

Dentons Flashpoint

Daily Global Situation Report

May 6, 2022

Global Situation Update: May 6, 2022

KEY TAKEAWAYS

China's politburo doubled down on the zero-COVID policy, saying Beijing would fight any criticism of its COVID policy.

The US criticized Russia for nuclear weapons saber rattling, saying it is not the behavior of a responsible nuclear power to engage in that kind of rhetoric.

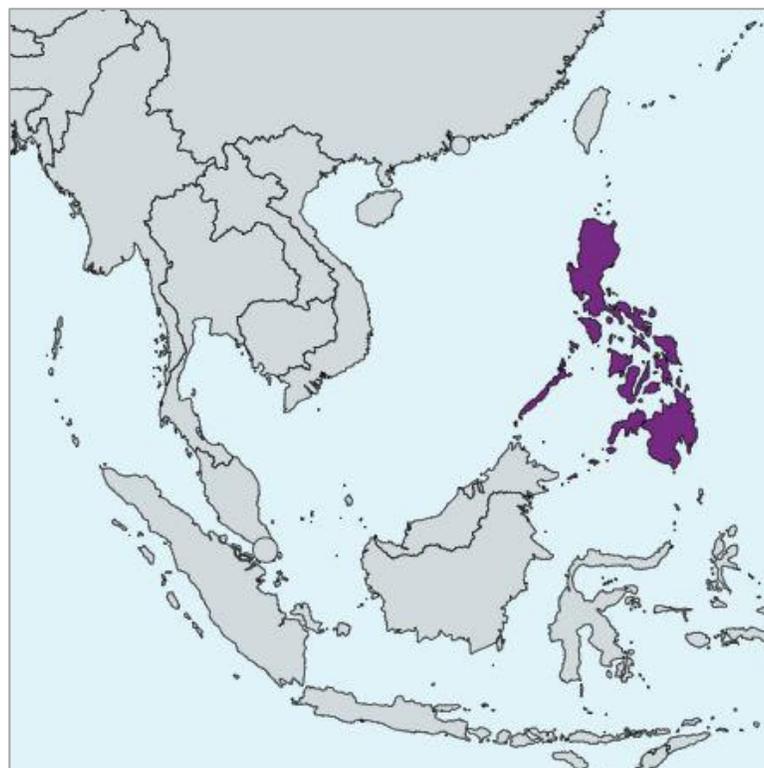
Global stocks tumbled amid investors' concerns over rising interest rates and inflation.

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WHAT WE'RE WATCHING

The Philippines will head to the polls this weekend to elect national and local leaders. Polling indicates that Ferdinand 'Bongbong' Marcos Jr., son and namesake of the former president, is likely to win the presidency. However, incumbent Vice President Leni Robredo remains Marcos' closest rival and is gaining momentum. Election-related violence may increase this weekend, especially armed guerilla activity in the Mindanao Islands (southern Philippines).

If elected, Marcos would likely implement a pandemic recovery plan for the Philippines and continue the government's program of infrastructure building. He has also made public statements about reviving nuclear power, including restoring a long-dormant plant in Bataan.



