

Dentons Flashpoint

Daily Global Situation Report

August 23, 2021

Global Situation Update: August 23, 2021

KEY TAKEAWAYS

Chaos continues at the Kabul airport; the US considers delaying withdrawal from Afghanistan to continue evacuations.

Israel finds that a third dose of Pfizer's COVID-19 vaccine has significantly improved protection from infection.

More than \$560 billion in market value was wiped off Hong Kong and mainland China exchanges last week amid Chinese regulatory crackdowns.

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

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WHAT WE'RE WATCHING

Today, the US Food and Drug Administration is likely to officially approve the Pfizer-BioNTech two-dose Covid-19 vaccine. Paperwork and negotiations between the agency and the company could push approval by a day or two. Once it obtains approval, Pfizer is planning to quickly ask the FDA to approve a third dose as a booster shot and next week it will submit data that shows a third shot is safe and effective.

The biggest impact of FDA approval for private and public organizations is that they will be able to mandate inoculation because the vaccine is fully approved. Until now, the jab was only authorized for emergency use. Employees that have thus far rejected vaccination will have to make a decision about whether to get the shot or risk losing their job. There could be a forthcoming uptick in vaccinations as a result of the FDA approval.



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Global

Russia, Iran and China will hold joint maritime exercises in the Persian Gulf around late 2021 or early 2022, per Russia's ambassador to Tehran.

- US and international data releases are missing forecasts at an accelerating pace, increasing concerns on the slowing the pace of the **global economic recovery**.
- Risk consultancy Kroll released a new report finding that authorities levied almost \$1 billion (\$994 million) of **Anti-Money Laundering fines** in 17 big actions during the first six months of 2021; that is on track to match the surge to \$2.2 billion in 2020, up fivefold from \$444 million in 2019.

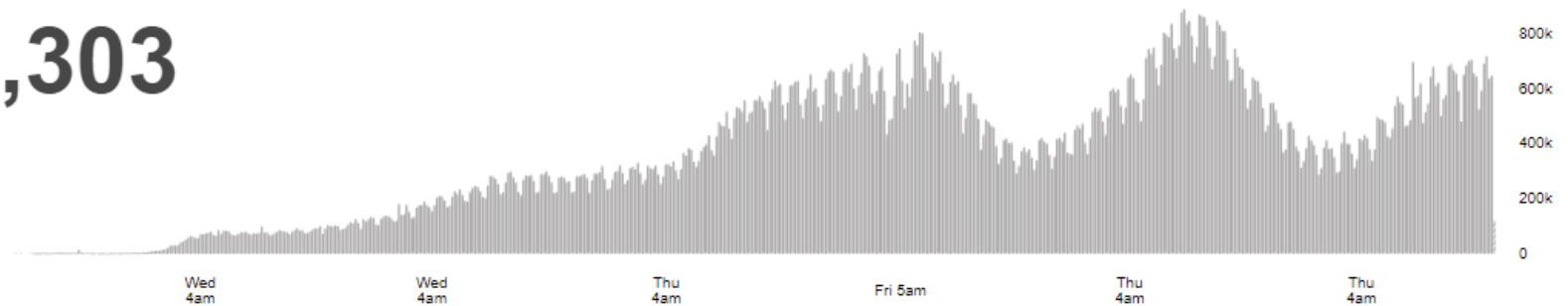
Global

Globally, confirmed coronavirus cases topped 211.3 million with 4.4 million deaths; more than 4.5 billion vaccine doses have been administered.

