

Dentons Flashpoint

Daily Global Situation Report

August 24, 2021

Global Situation Update: August 24, 2021

KEY TAKEAWAYS

President Biden called on employers to “*require*” COVID-19 vaccines after the full FDA approval.

Eurozone business activity expanded in August at almost its fastest pace in 15 years.

US CIA Director reportedly meets with Taliban leader to discuss ongoing evacuations.

Global Situation Update: August 24, 2021

WHAT WE'RE WATCHING

Today, US Vice President Kamala Harris will meet with private sector executives and government leaders in Singapore to discuss supply-chain issues. She is expected to propose a regular dialogue between the US and allies to boost cooperation on supply-chain resilience. Harris will also deliver a speech outlining the Biden administration's vision for the Indo-Pacific region.

Meanwhile, the Stockholm International Water Institute (SIWI) is hosting virtual events on supply-chain resilience as part of its World Water Week, the leading annual global event for addressing the planet's major water issues. Participants include the World Business Council for Sustainable Development, a CEO-led organization, and companies like Unilever and others as they are discussing the impacts of climate change and water management on supply-chains.



SIWI TRANSFORMING OUR VALUE CHAINS

Will the WASH response to COVID-19 strengthen supply chain resilience?

WORLD WATER WEEK

🕒 07:00 - 08:00 EDT

xylem
Let's Solve Water

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 211.7 million with 4.4 million deaths; more than 4.6 billion vaccine doses have been administered.

- The **2020 Paralympic Games** will kick off in Tokyo with the opening ceremony today as Japan struggles with its worst COVID-19 outbreak so far. Organizers plan to implement the same COVID-19 protocols as the ones used during the Olympics.
- Per a South Korean study, people infected with the **Delta variant** have a viral load 300 times higher than those with the original version of the COVID-19 virus, when symptoms are first observed.

COVID-19 Vaccine

The US FDA granted full approval for the Pfizer-BioNTech COVID-19 vaccine.

- The **UK** signed a contract for a further 35 million doses of **Pfizer vaccine** as it weighs **booster shots**.
- The head of the WHO on Monday called for a two-month moratorium on administering “**booster**” doses of COVID-19 vaccines.
- A Sinopharm executive told the **Chinese** media that COVID-19 **booster shots** should become available in China after the country vaccinates more people to provide broader protection against the disease.
- **Indian** pharmaceutical firm **Genova Biopharmaceuticals' COVID-19 vaccine**, the first homegrown mRNA-based shot, was found to be safe and effective in an early-stage study.

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COVID-19 Vaccine

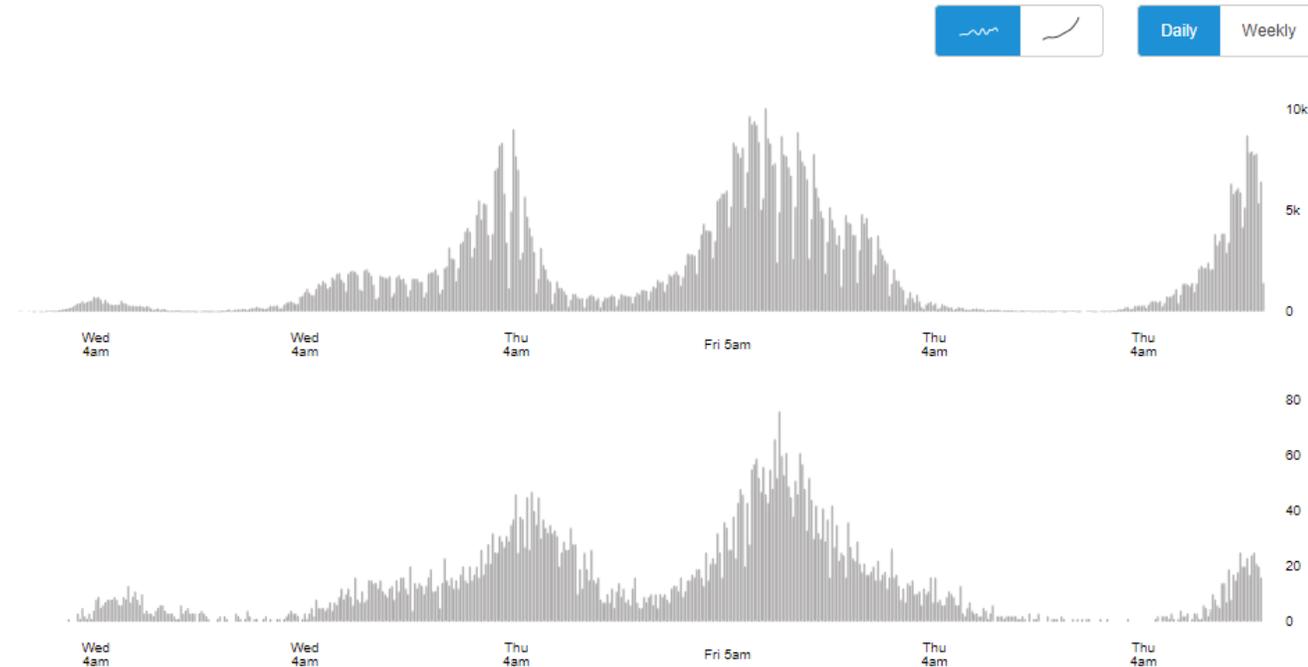
Less than a month into a COVID-19 vaccine booster drive, Israel is reporting a decline in new infections and severe illness rates fueled by the fast-spreading Delta variant, indicators the booster is effective. Israel started giving the booster to those 60 years plus; last Thursday it expanded eligibility to 40-year-olds and up whose second dose was given at least 5 months prior.