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

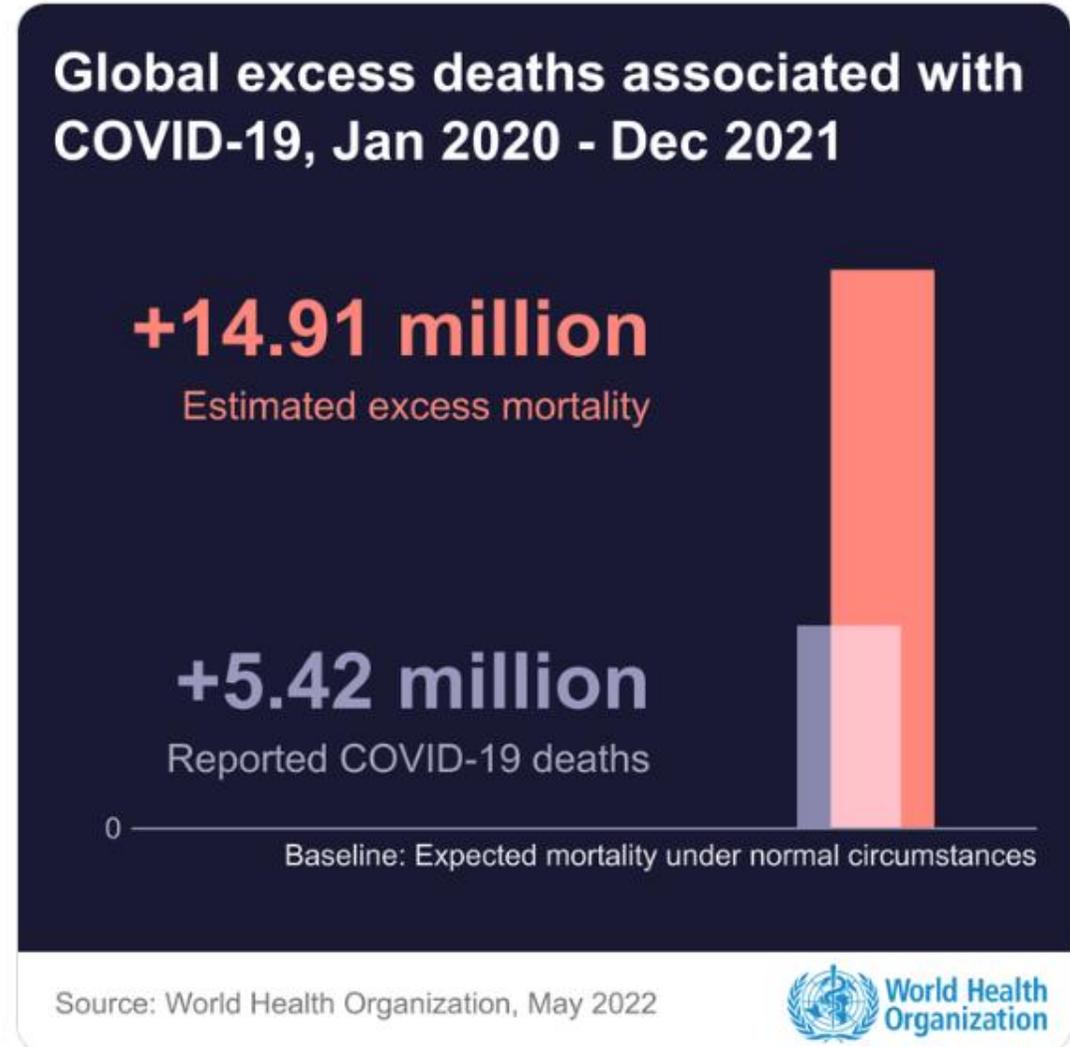
Global

An international donors conference in Warsaw co-hosted by Poland and Sweden, collecting funds for Ukraine has raised 6.5 billion dollars (6.16 billion euros) to help the war-torn country.

- The US strongly criticized Russia for **nuclear weapons saber rattling**, saying it is not the behavior of a responsible nuclear power to engage in that kind of rhetoric. The US Pentagon expressed confidence that its strategic deterrent posture is well placed and robust enough to defend the homeland, as well as allies and partners. *“The specter of a nuclear conflict between the United States and Russia is good for no one, certainly not good for Russia.”*
- The UK Defense Ministry assessed efforts to seize the Mariupol steel plant is a likely bid by Russian President Putin *“to have a symbolic success in Ukraine”* linked to the upcoming **May 9 Victory Day commemorations**.

Coronavirus Snapshot

- The WHO released a report estimating that between **13.3 million and 16.6 million deaths** were linked to the coronavirus pandemic in its first two years, more than doubling the official death toll of 6 million where COVID-19 featured on death certificates either as the primary cause or a contributing factor.
- The WHO calculation is based on an analysis of **excess mortality**, an approach used by demographers to measure the real impact of the health crisis that compares average death rates with those recorded during the pandemic.



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Markets & Business

Investors have started backing away from the riskiest corporate bonds in the US, with the amount of debt that trades at distressed levels doubling since the start of the year.

- Wall Street's **Nasdaq** Composite tumbled 5 percent yesterday in its steepest decline since the market tumult in 2020, marking an abrupt reversal from a powerful rally in the previous trading session. **European shares** slid on Friday, following a grim day on Wall Street. The jitters spread to Asia, where the **FTSE Asia Pacific index** of Asia Pacific stocks, excluding Japan, fell 2.8 percent.
- The **Bank of England** raised its key interest rate to the highest level in 13 years yesterday amid growing concerns over high energy prices sparked by Russia's war in Ukraine. It was the fourth straight rate rise by the financial institution.
- Italian bank **UniCredit** put aside €1.3 billion to cover potential losses due to its exposure to Russia as it considers an exit from the country. Reinsurance group **Swiss Re** set aside \$283 million to cover expected claims related to the Ukraine war.

Environment, Sustainability & Governance

EU officials and lawmakers negotiating an overhaul of the EU carbon market are struggling to reach a compromise over plans to levy CO2 costs on suppliers of polluting fuels, potentially putting the bloc's climate change targets at risk.

- The US Department of Energy intends to commit \$2.25 billion for projects to **store carbon dioxide underground** and help fight climate change.
- HVAC and climate control solutions company Trane Technologies became one of the first companies globally, and the first in its industry, to have its net zero carbon emissions targets approved by the **Science Based Targets initiative (SBTi)**.
- Primark, one of Europe's biggest fast fashion chains, has pledged to train an additional 125,000 smallholder cotton farmers in more **sustainable farming methods** in India, Pakistan and Bangladesh by the end of 2023.
- **Climate activists** and other **disgruntled investors** glued themselves to chairs, set off alarms and chanted slogans at shareholder meetings hosted by Barclays and Standard Chartered.

