

Dentons Flashpoint

Daily Global Situation Report

December 21, 2021

Global Situation Update: December 21, 2021

KEY TAKEAWAYS

The Omicron variant, now dominant, accounted for three-quarters of new infections sequenced in the US last week.

Canada is beginning planning to mandate climate-related financial disclosures.

Ukrainian authorities placed former president Petro Poroshenko under formal investigation for high treason.

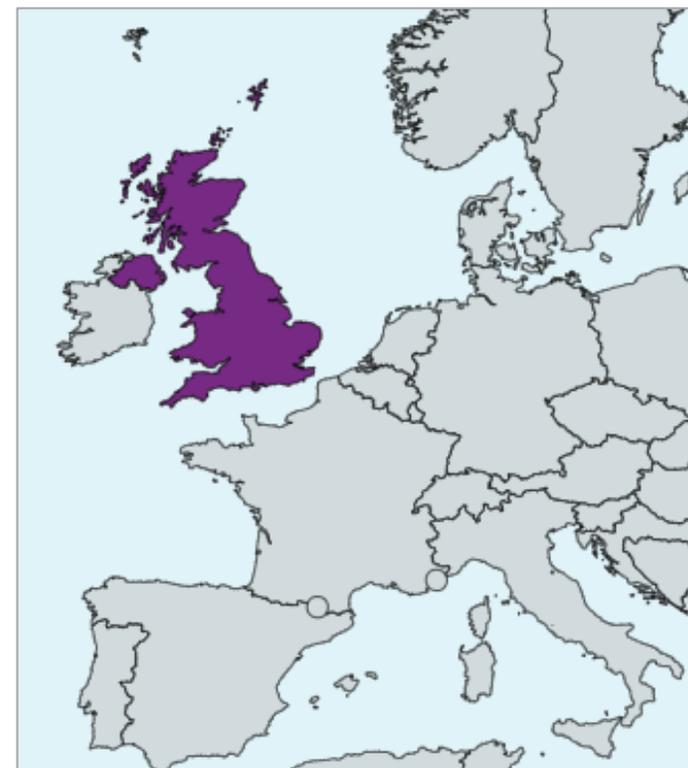
Note: This report is based on sources and information deemed to be true and reliable, but Dentons makes no representations to same.

Global Situation Update: December 21, 2021

WHAT WE'RE WATCHING

UK Prime Minister Boris Johnson is likely to face a confidence vote in coming weeks after his governing Conservative Party was recently defeated in a by-election. Johnson would likely win a confidence vote, but he is irreversibly wounded by recent events and scandals and unlikely to see out his term to 2024. In 2022, divisions within his party will make it difficult for Johnson to pass legislation, including on the response to COVID-19, creating uncertainty for businesses.

Like other world leaders, Johnson is grappling with how to handle the rapid increase in COVID-19 infections due to the Omicron variant. There are concerns about a shortage of tests in the UK and although on paper businesses can operate broadly as normal in the UK, office workers are requested to work from home. High numbers of infected staff mean also mean that many businesses are finding it difficult to operate, with a direct impact on supply chains.



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Global

Organizers are postponing or cancelling large gathering across the globe, citing spread of the Omicron variant.

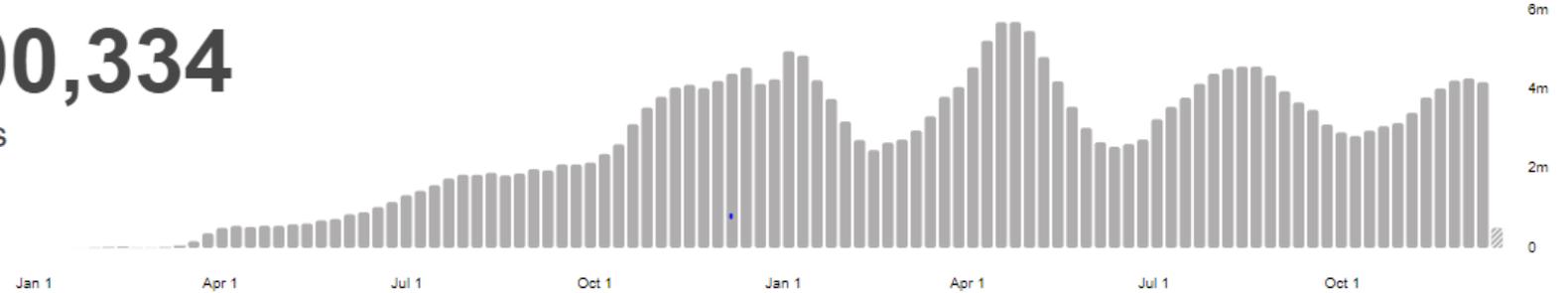
- The WHO director general urged people to **cancel holiday events**.
- The **Davos economic summit** has been postponed.
- In New York City, **Broadway shows** are cancelling.
- The **National Football League** halted its season.
- The **Omicron variant** of the coronavirus is spreading faster than the Delta variant and is causing infections in people already vaccinated or who have recovered from the COVID-19 disease. The WHO advised it would be "*unwise*" to conclude from early evidence that Omicron was a milder variant than previous variants.

