rise above pre-pandemic levels next year following three years of COVID-19 lockdowns and the economic shock of the Ukraine war, per the IEA. The IEA also expects supply growth to lag behind demand, pushing an already tight market.
- The International Air Transport Association (IATA) announced that despite the ongoing war in Ukraine and travel restrictions in China, **air travel** resumed its strong recovery trend in April, driven by international demand. Total demand for air travel in April 2022 increased by 78.7 percent compared to April 2021.

Markets & Business

Major cryptos exchanges are shedding hundreds of workers in an abrupt reversal from the industry's breakneck expansion as a two-year hot streak gives way to steep losses.

- The **global technology industry** is pressing the WTO to exempt data flows from cross-border tariffs, saying a failure to do so would undermine a global recovery already threatened by spiraling prices.
- Thousands of **South Korean truckers** headed back on the roads today after the union and the government reached a late-night agreement to end an eight-day strike that crippled ports and industrial hubs.
- US defense contractor **L3Harris** is in talks to buy Israeli spyware firm **NSO Group**, per media reports.
- **BP** has made one of its biggest renewable energy investment yet, acquiring a 40 percent stake in the **Asian Renewable Energy Hub**, a vast solar, wind and green hydrogen project in Western Australia that will cost more than \$30 billion to develop.

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Environment, Sustainability & Governance

Two European Parliament committees backed an attempt to stop the EU labelling gas and nuclear energy as climate-friendly investments. The full EU parliament will vote next month.

- The AMR Industry Alliance - a coalition of drugmakers, biotech, diagnostic and other companies involved in the field of antimicrobials – announced that it is adopting its own standards to limit **toxic manufacturing emissions** to ensure the responsible manufacture of antibiotics, ahead of any agreed-upon global standards.
- A new Barclay’s analysis finds that the euro is the **currency that is the most resilient to climate-related shocks**, while the yuan is most exposed.
- Legal & General Investment Management voted against chairs at 80 companies this year for failing to meet its minimum climate change standards, down 35 percent from last year after it found more businesses had laid out **decarbonization ambitions**.
- EU countries are considering a one-year delay to the launch of a new **European carbon market** for buildings and transport, pushing back the start to 2027, as they seek a compromise on more ambitious climate policies, draft documents show.

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Africa

- The World Food Program was forced to suspend food aid to almost 2 million in **South Sudan** due to low funds.
- **Ethiopian** Prime Minister Ahmed said that his government had established a committee to examine the possibility of holding peace negotiations with Tigrayan rebels, publicly acknowledging the possibility of negotiations for the first time. Ethiopia is set to begin the third filling of its controversial Grand Ethiopian Renaissance Dam; meanwhile, talks with **Egypt and Sudan**, both downstream, on drought protections remain stalled.
- The estimated death toll from resurgent ethnic violence in Darfur, **Sudan**, rose to 125, and the number of displaced people to 50,000.
- **Nigeria** formalized proposed regulations for foreign social media companies, promised after Nigeria lifted its ban on Twitter six months ago; the regulations include a requirement that Twitter, Facebook and TikTok open local offices and appoint government liaisons.