Africa

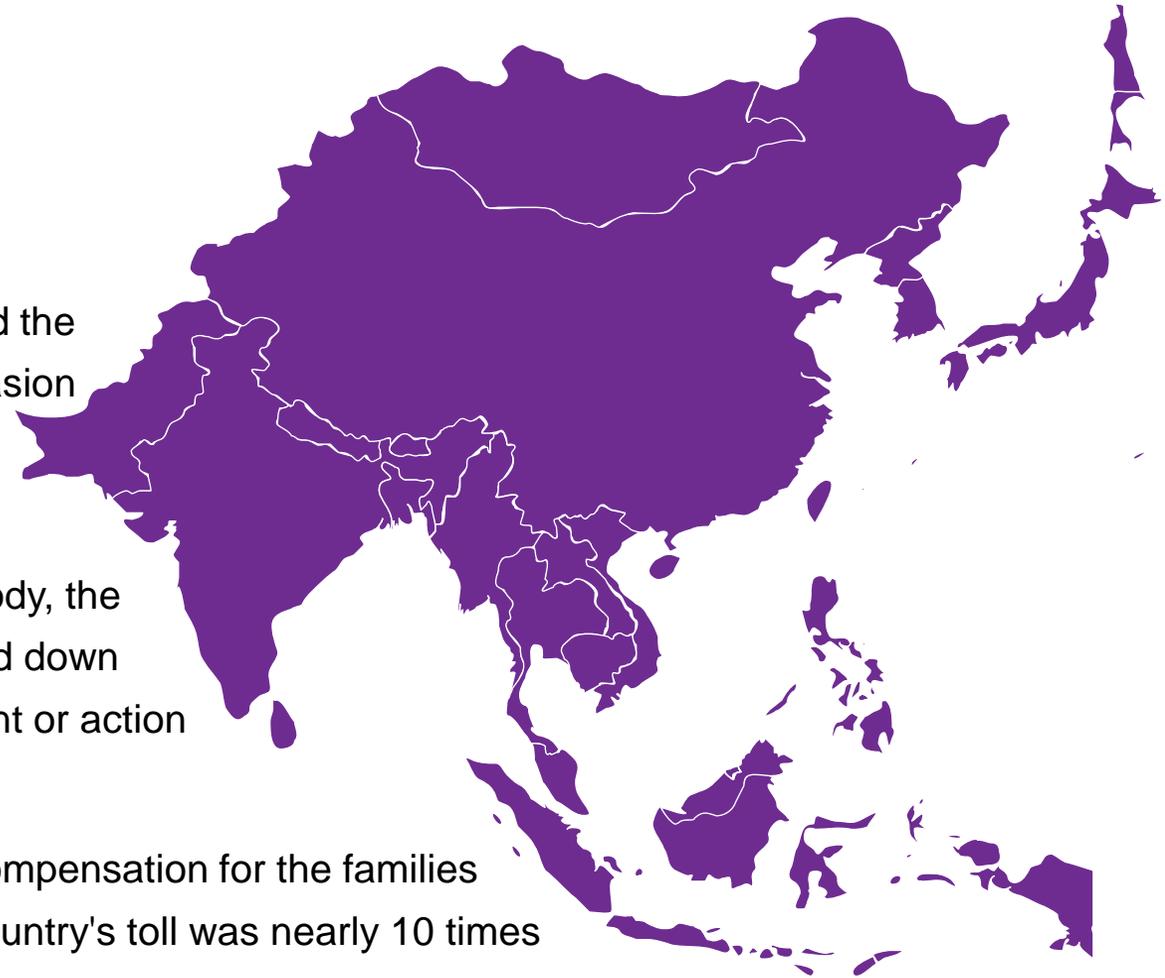
- **Somali** lawmakers pledged to select a new president by May 15, ahead of the May 17 deadline after which the IMF would stop offering monetary support in the absence of a president.
- The chiefs of staff of the ECOWAS states met in **Ghana** for a two-day meeting to discuss peace and security challenges in the region. Several countries are under military juntas and are dealing with Islamist insurgencies, and a few, including **Cameroon and Mali**, have recently increased military cooperation with **Russia**.
- **South Africa** unveiled new COVID-19 restrictions that keep in place a mask mandate and reintroduce capacity limits for gatherings amid worries that the country is seeing a fifth wave. The South African government called on citizens to use water sparingly amid persistent drought.
- **South Africa's** Aspen Pharmacare, the continent's first COVID-19 vaccine production hub, said it would follow through on plans to slash its capacity in six weeks due to low demand if no further orders are placed.



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Asia

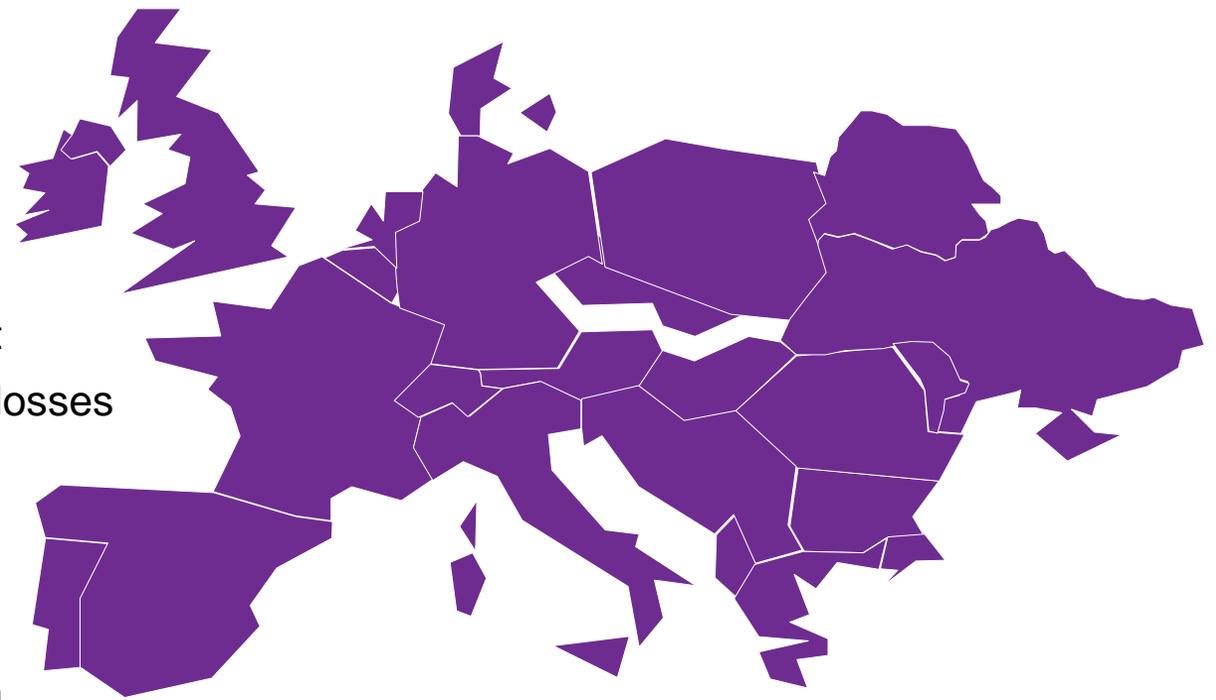
- Speaking from London, **Japan's** Prime Minister Kishida stressed the importance of a resolute international response to **Russia's** invasion of **Ukraine** in deterring potential future **Chinese** action against **Taiwan**.
- Amid growing criticism, the highest **Chinese** decision-making body, the Standing Committee of the Communist Party's politburo, doubled down on the zero-COVID policy, saying China would fight any comment or action that distorted, doubted or repudiated its COVID policy.
- **India's** main opposition Congress party demanded increased compensation for the families of those who died of COVID-19, after the WHO estimated the country's toll was nearly 10 times the reported figure.
- Thousands of shops, schools and businesses closed today as public and private sector workers in **Sri Lanka** went on strike, demanding the president and the government step down for their mishandling of the island's worst financial crisis in decades.