Global

Globally, confirmed coronavirus cases topped 273.9 million with 5.3 million deaths; almost 8.3 billion vaccine doses have been administered.

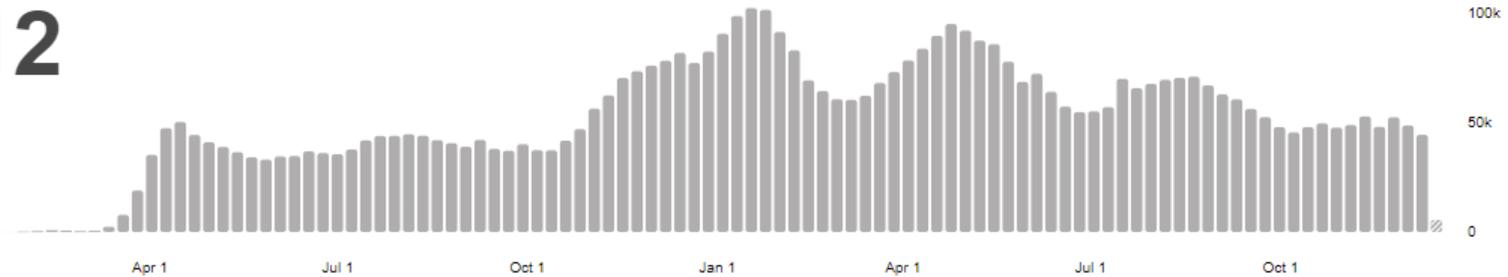
Global Situation

273,900,334
confirmed cases



5,351,812
deaths

Source: World Health Organization
Data may be incomplete for the current day or week.



Source: New York State Government

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Markets & Business

A WTO body agreed to set up a panel to examine a trade challenge brought by the EU against Russia over measures it says restrict EU firms from selling goods to Russian state-owned enterprises.

- An **Aeromexico** creditor objected to the Mexican airline's restructuring plan to emerge from Chapter 11 bankruptcy, saying the proposal would unfairly benefit majority shareholder **Delta Air Lines Inc.**
- Packaging products provider **Sonoco Products Co** will buy sustainable metal packaging manufacturer **Ball Metalpack** for \$1.35 billion in cash to expand its sustainable packing portfolio.
- The US SEC is demanding greater disclosure from **New York-listed Chinese companies**, seeking to reshape how Chinese companies present their businesses to investors after Beijing wiped billions of dollars from Chinese education companies and compelled ride-hailing group Didi to delist from American exchanges.
- UK-based fund manager **Schroders** has confirmed the £358 million acquisition of a 75 percent stake in **Greencoat Capital**, which runs funds that focus on renewable energy investments.