Global Situation

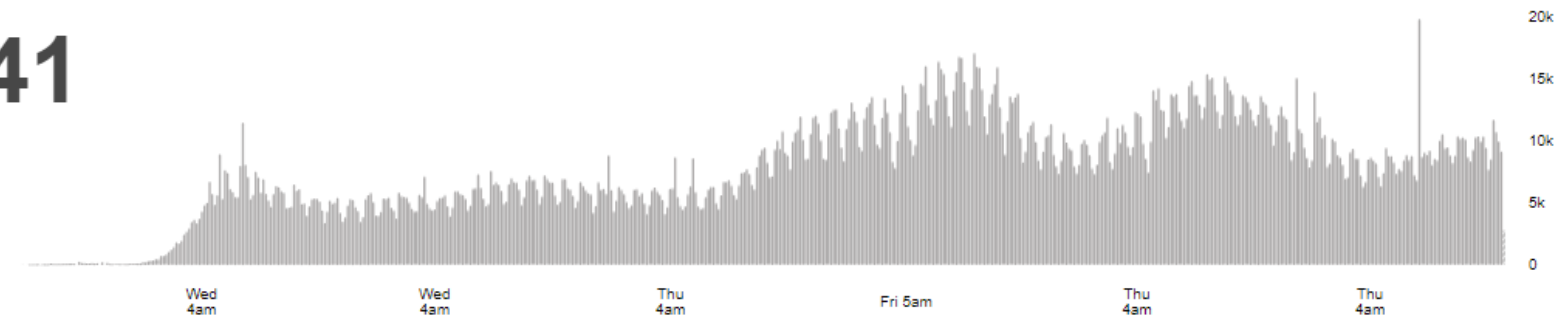
211,373,303

confirmed cases



4,424,341

deaths



Source: World Health Organization

▨ Data may be incomplete for the current day or week.

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COVID-19 Vaccine

A third dose of Pfizer's COVID-19 vaccine has significantly improved protection from infection and serious illness among people aged 60 and older in Israel compared with those who received two shots.

- India's drug regulator has granted emergency use approval for **Zydus Cadila's COVID-19 vaccine**, the world's first DNA shot against the coronavirus; ZyCoV-D is administered in three doses.
- The **US** pledged 188,370 doses of the Pfizer COVID-19 vaccine doses and made by Pfizer to **Togo** and 586,170 doses to **Angola** through the COVAX global vaccine distribution program.
- The **Philippines** has approved the emergency use of Russia's **Sputnik Light COVID-19 vaccine**, making it among the first countries in Asia to approve the single-dose vaccine.
- President Tsai Ing-wen was vaccinated with **Medigen Vaccine** Biologics Corp's vaccine, **Taiwan's** first domestically developed COVID-19 vaccine on Monday, giving her personal stamp of approval.

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Markets & Business

Global dividends are forecast to rise to \$1.39 trillion this year, reflecting stronger than expected recovery in the company payouts, just 3 percent below the pre-pandemic peak.

- More than \$560 billion in market value has been wiped off **Hong Kong and mainland China exchanges** last week as an unrelenting series of Chinese regulatory crackdowns crushed investors' confidence.
- Chinese steelmakers **Ansteel Group** and **Ben Gang** formally began the process of merging their operations creating the world's third-largest producer of the metal.
- **PayPal Holdings Inc** will allow customers in the UK to buy, sell and hold bitcoin and other cryptocurrencies starting this week.
- **Female board members** at the UK's largest companies are paid about 40 percent less than their male counterparts, according to new data.
- Shipping executives are warning that, despite a recent surge in orders for new vessels, the **availability of container ships** is likely to remain strained in coming years given growing demand for their services and the complexity of retooling fleets for environmental reasons.

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Africa

- **South African** security forces are on high alert today, calling on citizens to not respond to the social media campaign advocating for violence in a national shutdown,
- USAID chief Power warned that aid workers will run out of food this week to deliver to millions of people who are going hungry in **Ethiopia's** Tigray region.
- **Chad** announced it will recall 600 troops, half its contingent, from the multinational G5 Sahel force in the unstable tri-border region of **Mali, Niger and Burkina Faso**, where an upsurge in jihadist violence has cost thousands of lives, calling it a coordinated strategic redeployment.