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Europe

- **British** Prime Minister Johnson's Conservative Party lost control of traditional strongholds in London and suffered losses elsewhere in local elections, per early results, as voters punished his government over a series of scandals.
- **NATO** will increase its presence around **Sweden's** borders and in the Baltic sea while a potential application to join the alliance is processed, per NATO Secretary-General Stoltenberg.
- A **Belarusian** court today sentenced Sofia Sapega, the girlfriend of a dissident detained after their commercial flight was forced to land in Belarus last year, to six years in prison for inciting social hatred.
- **Europe** is increasingly becoming a hub for production and trans-shipment of cocaine to other regions of the world, in addition to being a major consumption market, according to a joint EU report by law enforcement agency Europol and drugs agency EMCDDA.



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How do You Manage Incident Response?

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.

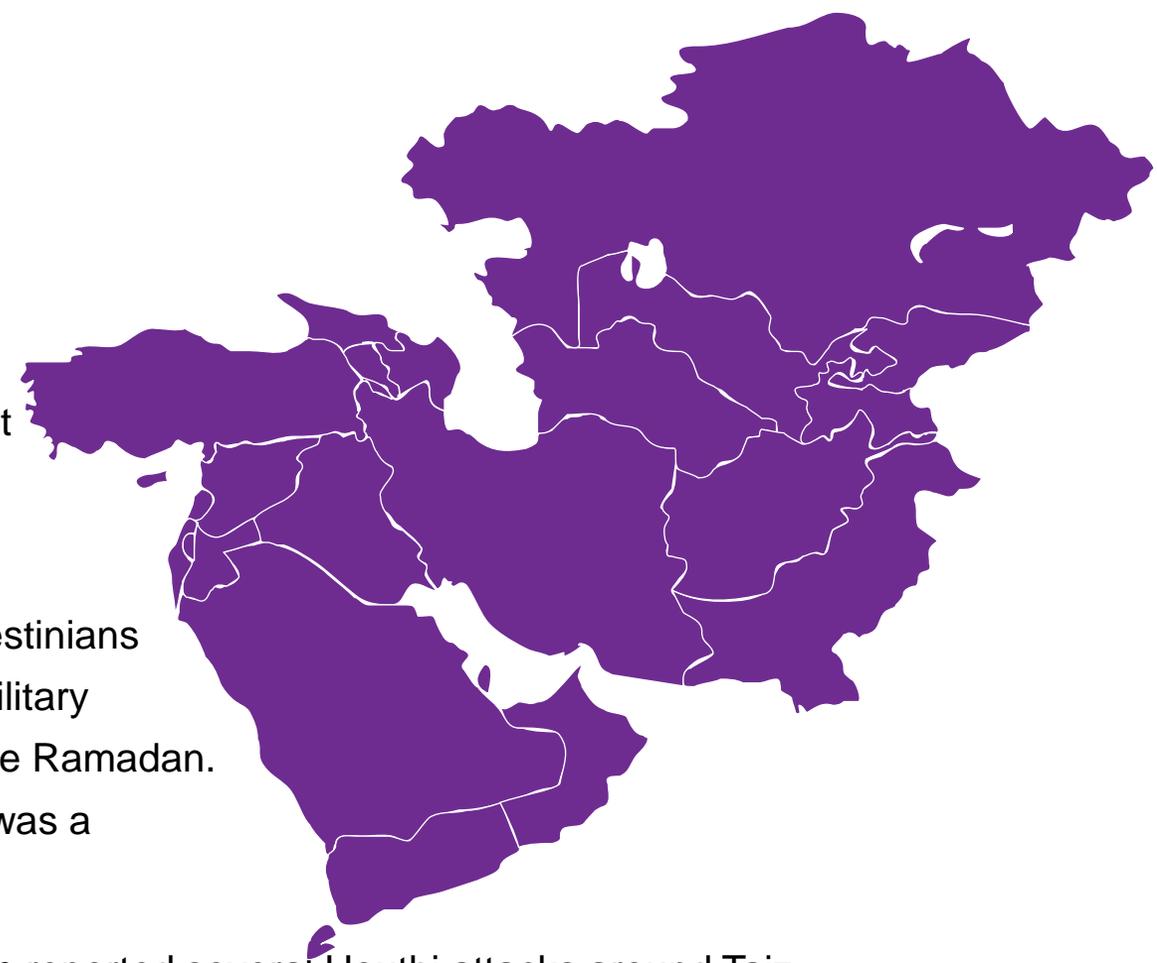
Dentons tabletop sessions are fluid, and designed to enhance preparedness with services, including:

- ❖ 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](#).