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Asia

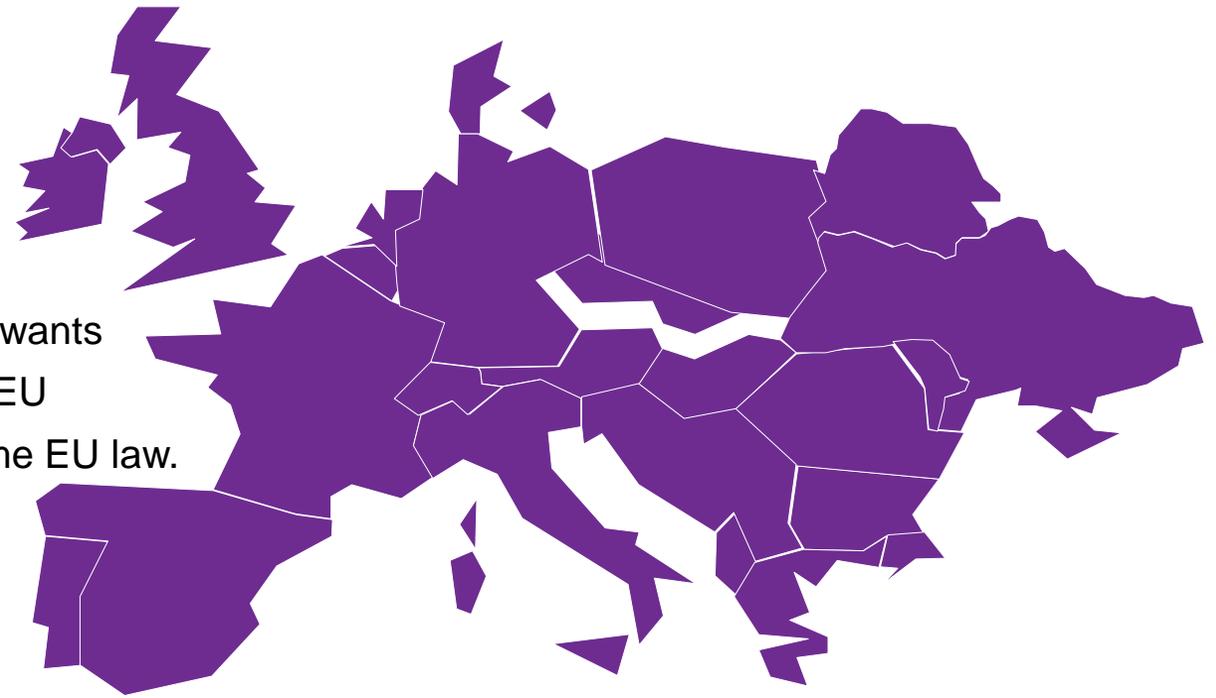
- The **US** backed **Taiwan's** assertion that the strait separating the island from **China** is an international waterway, a further rebuff to Beijing's claim to exercise sovereignty over the strategic passage.
- Scores of children have been killed in **Myanmar** since last year's coup, not just in the crossfire of conflict but as deliberate targets of a military willing to inflict immense suffering, per a United Nations expert.
- **Australia** is set to raise the national minimum wage by the most in 16 years as families struggle with soaring living costs, a bold decision that also risks further stoking inflation.
- **China's** economy showed signs of recovery in May as industrial production rose unexpectedly, but consumption was still weak and underlined the challenge for policymakers amid the persistent drag from strict COVID curbs.



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Europe

- **Poland** is expected to lift its opposition to a directive the **EU** wants to use to implement the global minimum corporate tax at an EU meeting today, raising prospects that the measure will become EU law.
- The **European** Central Bank's policy-setting Governing Council will hold a rare, unscheduled meeting today to discuss the turmoil in bond markets, with growing fragmentation risks - when some countries face markedly higher borrowing costs than others in the same currency bloc.
- **Ukraine** rejected a **Russian** ultimatum to surrender the eastern city of Severodonetsk early on Wednesday as NATO defense ministers gathered in Brussels to discuss sending more heavy weapons to replenish Kyiv's dwindling stocks.
- The St Petersburg International Economic Forum, often called the **Russian** Davos, opens today with no participation by **American** and **EU** political and economic elite. **Chinese** companies and leaders feature prominently, along with smaller countries.



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How do You Manage Incident Response?

2022 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.