Environment, Sustainability & Governance

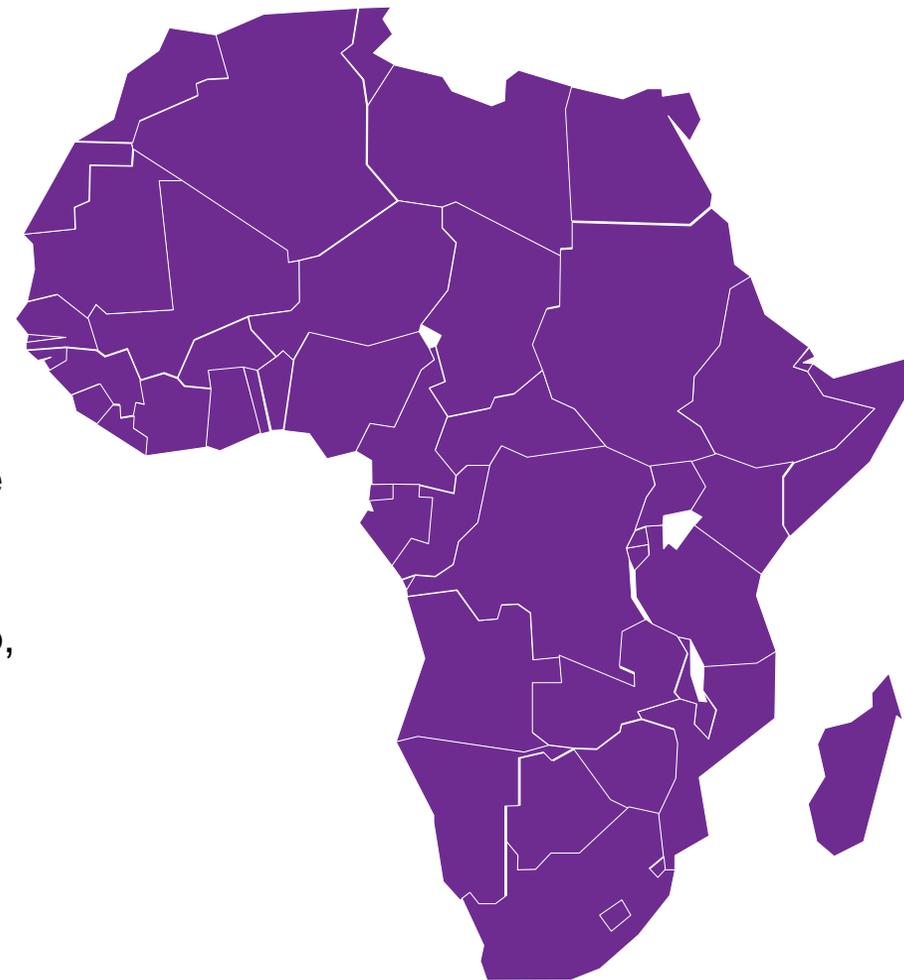
Canadian Prime Minister Trudeau instructed his Deputy Prime Minister and Finance Minister to begin planning a move to mandating climate related financial disclosures.

- The US EPA finalized new, stricter **vehicle emissions rules** that target decreased emissions, rolling back changes made by President Trump. The US also raised **fuel-efficiency standards** for passenger cars and light duty trucks. Auto makers must meet a fleetwide average of 55 miles a gallon for cars and light trucks by model year 2026, up from the 43 mpg standard set by the Trump administration
- Canadian financial institution CIBC announced it will invest \$100 million in partnership investments in **climate tech and energy transition funds**.
- Alibaba Group set targets to achieve **carbon neutrality** in its own operations and slash emissions across its supply chains and transportation networks by 2030.
- A Peruvian community blockading a copper mine over **poor distribution of investment gains** opted not to engage in government-led talks again, calling government proposals “*a dead end.*”

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Africa

- **Sudanese** medics confirmed that one protester had been shot and killed in renewed anti-coup protests in Khartoum.
- A new UN report found that one in four **Somalis** is experiencing acute hunger amid a worsening drought.
- Hundreds of residents of Goma, **Democratic Republic of the Congo**, protested the deployment of **Rwandan** security forces in the region, killing at least one police officer and two civilians. Protesters say that the troops (which are attempting to fight cross-border jihadists alongside the DRC and **Uganda**) violate Congolese sovereignty.
- The **French** armed forces ministry said that its "Operation Barkhane" unit had killed Soumana Boura, a leading member of Islamic State in **Niger**.