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Asia

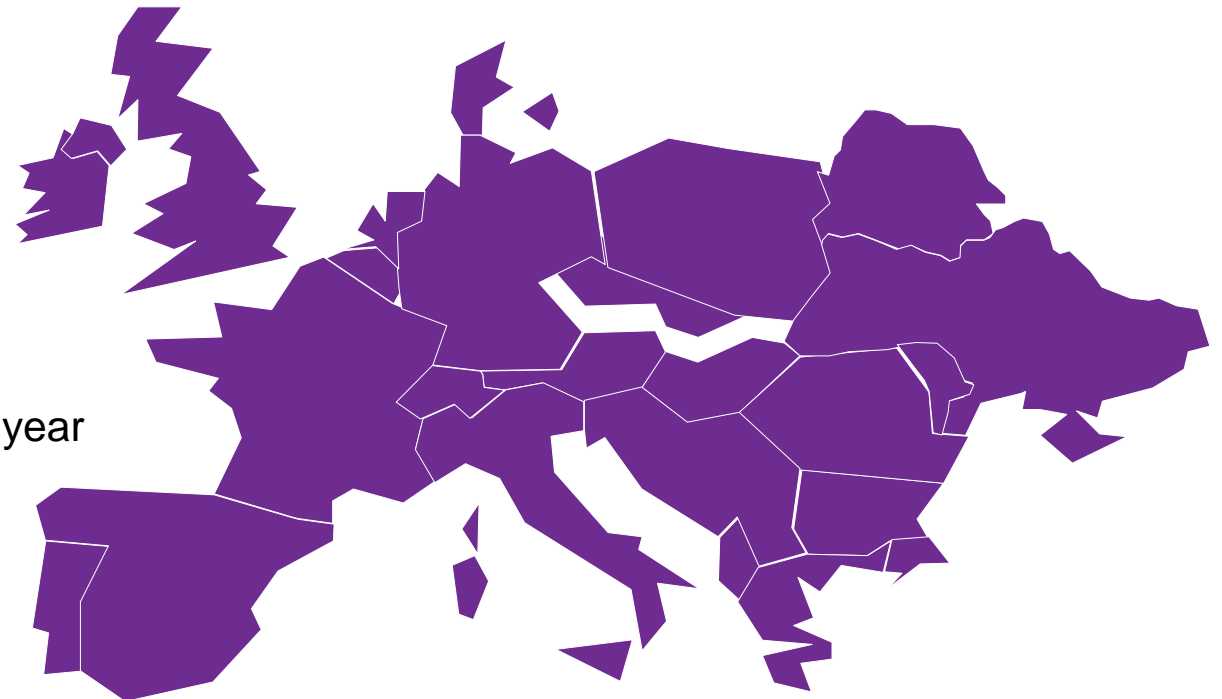
- **Myanmar's** military government arrested two more local journalists, the latest among dozens of detentions in a crackdown on the media since the coup.
- A council member of the **Hong Kong** Law Society, a professional body and regulator for 12,000 solicitors, dropped his bid to seek re-election next week, citing fears for his safety and that of his family. **China** announced it will tighten scrutiny over accounting firms in a fight against financial forgery, vowing "*zero tolerance*" toward misconduct.
- **New Zealand** Prime Minister Ardern announced the country's strict lockdown would be extended until Friday evening as the government tries to contain an outbreak of the Delta variant.
- **Malaysia's** new Prime Minister Ismail Sabri Yaakob, who was sworn in over the weekend, will announce his cabinet line-up this week.



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Europe

- The **US and Britain** also imposed sanctions **Russian** intelligence operatives responsible for the poisoning one year ago of Kremlin critic Alexei Navalny.
- Climate change activists scaled the façade of the headquarters of the City of London's government on Sunday as they began two weeks of protests focused on the **British** capital's financial district.
- The **EU** will not recognize the Taliban as the legitimate government of **Afghanistan**. **Russian** President Putin rejected the idea of sending Afghan refugees to countries near Russia, saying he did not want "*militants showing up here under cover of refugees.*" **Spanish** Prime Minister Sanchez agreed two military bases in southern Spain can be used to receive Afghans who have worked for the **US** government. **Turkey** reinforced its border to block a potential Afghan migrant wave.
- **Russian** President Putin said his government will make one-off payments to pensioners and military personnel this year to help them cope with a sharper-than-expected rise in inflation.



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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