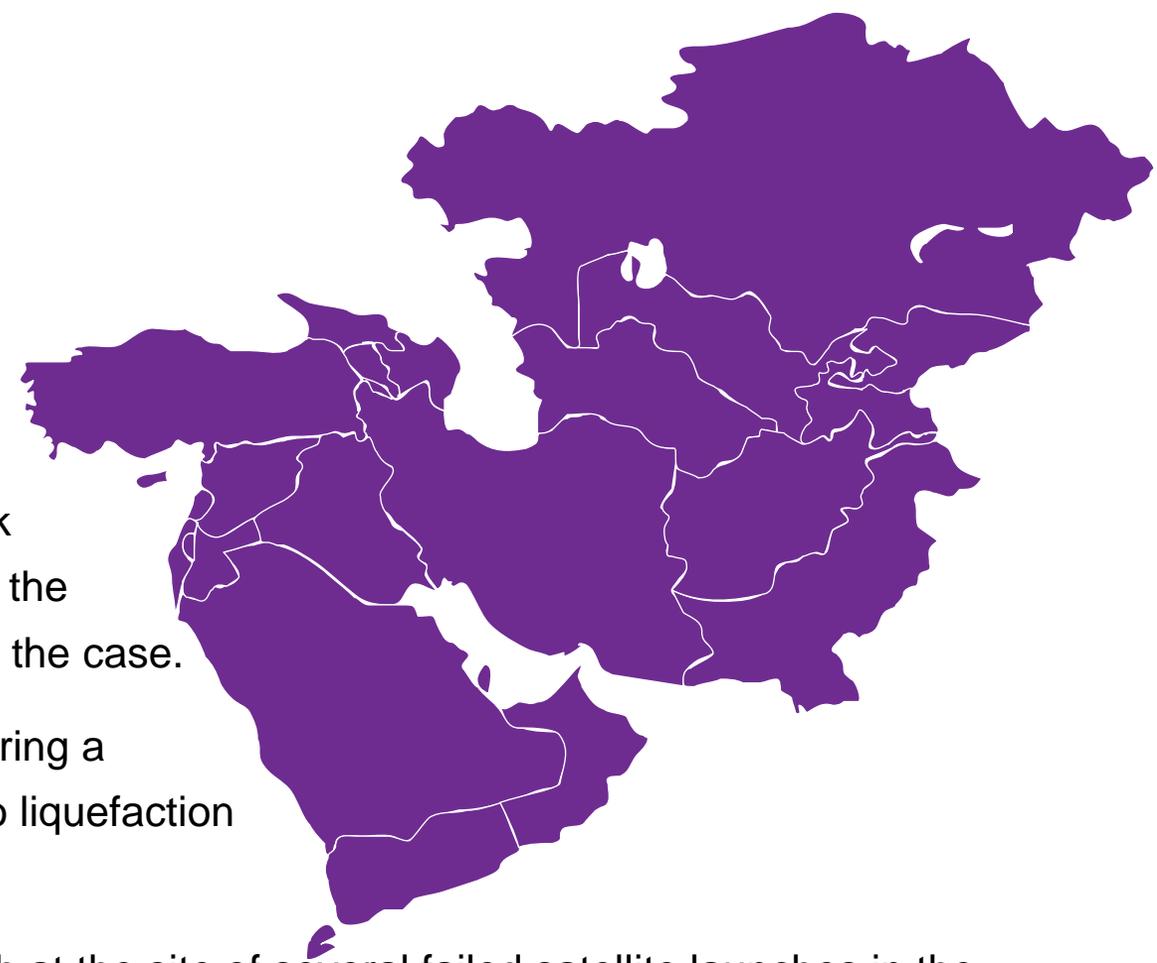
Dentons tabletop sessions are fluid, and designed to enhance preparedness with services, including:

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

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

Middle East



- The **Saudi**-led coalition in **Yemen** and the Yemeni Houthi rebels have reportedly resumed talks.
- The high-profile corruption probe into **Lebanon's** central bank governor has stalled after the judge who was referred to hear the case by the lead prosecutor opted to recuse themselves from the case.
- **Israel** and the **EU** will sign a natural gas export deal today during a regional energy conference in Cairo. Israeli gas will be sent to liquefaction plants in **Egypt** and then shipped north to European market.
- New satellite images show **Iran** preparing a new space launch at the site of several failed satellite launches in the Semnan province. Iranian officials told western media that the country believes **Israel** killed several Iranian scientists with poison. Iran's news agency reported that the Iranian tanker ship seized by **Greece** in April has been released. Iran's labor minister resigned amid protests over rising living costs.