Middle East



- An official from **Iraqi** Kurdistan estimated that at least 10,000 have fled to the region from fighting between the Iraqi government and PKK-backed Yezidi militias, a number more than double Tuesday's estimate.
- **Israel's** top court rejected an eviction appeal for some 1,000 Palestinians residing in a rural **West Bank** area the IDF has designated for military exercises, teeing up another potential flashpoint following a restive Ramadan. At least three people were killed in what Israeli police suspected was a Palestinian terrorist attack in the Israeli city of Elad.
- Officials from the internationally recognized government in **Yemen** reported several Houthi attacks around Taiz, potentially undermining the two-month truce. The UN reiterated demands for the release of several local Yemeni UN employees who have been detained by the Houthi rebels for several months.
- **Tunisian** journalists protested in Tunis against what they characterized as President Saied's growing assault on press freedoms.

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Americas

- The **Peruvian** government opted to keep a state of emergency in place in the region surrounding the key Las Bambas copper mine, despite demands by occupying indigenous protesters that they would only negotiate if the order is lifted.
- The **Haitian** government reported that at least 9,000 people have had to flee their homes in Port-au-Prince amid heightened gun violence between rival the Chen Mechan and 400 Mawozo gangs.
- **Venezuelan** oil exports fell 9 percent last month, as quality-related delays hampered Caracas' attempt to capitalize on a tumultuous global oil market.
- A **Mexican** journalist was found dead in the northwestern state of Sinaloa yesterday, marking the ninth death of a media worker in the country this year.



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Americas: US

- The FDA has limited the use of Johnson & Johnson's **COVID-19 vaccine** due to the risk of a rare blood clotting syndrome, the latest setback to the shot that has been eclipsed by rivals.
- The Calf Canyon **wildfire** near Santa Fe has become New Mexico's second-largest on record and, only 20 percent contained, could threaten 15,000 homes as it expands. President Biden declared a major disaster for parts of the state so that federal assistance can reach affected residents.
- The Labor Department will release its weekly employment report today, with the **unemployment rate** expected to have dropped to its pre-pandemic low of 3.5 percent in April. The report is also expected to show wages rose solidly last month and highlight the economy's strong fundamentals despite a drop in gross domestic product in the first quarter.
- The Biden administration will start the process of replenishing the US's **strategic oil stockpiles** this autumn, purchasing 60 million barrels of oil to be delivered at a future time when oil prices are expected to be significantly lower.

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Ukraine War Update: Diplomatic Spats, Russian Victory Day, Donors Conference and Crowdfunding

The UK Defense Ministry assessed efforts to seize the Mariupol steel plant "come at a personnel, equipment and munitions cost to Russia." The push to capture Azovstal is a likely bid by Russian President Vladimir Putin "to have a symbolic success in Ukraine" linked to the upcoming May 9 Victory Day commemorations.

Political Developments

Moving past a simmering diplomatic spat, Ukrainian President Zelensky invited Germany's Chancellor Scholz and President Steinmeier to visit.

Russia and Israel have also resolved their dispute which threatened to pushed Israel from its neutral position on the Ukraine war. Israeli Prime Minister Bennett said that Russian President Putin had apologized to him for remarks by his foreign minister claiming that Hitler had Jewish origins.

Germany and the Czech Republic confirmed plans for an arms swap in order to supply Ukraine with weapons. The Czech Republic is supposed to deliver Russian-made weapons to Ukraine, while Germany will help it to replace them with modern Western weapons.

The attorneys general of the US, UK, Australia, Canada and New Zealand met virtually with Ukraine's prosecutor general to discuss coordinated efforts to hold accountable individuals whose criminal actions are enabling war crimes in Ukraine.

The Russian Foreign Ministry says it has declared seven Danish diplomats "*persona non grata*" in response to the expulsion of 15 Russian diplomats to Denmark.

In another sign of Russia's long-term plans to annex Ukrainian territory, Russia-backed separatists have removed road signs in Mariupol and replaced them with Russian-language ones.

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Ukraine War Update: Diplomatic Spats, Russian Victory Day, Donors Conference and Crowdfunding

Battlefield Developments

According to the Institute for the Study of War, Russian forces continued ineffectual offensive operations in southern Kharkiv, Donetsk, and Luhansk oblasts without securing any significant territorial gains in the past 24 hours. Ukrainian offensive operations around Kharkiv likely intend to push Russian forces out of artillery range of Kharkiv city, force Russian units to redeploy from the Izyum axis, and potentially threaten Russian lines of communication.