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

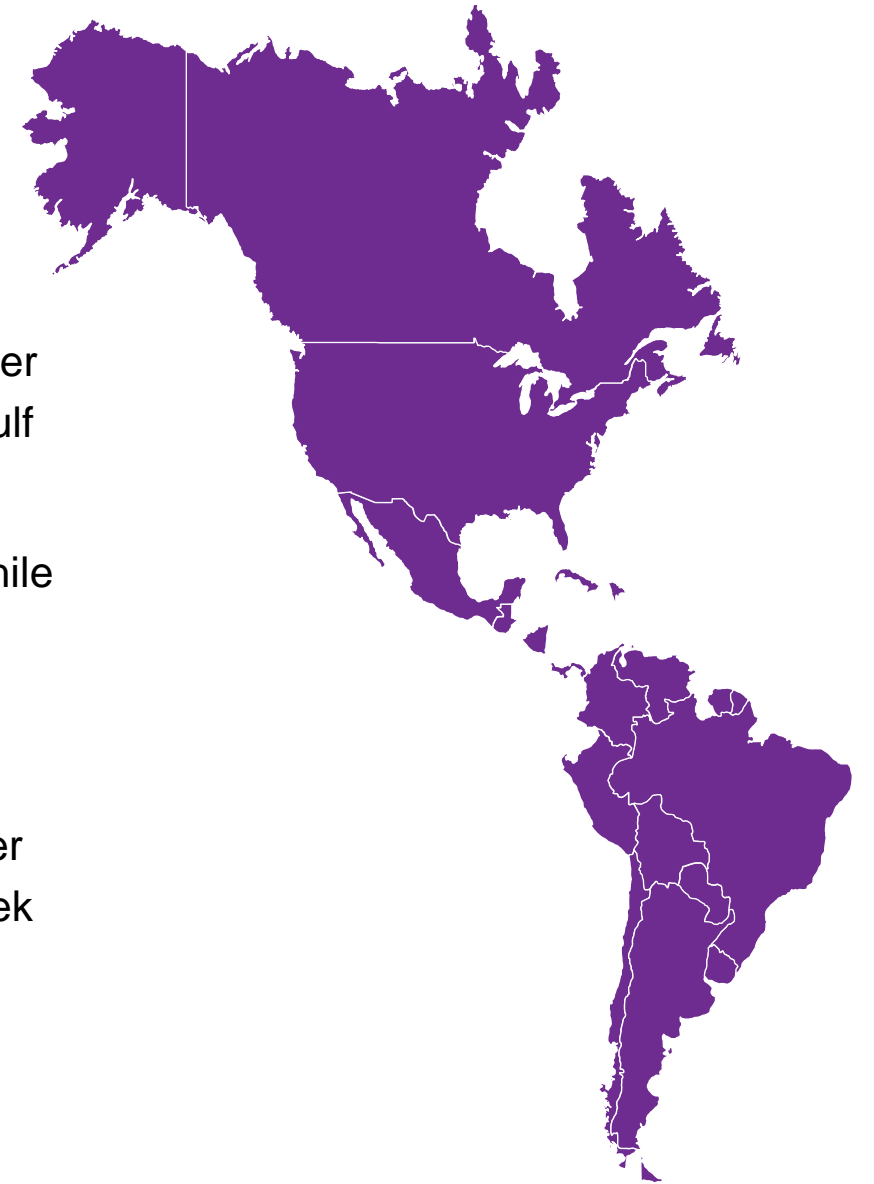
- In the **UAE**, Dubai established a specialized court focused on combating money laundering, in a move to "*strengthen the integrity of the financial system.*"
- The **Lebanese** government will raise gasoline prices by 66 percent in a partial reduction of fuel subsidies as it seeks to ease crippling shortages that have brought the country to a standstill. More than 4 million people in Lebanon could face a critical shortage of water, UNICEF warned.
- **Yemen** will receive about \$665 million worth of reserves from the IMF which will help ease an acute economic and humanitarian crisis in the war-torn country.
- **Qatar's** first legislative polls for two-thirds of the advisory Shura Council will be held on October 2.
- Chaos continued at the Kabul airport in **Afghanistan** as Afghani throng the facility perimeter in hope of evacuation. **British** Prime Minister Johnson called a virtual G7 leaders' meeting for Tuesday to discuss the crisis in Afghanistan and urged governments to find ways to prevent conditions from getting worse. **Qatar**, which has relations with the **US** and the Taliban, is providing diplomatic escort to trapped foreigners into the airport compound. The **UAE** has agreed to host temporarily 5,000 Afghan nationals on their way to a third country.