Israel Situation

994,615
confirmed cases

6,830
deaths

Source: World Health Organization



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Markets & Business

Intel won a Defense Department award to provide commercial foundry services as part of a government push to strengthen domestic chipmaking.

- President Biden called on employers to “require” **COVID-19 vaccines** after the full FDA approval. **Chevron and Hess** will require vaccines for Gulf of Mexico workers.
- **Samsung** plans to increase investments by one third to more than \$205 billion over the next three years, pursuing leadership in chip manufacturing and a bigger role in COVID-19 vaccine production.
- **Vox** media will buy **Punch**, a cocktail website, and is reportedly considering going public.
- **Iron ore prices** are tanking amid concerns about demand from China, dropping 40 percent since mid-July.
- **Bitcoin** traded above \$50,000 for the first time since May, as the cryptocurrency continues to recover from a slump earlier this year.
- Some 63 percent of the US spring **wheat crop** is in poor or very poor condition, according to Agriculture Department data, due to extreme heat and drought. **Corn crops** in Brazil and wheat crops in Russia are also suffering because of drought.

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Africa

- The total number of active COVID-19 cases in **Africa** surpassed 7.5 million, per the Africa CDC.
- **Kenya** received its first doses of Moderna vaccine donated by the **US**.
- **Zimbabwe's** government said it is open to talks on compensation for victims of the 1983 massacre that took place under former president Mugabe.
- **Mozambique's** “hidden debt” trials began Monday, shining light on one of the country's biggest corruption scandals.
- In **Nigeria**, kidnappers have taken more than 1,000 students since December amid a surge of abductions; around 300 of the children have still not been returned, with kidnappers demanding ransoms and the government pressuring families not to pay, saying it just encourages more kidnapping. Kidnappers collected more than \$18 million in ransom from June 2011 to March 2020 in Nigeria, per Lagos-based analysts SBM Intelligence.



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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:

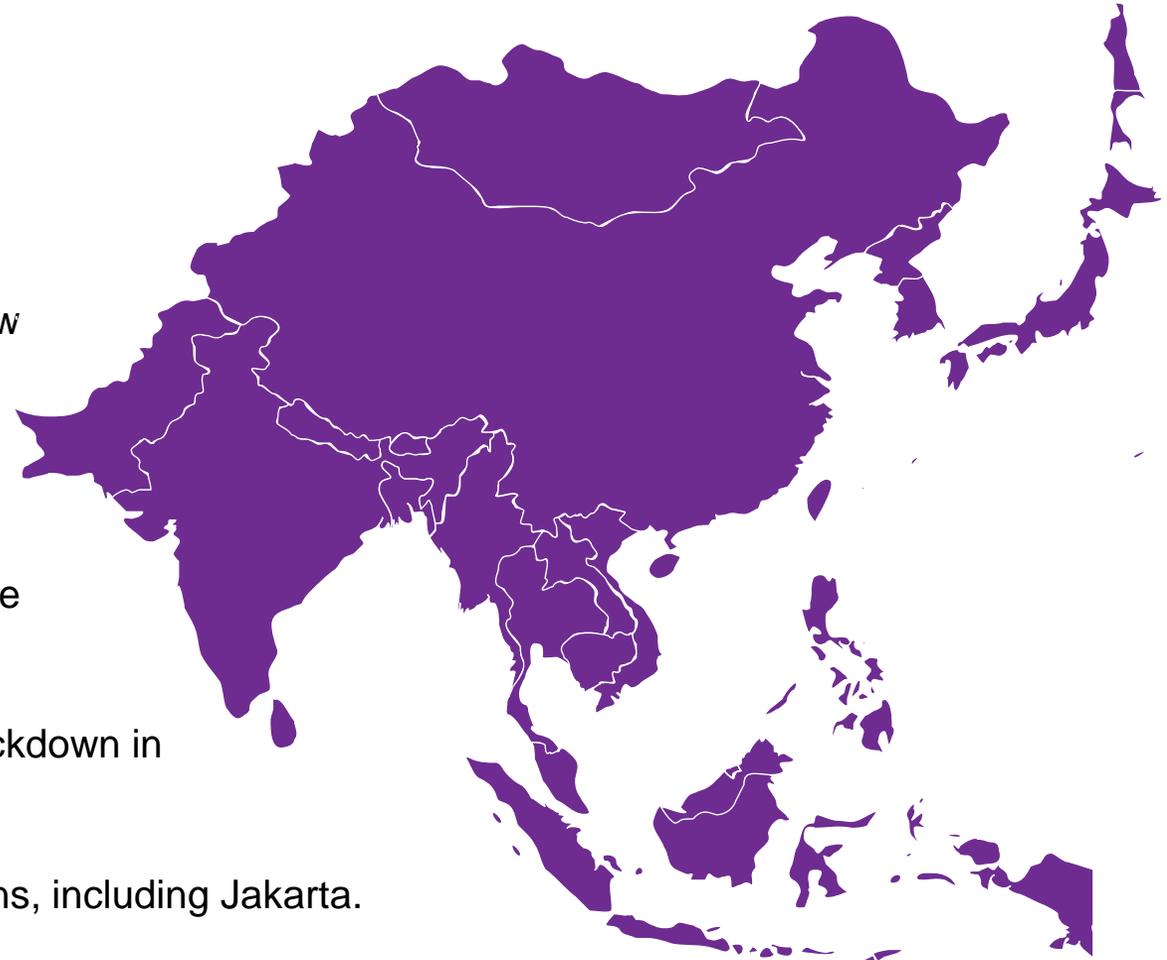
- ❖ Political and country risk forecasts and analysis
- ❖ Market-entry assessments
- ❖ Legislative and government action forecast
- ❖ Comprehensive project analysis
- ❖ Coronavirus vaccine tracker and return-to-work monitoring
- ❖ Investment risk analysis