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Asia

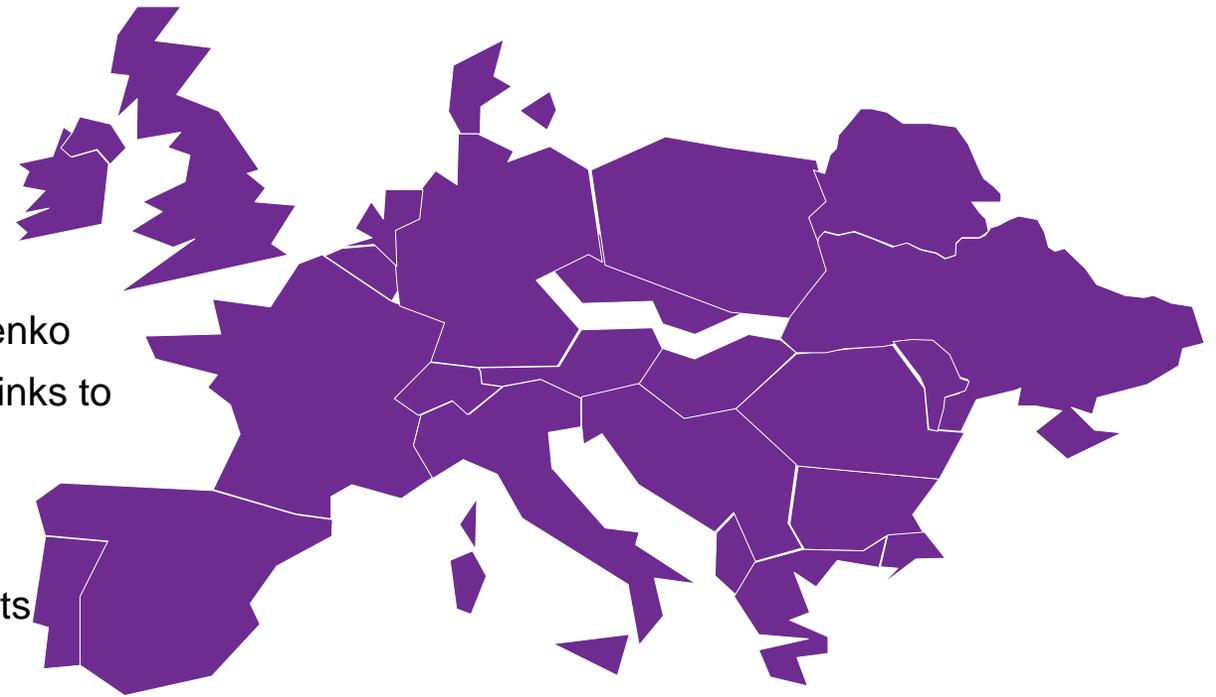
- **Thailand** will reinstate its mandatory COVID-19 quarantine for foreign visitors and scrap a quarantine waiver from Tuesday.
- **New Zealand** delayed the planned reopening of its international border due to the spread of the Omicron variant.
- In **India**, New Delhi Chief Minister Arvind Kejriwal urged citizens to wear masks and appealed to the federal government to allow booster vaccine doses.
- **Philippine** officials and residents hit by Typhoon Rai pleaded for food, water, and shelter as damaged roads, flooding, and severed power and communication lines hampered relief efforts. Rai, the strongest typhoon to hit the archipelago this year, killed nearly 400 people and displaced 630,000, according to the UN Office for the Coordination of Humanitarian Affairs.
- **China's** top lawmaking body debated legislation to give women more protection against gender discrimination and sexual harassment in the workplace, outlining rules including a clearer definition of inappropriate behavior.
- The **Japanese** Ministry of Economic Security is asking Japanese universities to provide the details of foreign nationals working in sensitive areas of science and technology in response to growing technology nationalism among foreign competitors and heightened concerns that Japanese research was flowing too easily to **China** and elsewhere.