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Americas

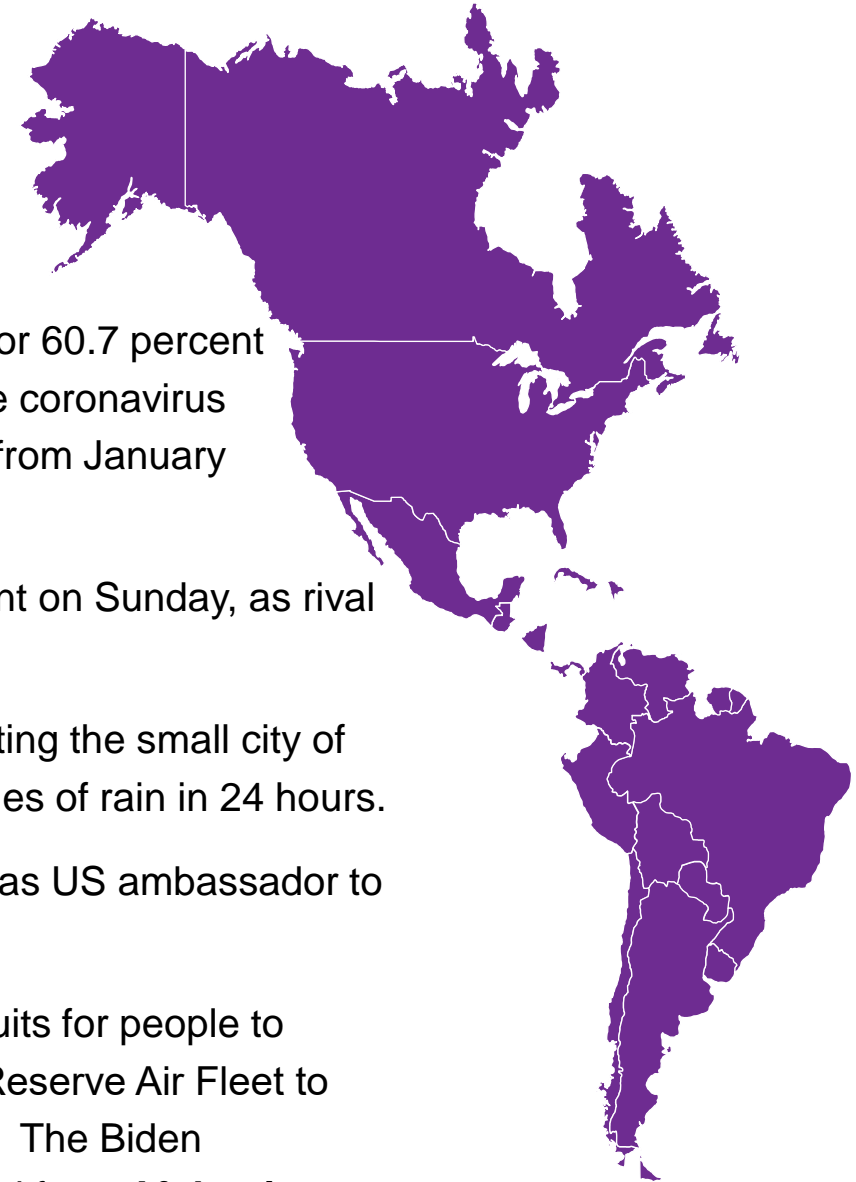
- Hurricane Grace lashed **Mexico** with torrential rain over the weekend, causing severe flooding and mudslides that killed at least eight people after becoming one of the most powerful storms in years to hit the country's Gulf coast.
- Former **Bolivian** President Jeanine Anez reportedly attempted suicide while in jail; Anez was detained earlier this year over accusations that she participated in a coup to oust longtime former President Evo Morales in 2019, which she denies.
- **Haitians** desperate for food looted a humanitarian convoy and fought over donations as anger built over the slow pace of aid deliveries almost a week after a devastating earthquake killed more than 2,000 people.



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Americas: US

- Across the nation, 201.4 million have received at least one dose of the **vaccine**, or 60.7 percent of the total population. Facebook reported that an article raising concerns that the coronavirus vaccine could lead to death was the top performing link in the US on its platform from January through March of this year.
- **Protests** by rival far-right and left-wing groups in Portland, Oregon became violent on Sunday, as rival groups gathered to commemorate protests which started one year ago.
- **Historic rain and flash flooding** swept central Tennessee on Saturday, devastating the small city of Waverly, about 60 miles west of Nashville. One observation site recorded 17 inches of rain in 24 hours.
- President Biden plans to nominate veteran US diplomat Nicholas Burns to serve as US ambassador to **China**.
- The US military will create a safe zone around the Kabul airport and create conduits for people to access the compound “*safely and effectively*.” The Pentagon activated the Civil Reserve Air Fleet to provide commercial aircraft to support evacuation efforts from temporary havens. The Biden administration is considering extending the deadline for withdrawing US personnel from **Afghanistan**.