All interaction with Dentons is attorney-client privileged

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

Asia

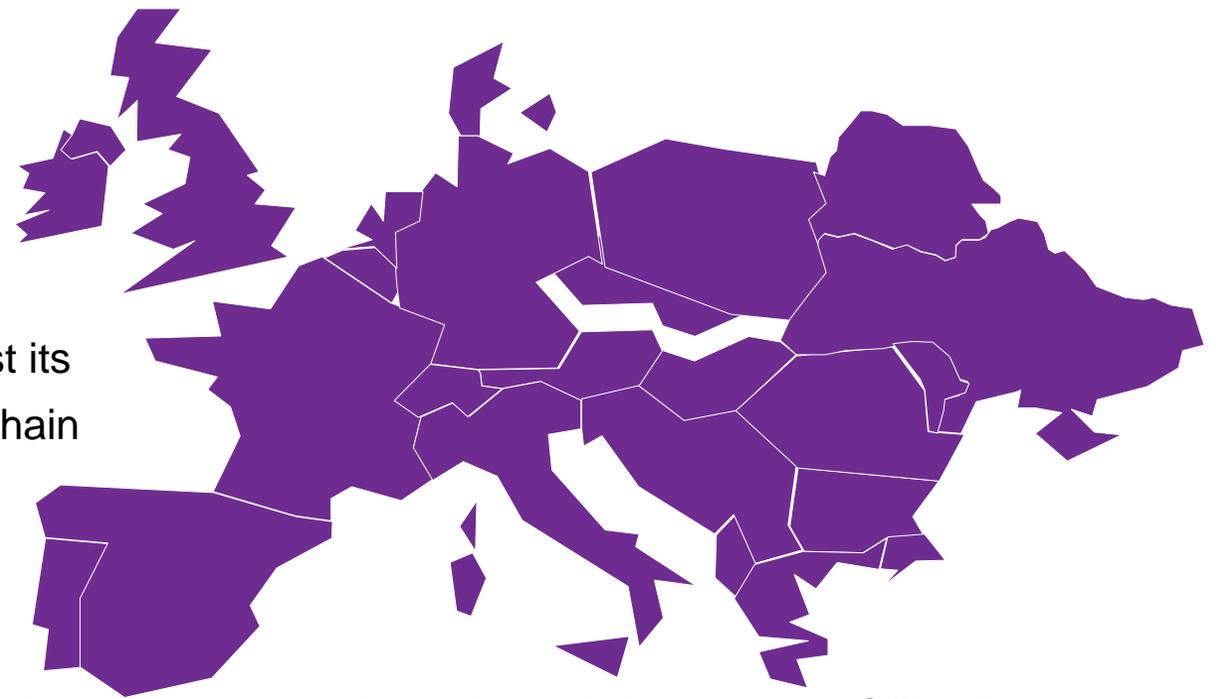
- **Asia's** robust economic recovery from last year's coronavirus low is losing momentum as a surge in COVID-19 cases sees shops empty again and factories close, dimming prospects for corporate profit growth.
- **China** reported zero daily COVID-19 cases for the first time since mid-July, in a win for the government's zero tolerance policy.
- **Vietnam** deployed soldiers to help enforce a strict COVID-19 lockdown in Ho Chi Minh City.
- **Indonesia** is easing COVID-19 restrictions in a number of regions, including Jakarta.
- **China's** anticorruption watchdog is investigating government officials in Hangzhou, the base city for Alibaba and Ant Group, in a probe that is raising questions about ties between CCP officials and private sector leaders.
- The Quad – the **US, Australia, India, and Japan** – are expected to hold naval exercises off **Guam** this week for the second year running.