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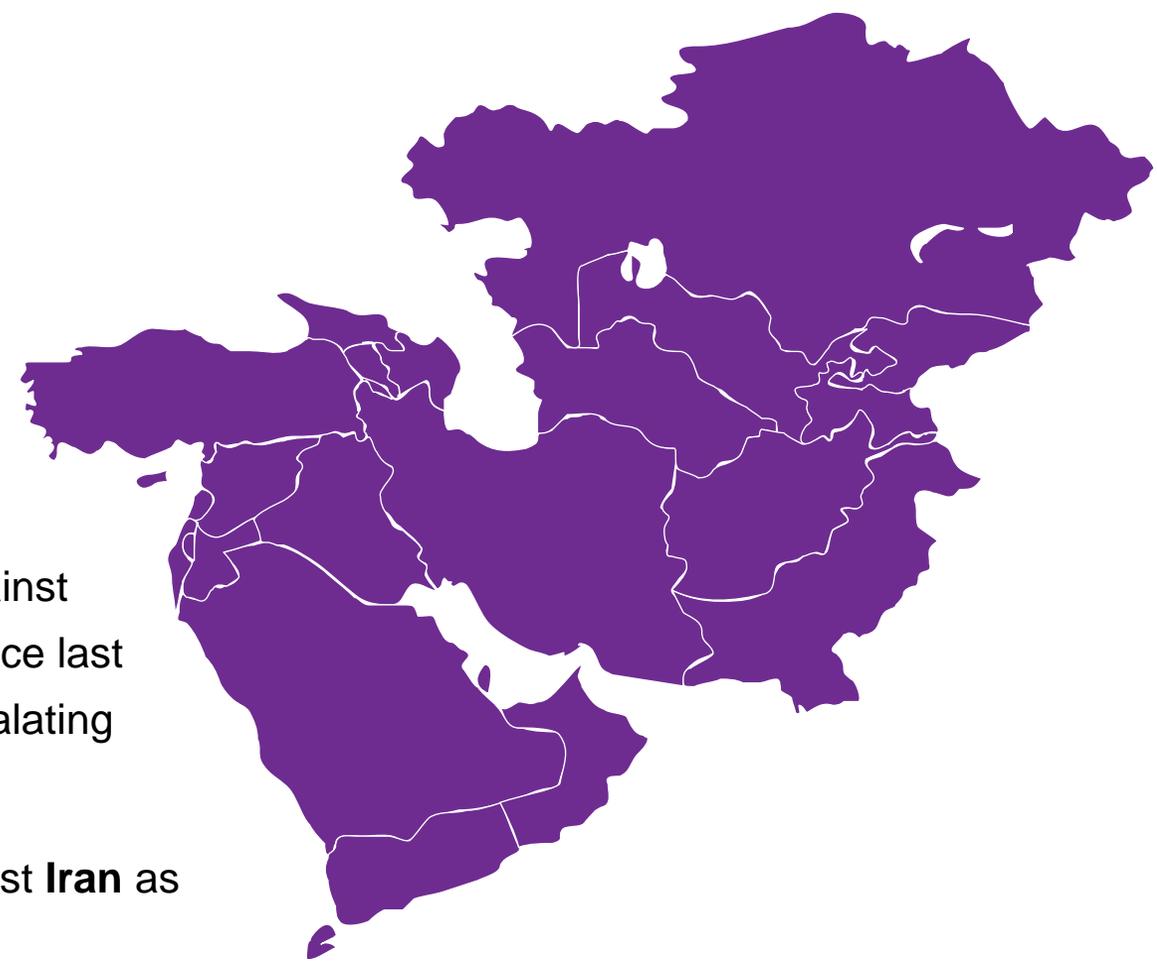
Europe

- **Ukrainian** authorities placed former president Petro Poroshenko under formal investigation for high treason, accusing him of links to financing separatist forces in the eastern Donbass region.
- The **Turkish** lira rebounded sharply after President Erdogan announced new efforts aimed at safeguarding lira investments amid a controversial fiscal easing scheme.
- **NATO** has signaled willing to negotiate with **Russia** while rejecting in advance many of Moscow's demands regarding the **US**-led alliance in Europe, as pressure mounts to find a diplomatic solution to rising military tension over **Ukraine**.
- The **European** Commission authorized the use of the Novavax COVID-19 vaccine in the EU. **France** approved the Pfizer vaccine for all children aged 5-11. Police in France have uncovered more than 180,000 fake health passes. **Germany** is considering limiting gatherings of vaccinated people to 10 to contain the spread of the Omicron variant. **UK** doctors are warning that the wave of Omicron cases in London will soon spread to the rest of the country, with "severe problems" in NHS staffing over Christmas.



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Middle East



- An unknown **Iraqi** faction claimed responsibility for two attacks on the **US** embassy in the Green Zone of Baghdad on Sunday.
- Attacks by the **Iran**-backed **Yemeni** Houthi militant group against **Saudi Arabia** have more than doubled this year from their pace last year, according to a recent report that provides details of escalating violence in the Gulf region.
- **Israeli** Defense Minister Gantz called for greater action against **Iran** as nuclear talks appear to stall.
- A group of candidates for the **Libyan** presidential election released a statement saying that the presidential elections, scheduled to take place on December 24, are unlikely to go on; the elections have been under doubt for several weeks, although there has been no official announcement.

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Americas

- Newly-elected leftist **Chilean** President Boric pledged to maintain an “*orderly economy*” in the transition of power.
- **Canada’s** Quebec province shuttered bars, restaurants and gyms and ordered people to work from home, if possible, in a bid to counteract the country’s Omicron surge.
- Chubut province, in **Argentina's** southern Patagonian region, repealed the law after days of violent protests by local communities against the bill. The law would have allowed open-pit mining in two areas.