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Russia and the US Withdrawal from Afghanistan

By Alex Lucaci

The rapid collapse of the Afghan government, precipitated by the withdrawal of US forces from the country, has dramatically altered the balance of power in both South and Central Asia. As the political and societal implications of the Taliban's takeover of Afghanistan come into clearer focus in the coming days and weeks, one thing is for certain: from a regional security point of view, the US will no longer be a major influence in South and Central Asia and has been replaced by competing geopolitical superpowers. In particular, Russia has attempted to position itself to take advantage of the US withdrawal and will seek to advance its strategic objectives in both Afghanistan and the surrounding region.

Moscow's comparable history of failure in Afghanistan has meant that for the last twenty years, political leadership in the Kremlin has been content to let Washington dictate security terms in the country and ensure a degree of stability both in Afghanistan and Central Asia. Since the turn of the century, Moscow primary strategic objective vis-à-vis Afghanistan has been to prevent the spread of Islamic extremism through its Central Asian neighbors and into Russia itself. The Taliban takeover of Afghanistan will exacerbate these concerns, despite the diplomatic and at times, positive rhetoric coming out of the Kremlin about the fundamentalist Islamist group. Russia has long

considered the former Soviet states of Uzbekistan, Tajikistan, and Kazakhstan as possessing "artificial" identities and weak sovereignty from Moscow - the consolidation of Taliban rule in Afghanistan may aggravate regional and ethnic tensions in Central Asia and pose significant threats to Russia's southern border. A secondary concern for Russia is the proliferation of narcotics from Afghanistan through Central Asia, which is likely to increase with the Taliban in control of Kabul. The Taliban, which remains a designated terrorist organization by the United Nations, US, and Russia, will need to tap into black market sources of financing for government operations, posing a

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Russia and the US Withdrawal from Afghanistan

security threat to Moscow via Central Asia. Finally, Russia has long dealt with a parallel security situation in Chechnya, where fundamentalist Islam, a weak rule of law, and highly sectarian politics have created a powder keg that has only relatively recently been brought under the Kremlin's control. Further instability in Afghanistan may stir up anti-Russian sentiment in the Caucasus, which has historically had strong connections with elements of the Taliban. Between Chechnya and Central Asia, Moscow may find itself drawn into conflict with the more extremist elements in Afghanistan, given that Russia maintains a collective security treaty with several former Soviet states.

Even before the Doha Agreement was signed by the US and Taliban in February 2020, Russia has been preparing for the eventuality of an American withdrawal from Afghanistan and the subsequent array of security outcomes. The core of this approach has been to establish strong lines of communication with Taliban leadership to ensure that Russian diplomatic assets in Afghanistan remain safe. Despite the organization's terrorist designation, the Kremlin has hosted several summits with the Taliban in recent years, the latest of

which occurred in July and resulted in the group's pledge not to use its territorial and military gains to threaten Russia and its interests. In any case, the Kremlin has expanded their security presence across Central Asia in recent months, most prominently in Tajikistan, where Moscow this week held a high-profile military exercise just 12 miles from a Taliban checkpoint. While the Kremlin has made clear that they are prepared to accept full Taliban control of Afghanistan, Moscow is simultaneously expanding their security umbrella across Central Asia, in some cases replacing American military and diplomatic presences in the process.

It is possible that Russia's strategic outlook in other conflict theatres has changed as a result of the US withdrawal from Afghanistan. In particular, some analysts have suggested that Kyiv may be worried about Russia testing Washington's resolve in defending Ukrainian territorial integrity, given that Russian-backed troops continue to foment a frozen conflict in the country's east. Furthermore, as a result of its expanded influence in Central and South Asia, Moscow may now feel emboldened to consolidate political and security gains in strategically important areas such as Libya, Syria, and even