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Europe

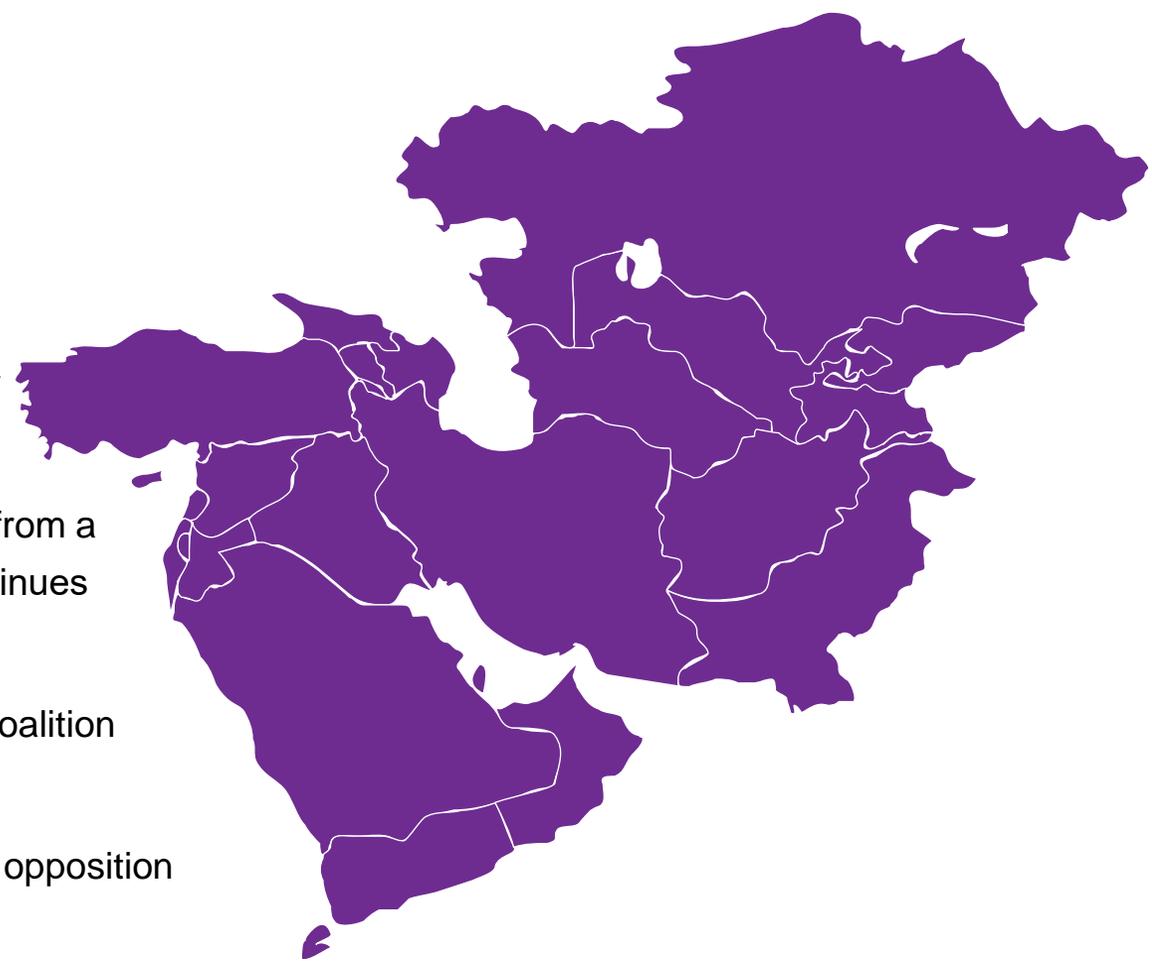
- **Eurozone** business activity expanded in August at almost its fastest pace in 15 years, per IHS Markit, though supply chain issues continue to hold back manufacturing. Eurozone consumer confidence fell again in August but remains above its pre-pandemic level.
- The **UK** saw economic growth slacken in August amid worker shortages and supply chain issues. The Office for National Statistics found that England's COVID-19 death rate rose “significantly” from June to July.
- The **UK** government is set to extend the deadline for companies to adopt a new “UKCA” safety and quality mark for post-Brexit goods.
- At an emergency G7 meeting today, **UK** Prime Minister Boris Johnson and **French** President Emmanuel Macron will call on the US to negotiate with the **Afghan** Taliban for an extension, even though the Islamist group has said it will not accept any delay.