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Americas

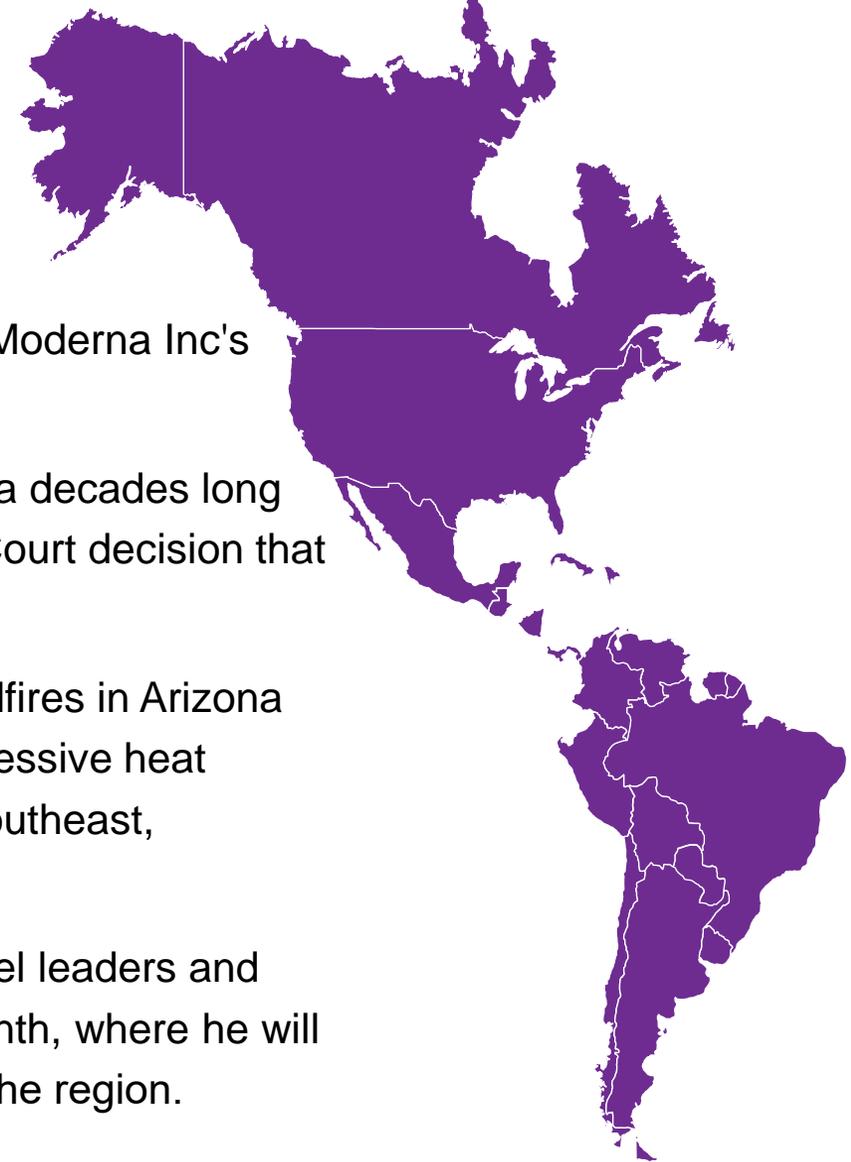
- **Ecuadorian** police detained the leader of an indigenous collective after the groups and their allies began an “*indefinite*” protest against conservative President Lasso involving block roads with burning tires and earth throughout the country.
- **Nicaragua's** Congress renewed a decade-long decree allowing **Russian** forces to train in the Central American country.
- **Canada's** parliament introduced a law that would require businesses operating in critical infrastructure sectors to report cyber-attacks to the federal government and fortify their cyber systems.
- **El Salvador's** publicly disclosed purchases of bitcoin, part of President Bukele's gamble on the cryptocurrency to make the country a tech hub, have more than halved in value from \$100 million to \$51 million amid the new crypto sell-off.



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Americas: US

- Advisers to the FDA unanimously recommended that the agency authorize Moderna Inc's **COVID-19 vaccine** for children and teens aged 6 to 17 years of age.
- **Abortions** performed in the US increased between 2017 and 2020, ending a decades long declining trend, according to a study released ahead of a pivotal Supreme Court decision that could alter abortion access nationwide.
- High temperatures enveloped a third of the US population yesterday, as wildfires in Arizona and California sparked during the heat wave. **Excessive heat** watches, excessive heat warnings and heat advisories are in effect from the Upper Midwest to the Southeast, according to the National Weather Service.
- President Biden will meet Saudi Crown Prince Mohammed bin Salman, Israel leaders and leaders from almost a dozen countries on a trip to the **Middle East** next month, where he will focus on regional and energy security and expanding Israel's integration in the region.



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Israel on the Verge of New Elections as the Bennett-Lapid Government Marks One Year in Office

By Dan Arbell, Special Adviser to Dentons

On June 13, the Naftali Bennett-Yair Lapid government marked its first year in office, at a time when most politicians and analysts assess the government's days are numbered. Barring last minute surprises, all signs point to a new round of elections as early as the fall of 2022, the fifth round of elections since April 2019.