Russia and the US Withdrawal from Afghanistan

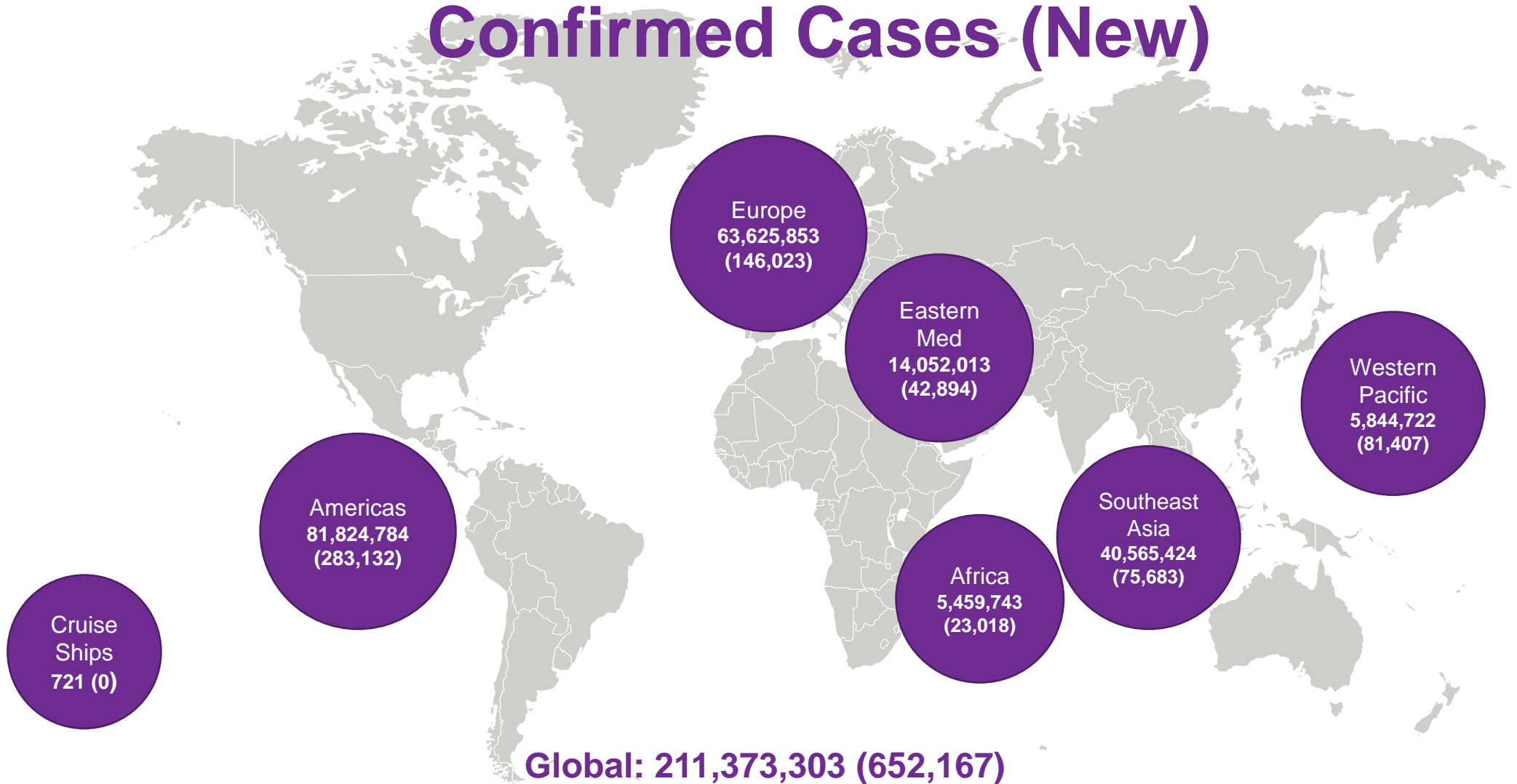
Belarus. While it is true that Russia and China are likely to fill the Great Power Competition vacuum left by the US in Afghanistan, the fact remains that both Moscow and Beijing have greater security, economic, and political interests in the country and will have to take over responsibility for ensuring regional stability. In the long term, this is net positive for the US, which will be able to focus on newer, more relevant geostrategic priorities. As a result of the US withdrawal from Afghanistan, it is now more likely that Washington would come to the aid of Kyiv, Tbilisi, or Tallinn in the event of Russian territorial threats. Although the political and security outcomes in Afghanistan remain uncertain in the short term, Russia may find itself overextended over time as it tries to ensure stability in Central Asia and mitigate emerging threats presented by the Taliban.