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Middle East

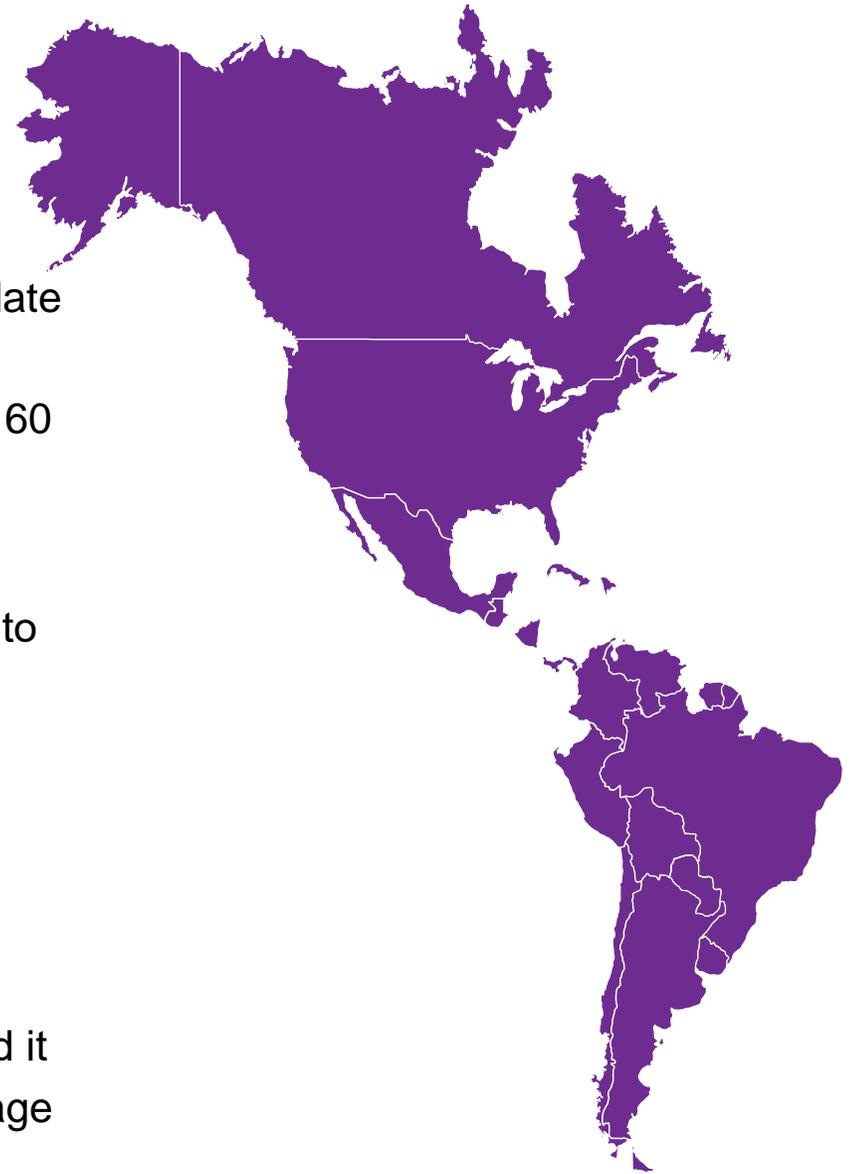
- **Israeli** Prime Minister Bennet is expected to present a new **Iran** policy when he visits the **US** later this week.
- **Lebanon's** government agreed to give cash assistance in US dollars from a World Bank loan to poor families as the country's economic crisis continues to worsen.
- Senior Houthis are pushing for an agreement to make the **Saudi-led** coalition withdraw from **Yemen**.
- The **Syrian** army and pro-Iran militias launched a major assault on an opposition enclave in the south of Syria.
- Twenty people have been killed amid the chaos surrounding the Kabul airport. The Taliban warned that any delay of complete US withdrawal from **Afghanistan** would be viewed as a "violation," diminishing the likelihood of an extended evacuation effort. Countries that have evacuated some 50,000 people over the past 10 days are trying to meet the deadline agreed earlier with the Taliban for the withdrawal of foreign force. The Taliban appointed an acting head of the central bank amid growing economic turmoil.



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Americas

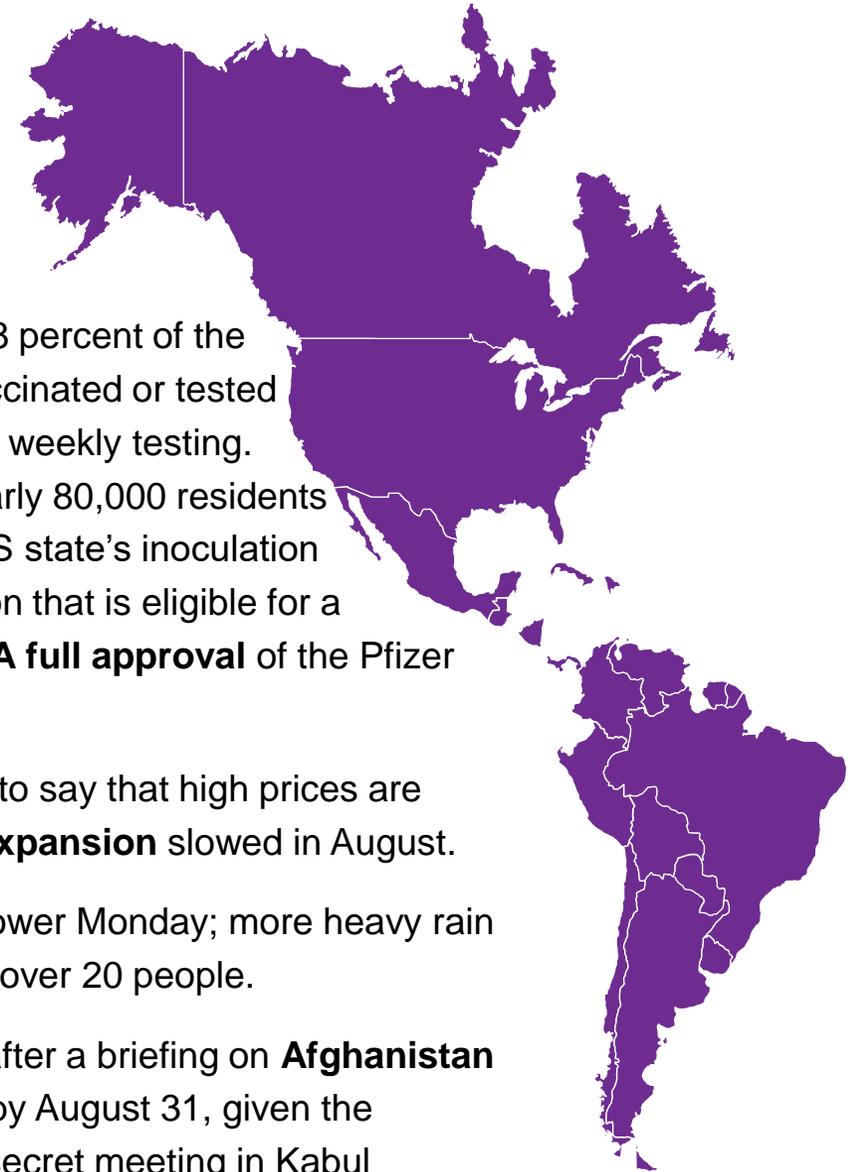
- **Brazil's** President Bolsonaro said he will ask his health minister to set a date for the country to cease using face masks to combat COVID-19. A fire in Juquery state park outside of Sao Paulo continued to burn, affecting over 60 percent of the park and showering Sao Paulo with ash.
- A powerful gang leader in **Haiti** said that his allied gangs would help with earthquake relief efforts. Haiti's National Police deployed additional units to help protect shipments being taken to earthquake-damaged areas.
- A fire at an offshore oil platform operated by Mexican state oil company Pemex has left five people dead and cut oil output by almost a quarter.
- In **Canada**, British Columbia's government announced that proof of vaccination would be required to attend certain social and recreational settings and events from September 13. Ontario's government announced it would spend another C\$169 million (\$133 million) to extend temporary wage rises for healthcare support workers.