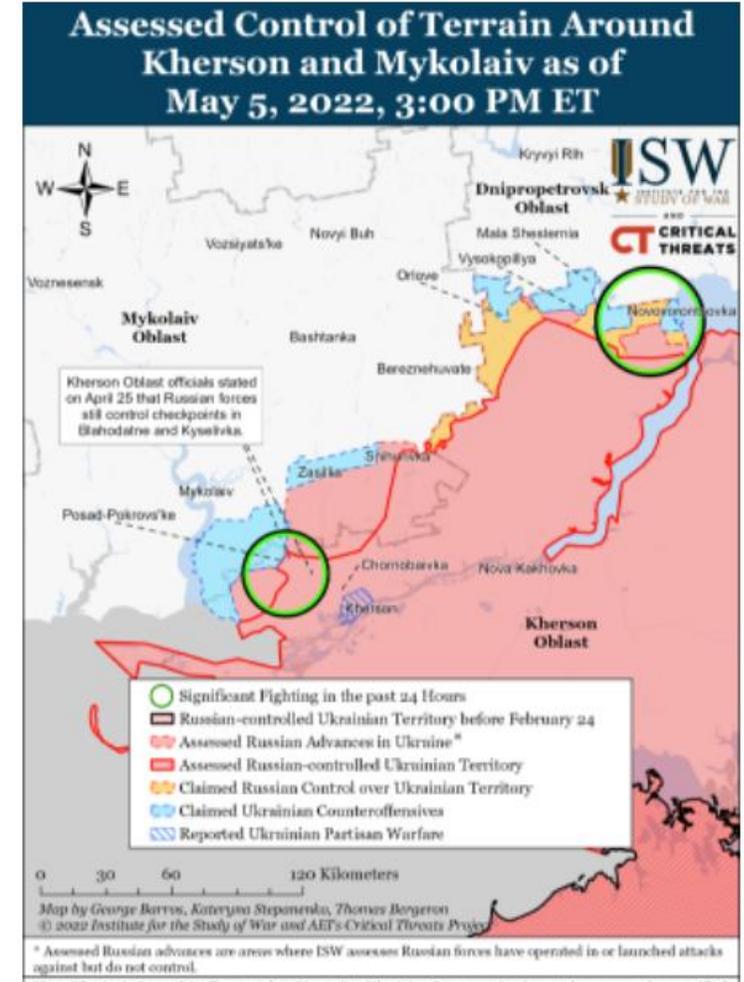
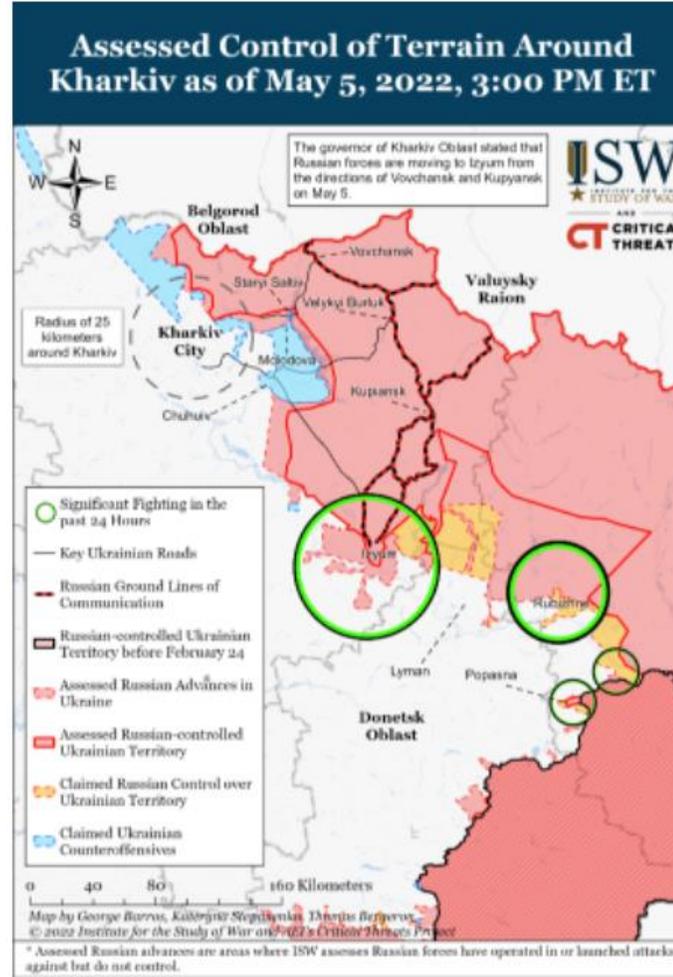
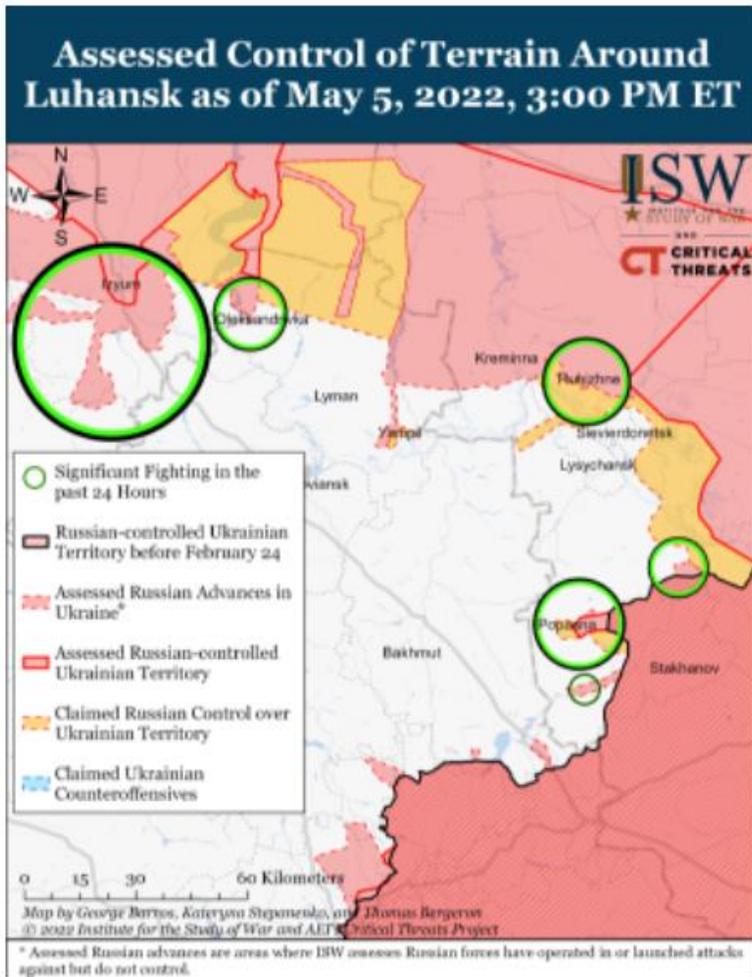
The UK Defense Ministry confirmed that Russian forces are carrying out a ground assault on the Azovstal steel plant in Mariupol, despite claims from Moscow that it only seeks to seal off the plant.