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Coronavirus Condition Updates

As of 9:42 am CEST on August 23, 2021

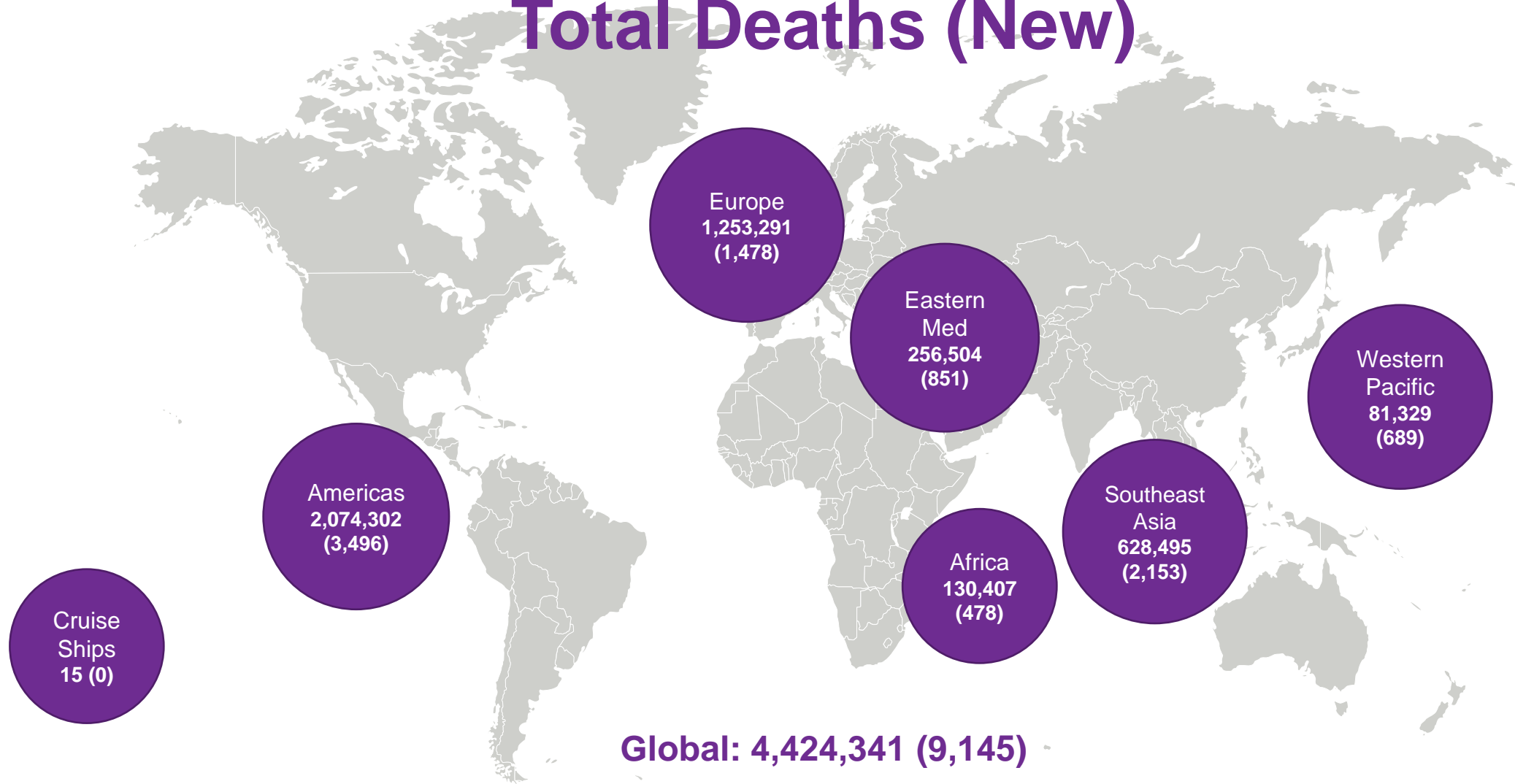
Confirmed Cases (New)



Reflects data as of 9:42 am CEST on August 23, 2021.
Data Source: World Health Organization

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Total Deaths (New)



Reflects data as of 9:42 am CEST on August 23, 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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