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Americas: US

- Across the nation, 201.7 million have received at least one dose of the **vaccine**, or 60.8 percent of the total population. New Jersey will require **teachers and state employees** to be fully vaccinated or tested regularly. New York City will require teachers to be vaccinated, eliminating the option of weekly testing. The Defense Department is planning to require vaccines for all **service members**. Nearly 80,000 residents signed up for Minnesota's \$100 **vaccine incentive program**, helping to drive up the US state's inoculation rate over the past month. Dr. Fauci estimated that about 20 percent of the US population that is eligible for a shot but has yet to get one — a group of about 90 million — may be nudged by the **FDA full approval** of the Pfizer vaccine to get inoculated.
- **Existing homes sales** rose for a second consecutive month, but economists continue to say that high prices are keeping people out of the market. A survey from IHS Markit found that **US economic expansion** slowed in August.
- **Tropical Depression Henri** left tens of thousands of people in Rhode Island without power Monday; more heavy rain and flash flooding may continue to hit the Northeast. **Flooding** in Tennessee has killed over 20 people.
- Rep. Adam Schiff, chairman of the House of Representatives Intelligence Committee, after a briefing on **Afghanistan** by intelligence officials said that he did not believe the evacuation could be completed by August 31, given the number of Americans still in the country. Per media reports, CIA Director Burns held a secret meeting in Kabul yesterday with the Taliban's de facto leader Abdul Ghani Baradar; discussions likely involved the impending August 31 deadline.



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China Bulletin: Developments in Beijing's Regulatory Crackdown

By Briana Boland

Over the past year, the concept of a regulatory and economic “crackdown” in China has become common parlance among analysts and investors, shaking confidence in the Chinese market and prompting multinationals to reassess risks of operating in China. Attention to a growing trend of tightening regulatory control and targeting of private sector clout was catalyzed by Jack Ma’s apparent fall from grace in November 2020; since then, a series of moves, from a crackdown on the private tutoring sector to Didi’s spoiled IPO, have only reinforced convictions that Beijing is getting tough on a growing number of industries and company practices.

Last week alone saw over \$560 million in market value wiped off Hong Kong and mainland China stock exchanges in a strong signal that the risks of the changing Chinese business landscape may be catching up to international investors.

The umbrella idea of regulatory crackdown in China’s economy covers a diverse array of developments. Certain individuals and companies have been targeted, from Jack Ma in 2020 to the executives of property developer Evergrande last week. Certain industries have attracted the bulk of regulator’s scrutiny – namely the tech sector. Certain practices, particularly what companies do with

personal data, are becoming subject to new laws and restrictions. The reasons behind these many different moves are not monolithic; along with likely political motives for targeting powerful companies and sectors, growing regulatory frameworks around competition, data protection, and national security are part of years long efforts by Chinese officials to tighten oversight and weed out perceived risks to financial and social stability. In contexts outside of China, similar regulatory moves may not raise the same level of concern; new protections for personal data, for one, are being explored by governments around the world.

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China Bulletin: Developments in Beijing's Regulatory Crackdown

However, the combination of successive regulatory and national security crackdowns in China over recent years, alongside ever-growing geopolitical tensions, amplify the significance of each new development by showing trends towards increased risk. In the words of one portfolio manager in Singapore, speaking to Reuters about last week's selloff: *"There isn't really one trigger, but many bits and pieces that add to the narrative to stay away from China."*

Over the past month, two regulatory developments have sent particularly strong signals about the direction of the Chinese government's growing regulatory control over the economy:

Beijing Outlines Increased Regulation Through 2025

On August 11, Beijing released a 10-point plan outlining *"the Construction of a Government under the Rule of Law"* for the next five years, which promises, alongside an ambitious list of administrative goals, to implement further rules tightening control of the economy. Specifically, the plan called for strengthening and

improving enforcement of anti-monopoly and fair competition laws and abolishing any practices that hinder fair competition. Alongside strengthening enforcement, new legislation is called for in *"important"* areas, a long list including national security, anti-monopoly, foreign-related rule of law, technology, and education.