The US Pentagon assessed that the majority of Russian ground forces that were dedicated to Mariupol have left and have moved to the north away from Mariupol. Roughly the equivalent of a couple of battalion tactical groups are still in and around Mariupol at this time. The predominant activity are airstrikes in and around Mariupol and at the Azovstal plant.



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Ukraine War Update: Russian Operational Surge Pre-Victory Day, Mariupol Humanitarian Corridors, Fresh UK Sanctions



Source: [Institute for the Study of War](https://www.instituteforthe studyofwar.org/)

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Ukraine War Update: Diplomatic Spats, Russian Victory Day, Donors Conference and Crowdfunding

Humanitarian Developments

Nearly 500 civilians have been rescued from Mariupol in a United Nations-led operation. The UN is set to send in a new convoy later today in an effort to rescue hundreds more civilians who remain trapped in the city's Azovstal steel plant. Despite Russia's announcement of a three-day daytime ceasefire, fighting reportedly has continued at the complex.

US President Biden's wife, Jill Biden, will arrive in Romania today to show her support for displaced Ukrainian families who are being forced to flee the Russian invasion.

Economic Developments

An international donors conference in Warsaw co-hosted by Poland and Sweden, collecting funds for Ukraine has raised 6.5 billion dollars (6.16 billion euros) to help the war-torn country.

The EU plan to impose an oil embargo on Russia is facing opposition from a number of corners, threatening to split the EU consensus. The European Commission has proposed changes in a bid to win over reluctant states. The tweaked proposal, which EU

envoys were discussing at a meeting on Friday morning, includes giving Hungary, Slovakia and the Czech Republic more time to adapt to the embargo, and help with upgrading their own oil infrastructure. Hungary rejects the proposal, citing its energy security. Austria also is voicing strong concerns.

German Economy and Climate Minister Habeck (Greens) has warned that an environmental lawsuit against the accelerated construction of an import terminal for liquefied natural gas could undermine Germany's attempts to move away from Russian energy dependence. Environmental Action Germany has called for a halt to construction on the North Sea terminal because it could put at risk an underwater biotope as well as harbor porpoises.

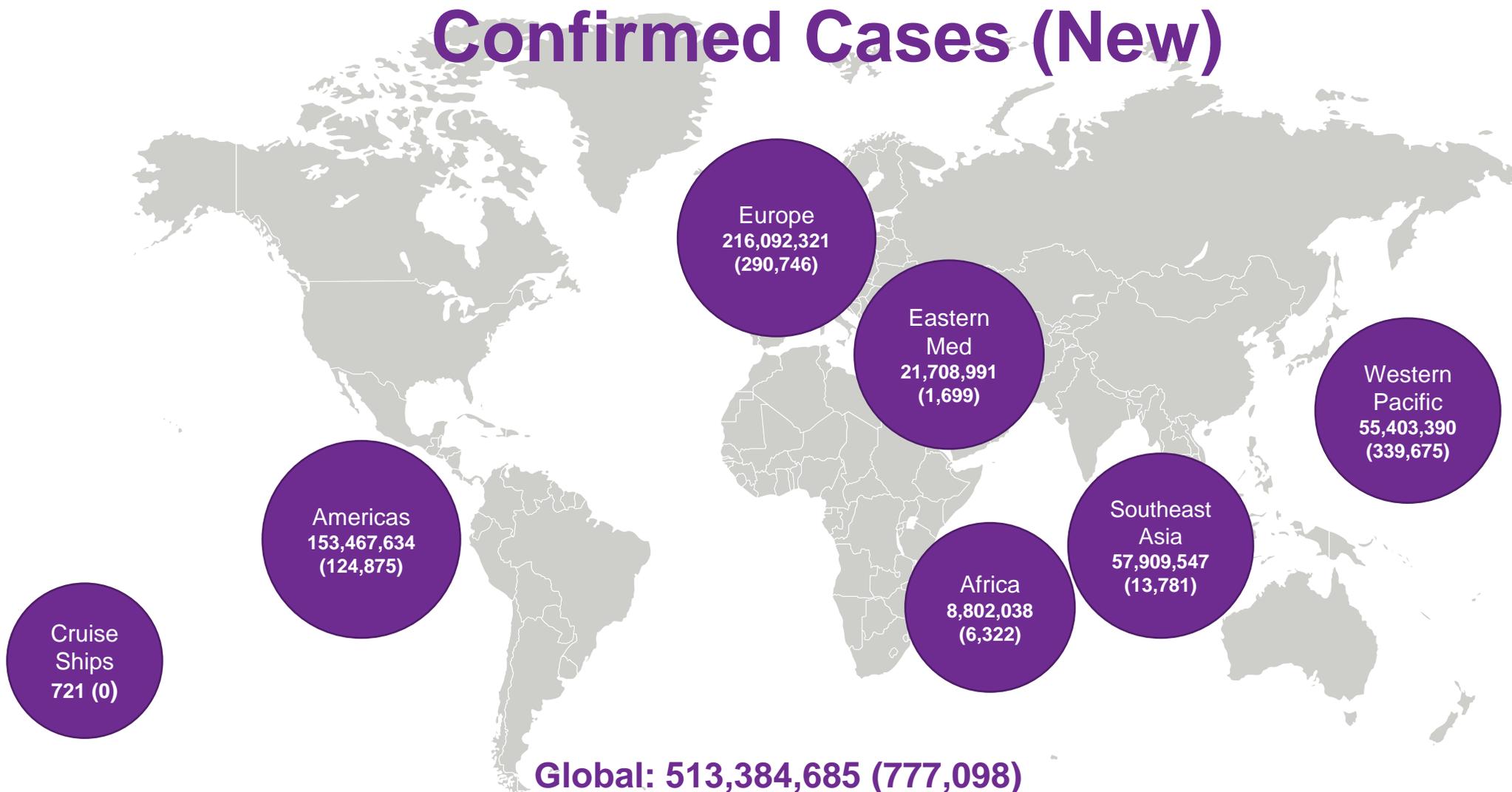
Ukrainian President Zelensky launched a global crowdfunding platform to help Kyiv win its war with Russia. The fund would also be used to help Ukraine rebuild infrastructure. Zelensky urged ordinary people around the world to help defeat Moscow and said Ukraine would "*always remember*" their contributions.