Verge of New Elections

Since the defection of Member of Knesset (MK) Idit Silman of conservative Yamina Party from the coalition in early April, the coalition has been struggling to hold on to power without a majority, leaning on 60 MK's out of a total of 120 Knesset seats. Coalition crises occur on a daily basis, with members from right, center, left and Arab coalition parties continuously threatening to pull out if their demands are not met, while the opposition is attempting to lure right-wing coalition MKs to defect. Public opinion polls indicate that if elections are held, the right-nationalist-religious bloc led by former Prime Minister Benjamin Netanyahu has a better chance to form the next government than the group of parties currently making up the coalition, although polls do not give the Netanyahu bloc more than 60 seats.

MK Silman's unexpected departure in April left the coalition reeling, and sowed greater dysfunction in the already complex coalition, which represents parties from the nationalist right all the way to Islamist Arabs on the left. It was clear that the coalition will need to manage itself more strictly, focus on a narrower agenda and learn to carefully pick its battles if it is to survive. When the Knesset reconvened for the spring session in early May, the coalition's unhidden goal was simply to survive for ten weeks until the summer break begins on July 27.

West Bank Jurisdiction Flips Israeli Politics

The Islamist-Arab Ra'am Party, which suspended its membership in the coalition due to the government's handling of the Ramadan prayers in al-Aqsa Mosque, returned to support the coalition

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following the holy month, but several members voted against the coalition when Minister of Justice Gideon Sa'ar brought to a vote the legislation to extend Israel's legal hold over the West Bank by five years. As a result, the legislation failed for the first time since 1967. In addition to Ra'am defections, a few members of the left-leaning Meretz party and opposition parties opted not to support the legislation (despite the fact that those opposition parties represent West Bank settlers), arguing that their main goal is to oust the incumbent government. The vote (58 vs. 52) was bizarre even by Israeli standards, as left-leaning parties opposing Israel's occupation voted in favor of extending Israeli law, while right wing parties voted against.

June 30 is the deadline for the legislation's extension, and if it is not passed, the lives of Israelis living in the West Bank will be thrown into utter chaos without government funding, approval for construction and more. Minister Sa'ar vowed to attempt to bring the legislation to another vote before June 30, but the Arab MKs who opposed it in the first round insist they will not support it in the second round. This position by the Arab MKs has angered the coalition's right-wing members, and the opposition is trying to capitalize on this anger to bring these members (most notably, Prime

Minister Bennett's ally in the Yamina Party, MK Nir Orbach) to switch sides. While they have not succeeded so far, Orbach has suspended his membership in the coalition and has told Bennett that if the legislation does not pass by the end of June, he will fully withdraw from the coalition.

The Coalition at One Year

The controversy over the legislation's extension highlights the sensitivities and points to the fissures inside this unprecedented governing coalition, which has been described by Prime Minister Bennett and other members as "a historic experiment," bringing Jews and Arabs together for the first time in the country's history to implement a common agenda. Some coalition members (mostly on the right) have stated in recent days that "the experiment has failed" and that the time has come to end it. Nevertheless, coalition members on the center-left, most notably Foreign Minister Lapid, are arguing that the experiment is a success and must be continued.

Looking back at the government's first year, its list of accomplishments is perhaps longer than would have been expected upon its formation: passing a national budget after three years

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without one, effectively fighting COVID-19 without opting for national lockdowns, repairing relations with the Biden Administration, Egypt and Jordan and forging strong ties with the Abraham Accords countries, achieving greater deterrence against Hamas and Hizballah, and demonstrating Israel's far reach into the region (striking Syria and reportedly Iraq and Iran), cracking down on crime in the Arab sector, and somewhat diffusing the poisonous political atmosphere created over four polarizing election cycles. On the other hand, the situation in the West Bank deteriorated (although not only due to Israel's policy), a new wave of "lone wolf" Palestinian terrorist attacks began, the government failed in bringing down the high prices of housing and was unable at times to pass important legislation in the Knesset due to political gridlock and internal bickering.

This year has certainly seen growing political polarization in a magnitude not previously seen in Israel. During the year, the opposition led a vicious, yet effective, campaign against the governing coalition, hammering the message that the coalition is relying on the votes and support of "terrorists' supporters" (alluding to the Ra'am Party). Moreover, the opposition consolidated its

approach and stepped up its efforts to "recruit" defectors from the coalition and determined to embarrass the coalition at every opportunity it could. At this point, it seems the opposition's strategy worked well, as new elections may be called by the end of June.