The document provides a broad overview of the direction of the Chinese Communist Party's plans for economic regulation and expansions of government administrative capacity. Though the sweeping scope of the plan makes it difficult to predict precisely which sector, company, or practice will become the next tripwire for a targeted crackdown, the overall message is clear. Read against the backdrop of a year of implementing new regulations and targeting swaths of the private sector, the 10-point plan serves another confirmation that Beijing's regulatory efforts are not transitory or reactionary. Rather, they represent an important interest of the Chinese government – one that the CCP may prioritize over attracting international investments.

China Bulletin: Developments in Beijing's Regulatory Crackdown

The Personal Information Protection Law is Passed

On August 20, the National People's Congress passed the Personal Information Protection Law, marking a major development in Beijing's efforts to regulate cyberspace. The law, which will be implemented on November 1, establishes the conditions under which companies can collect personal data and creates guidelines for transferring data outside of the country. While the final text was not released upon the law's passage, it is frequently compared to Europe's General Data Protection Regulation (GDPR), one of the world's toughest frameworks for online privacy. Unlike Europe's laws, however, China's Personal Information Protection Law is not expected to put legal limits on government surveillance. The law tackles a number of consumer protection concerns, such as the regulating use of facial recognition technology and increasing protections against data theft and online fraud. The Personal Information Protection Law's passage also comes ahead of the new Data Security Law's implementation on September 1st, another key pillar of Beijing's

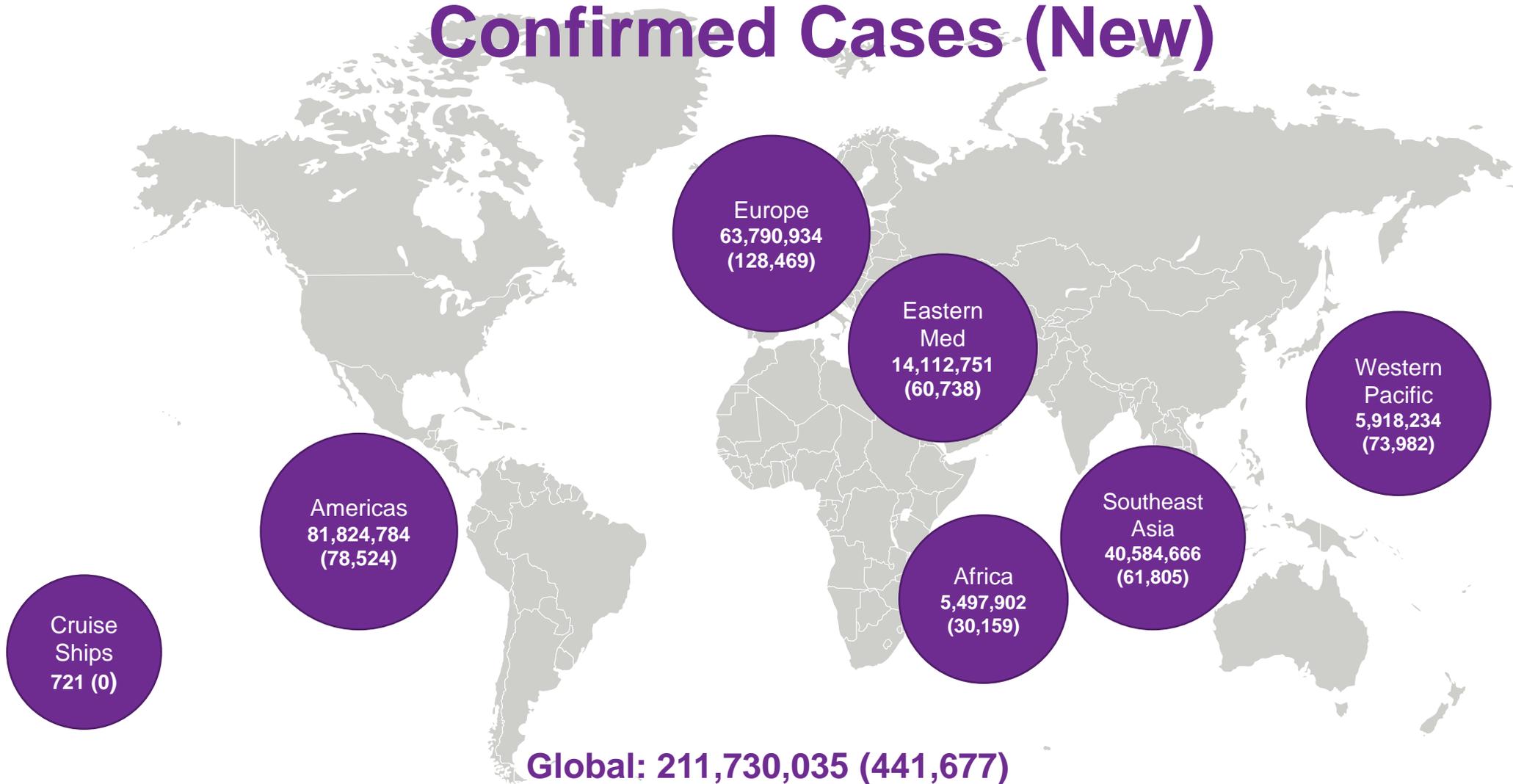
cyberspace regulatory efforts, which establishes a framework for the private sector to classify data. For businesses operating in China, both laws will create increased compliance requirements, as violations can result in enormous fines. While some business requirements will be clear, posing no issues for companies that are also in compliance with Europe's GDPR, other areas seem likely to contain more ambiguity. Based on released drafts, the law contains broad national security provisions, which could become an area where implementation is driven more by politics than privacy.