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Coronavirus Condition Updates

As of 6:37 pm CEST on May 5, 2022

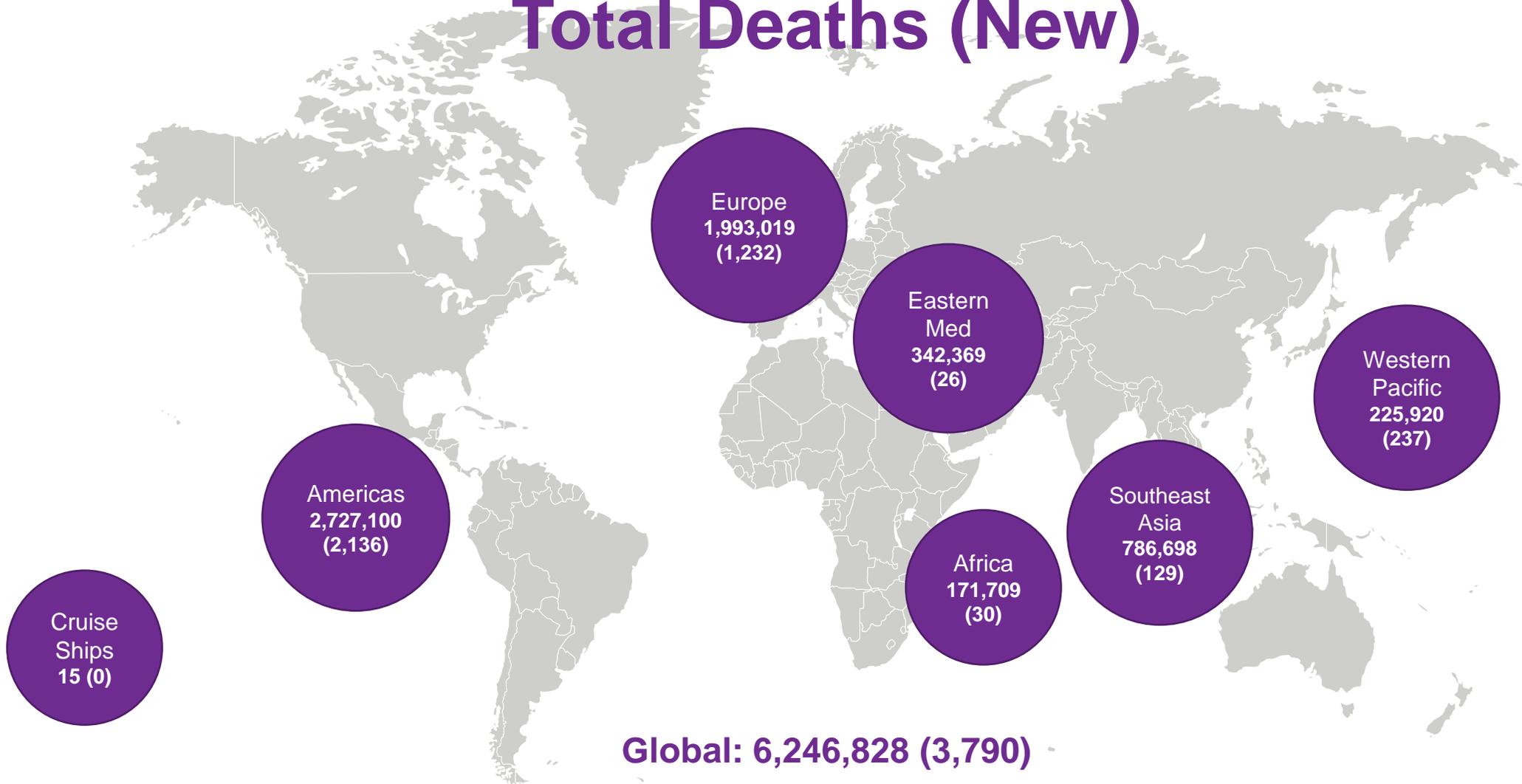
Confirmed Cases (New)



Reflects data as of 6:37 pm CEST on May 5, 2022.
Data Source: World Health Organization

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Total Deaths (New)



Reflects data as of 6:37 pm CEST on May 5, 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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