Next Steps

Looking ahead, there are three possible scenarios:

1. The first scenario, which seems the most likely, is a failure of the coalition to pass the legislation on extending Israel's legal hold of the West Bank. In such a scenario, MK Orbach and possibly other right wing MKs leave the coalition and ,together with the opposition, vote in favor of early elections in the fall along with 61 opposition MKs.
2. The second scenario, which is less likely, is that the opposition manages to convince more coalition MKs from right wing parties (likely Yamina and New Hope) to defect. With more than 61 MKs, the opposition could vote in Netanyahu as Prime Minister without the need to hold new elections.

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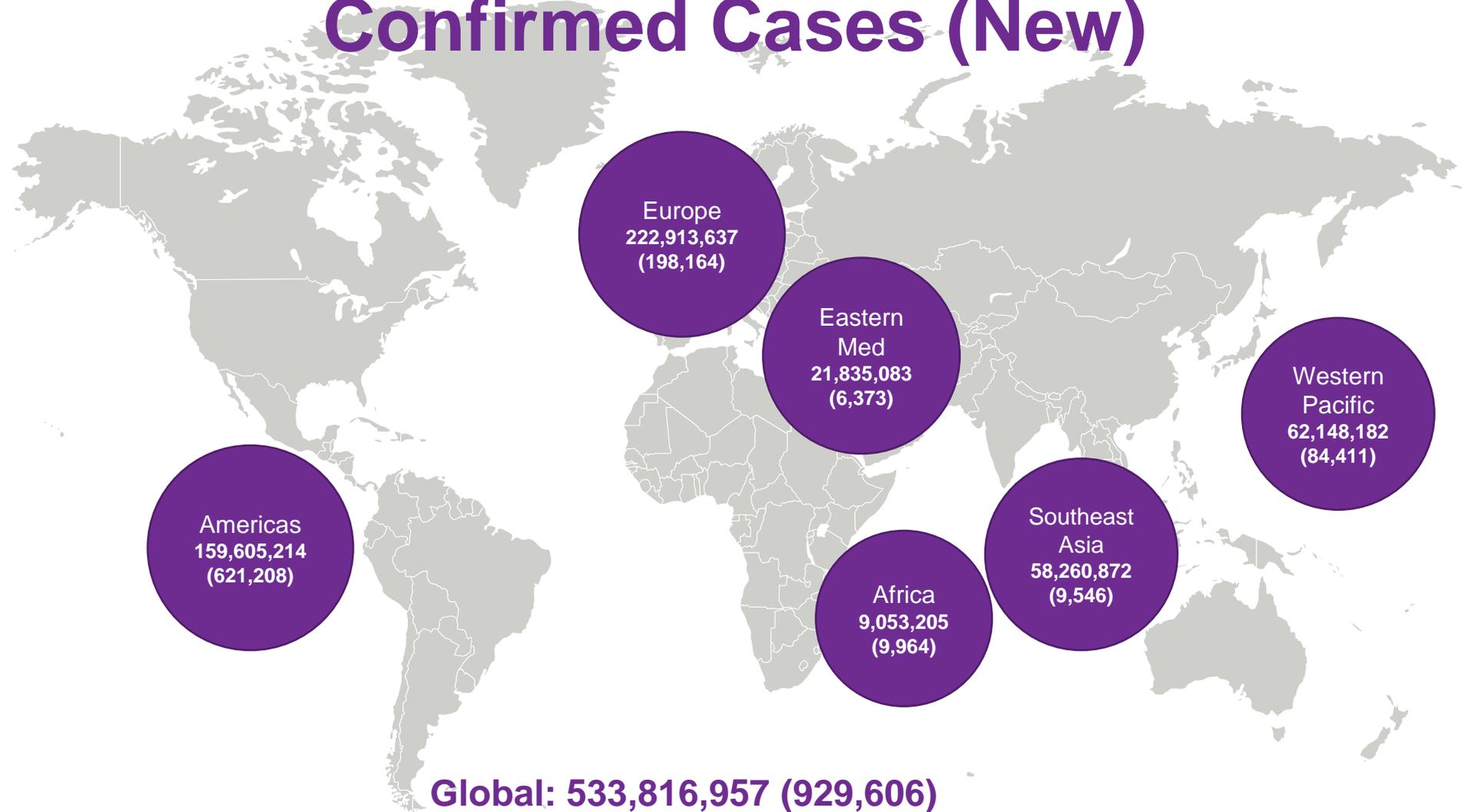
3. The third scenario, also less likely, is that the coalition manages to convince the two opposing Arab MKs to support the legislation, or alternatively to resign from the Knesset, thus ending the crisis.