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Coronavirus Condition Updates

As of 5:09 pm CEST on August 23, 2021

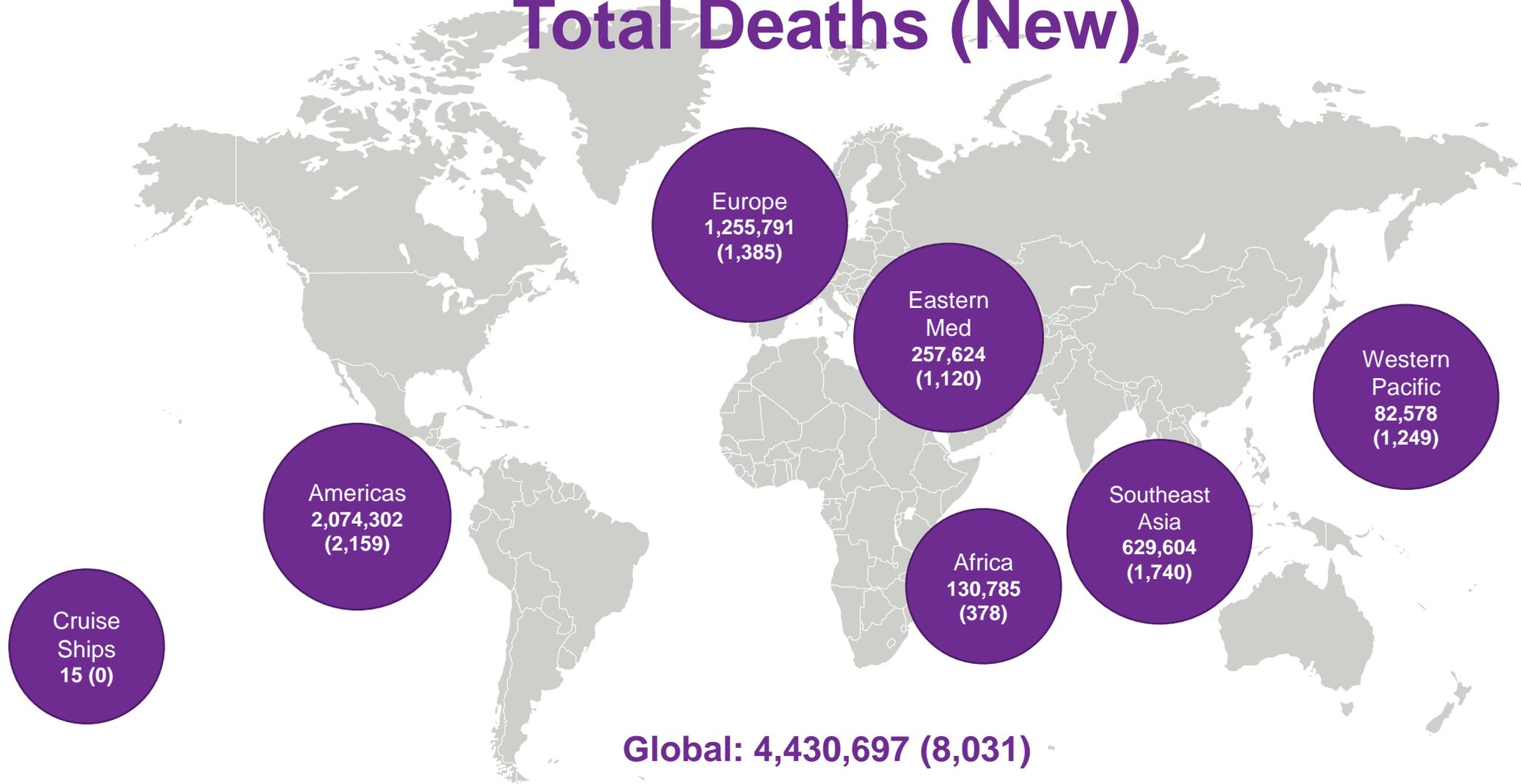
Confirmed Cases (New)



Reflects data as of 5:09 pm CEST on August 23, 2021.
Data Source: World Health Organization

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Total Deaths (New)



Reflects data as of 5:09 pm 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.

To read additional analysis, visit the [Dentons Flashpoint portal](#) for insights into geopolitics and governance; industry and markets; cyber and security; science, health and culture; and economic and regulatory issues.

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