It is clear, however, that even if the coalition weathers the current storm, it will face great challenges all the way to the summer break and beyond.

Coronavirus Condition Updates

As of 6:13 pm CEST on June 14, 2022

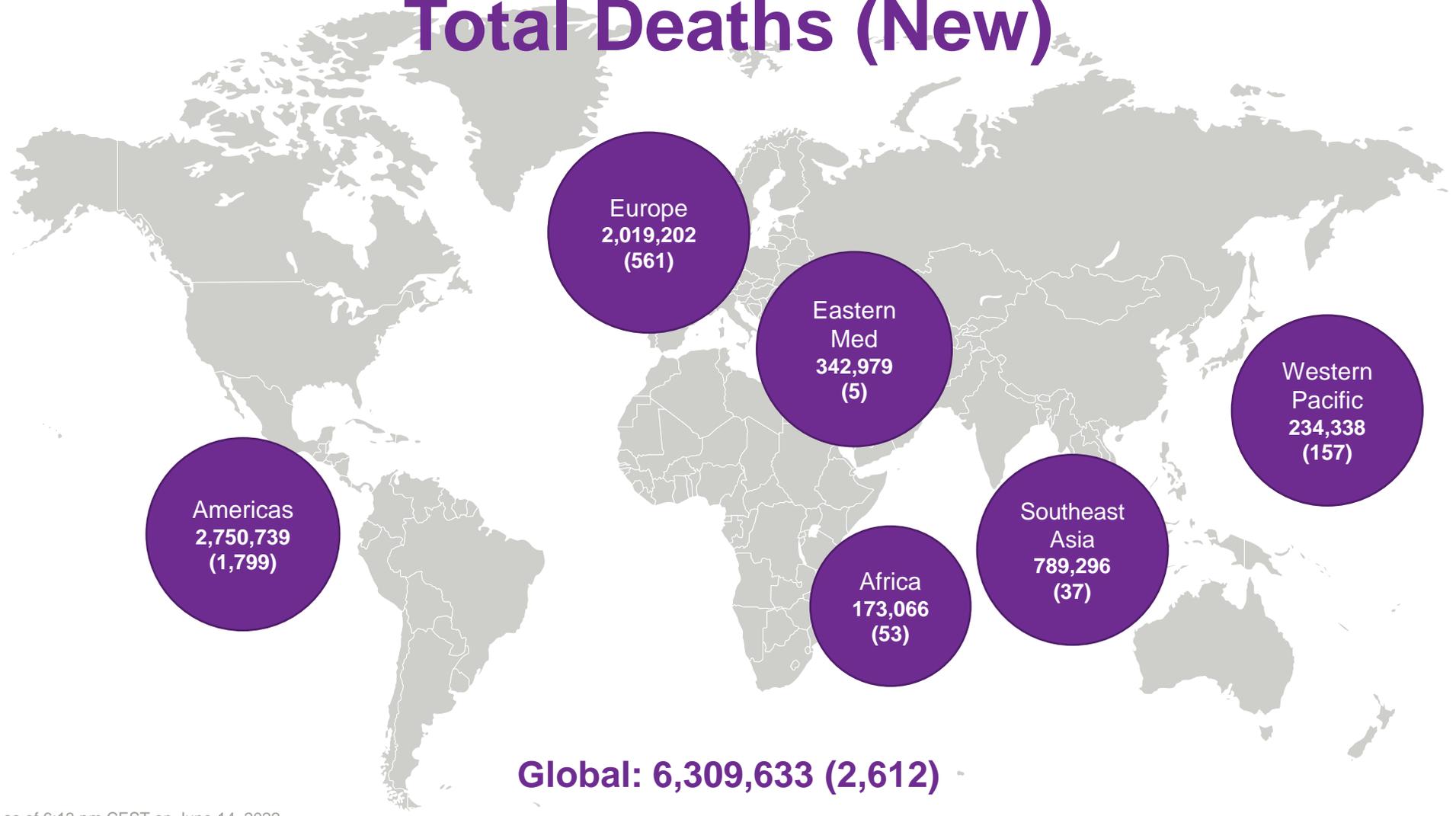
Confirmed Cases (New)



Reflects data as of 6:13 pm CEST on June 14, 2022.
Data Source: World Health Organization

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Total Deaths (New)



Reflects data as of 6:13 pm CEST on June 14, 2022
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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