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Americas: US

- **Omicron variant** of the coronavirus has become dominant in the US with lightning speed, accounting for 73 percent of US coronavirus infections based on sequencing data for last week, per the CDC. Americans are lining up in record numbers for **COVID tests** before joining family gatherings for the Christmas holiday. Texas recorded the **first death** in the US from the Omicron variant.
- Today, President Biden will outline plans to expand **coronavirus testing sites** across the country, distribute a half-billion **free at-home tests** and deploy more federal health resources to aid strained hospitals. Planning is focused on increase testing and vaccination, not renewed lockdowns. To relieve overrun hospitals, the federal government will immediately send **emergency medical teams** to Michigan, Indiana, Wisconsin, Arizona, New Hampshire and Vermont.
- The CDC advised Americans against **travel** to eight destinations including Spain, Finland, Chad, Lebanon, Bonaire, Monaco, San Marino and Gibraltar to its "Level 4: Very High" classification. It now lists about 85 countries at its highest level, including nearly all of Europe.
- The expanded **Child Tax Credit's** monthly payments of \$300 for each child under the age of 6 and \$250 for children 6 to 17 expired on December 15 and with the Build Back Better legislation stalled in Congress, and social workers are warning about hunger on America's poorest families struggling with inflation and unemployment.



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The US Strategy on Countering Corruption

By Alexander Lucaci

This month, the Biden Administration released the first-ever US government strategy for countering corruption, which identifies the issues of transnational corruption and global kleptocracy as key national security threats.

The 38-page document, which was unveiled ahead of the Summit for Democracy, is a whole-of-government prescription for improving public sector capacity, curbing illicit finance, holding corrupt actors accountable, and leveraging international diplomacy and foreign assistance to advance policy goals. Officially titled the US Strategy on Countering Corruption (USCC), this new initiative represents a serious effort on the part of the Biden Administration for Washington to deal with the expanding threat of organized crime, illicit finance, and authoritarianism. Furthermore, the USCC may also have far-reaching implications for key domestic industries, including, legal service providers, private equity, hedge funds, and real estate.

Although this new strategy currently only exists on paper, there is growing international awareness about the effects that corruption has on global governance and security, which was reflected in the high level of engagement in the Summit for Democracy - over 100 nations participated in the virtual conference focused on defending against authoritarianism, fighting corruption, and advancing respect for human rights. Importantly, the Biden Administration has framed anti-corruption efforts as more than an economic or financial endeavor and has defined corruption as “a disease that eats at public trust and the ability of governments to deliver for their citizens.” As such, it is important to understand that the USCC, if fully pursued by the Biden White House, could have a broad impact on international security and diplomacy.

Implications for Governments

The USCC plans to significantly increase the capacity of the US government to tackle transnational criminality and corruption, including additional funding for intelligence and diplomatic resources at the State Department, Treasury Department, Commerce Department, and USAID. The strategy calls for the creation of

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The US Strategy on Countering Corruption

of senior-level anti-corruption positions and coordinating bodies at these agencies, which will be direct to improve “corruption-related risk analysis” when considering foreign aid and security assistance. As a result, a key strategic objective for the US will be to enhance anti-corruption enforcement between equivalent international agencies, which aims to streamline sanctions regimes and visa restrictions while strengthening investigatory and prosecutorial capacities.

Concrete examples of this type of coordination could include a broader adoption of the Global Magnitsky Act, which implements sanctions on entities, governments, and individuals who engage in corrupt activities and attempt to hide their ill-gotten gains in the United States. The US may also seek to expand the number of Resident Legal Advisors in foreign countries through the DOJ, State Department, and USAID, which makes it easier for American prosecutors and law enforcement experts to develop corruption cases in both the country of origin and for cases that involve the US. Finally, the Biden Administration has stated that it will seek to “reinvigorate” US participation across a number of existing international anti-corruption institutions, including the Open

Government Partnership, United Nations Convention Against Corruption, NATO’s Building Integrity Program, and the Extractive Industries Transparency Initiative. The USCC makes clear that the Biden Administration believes that greater enforcement of existing international mechanisms is a key aspect of the fight against corruption and global kleptocracy.

Implications for Private Businesses

The USCC contains numerous provisions that are designed to address gaps in the US’s domestic regulatory system and outlines the ways in which corrupt private actors and their facilitators rely on vulnerabilities in international financial system to obscure ownership of assets and launder the proceeds of illicit activities. These “key gatekeepers and facilitators” to corrupt activities are referred to in the USCC as lawyers, accountants, trust and company service providers, and business incorporators who are hired as registered agents to open and move funds through bank accounts but are not required to understand the nature or source of income of their clients. In response, the Biden Administration states in the document that it will consider additional authorities to increase its focus on

The US Strategy on Countering Corruption

“complicit professionals” that facilitate illicit activities, while also working various departments and agencies to increase penalties and levy professional sanctions. Other industries that are specifically mentioned as potential targets of enhanced enforcement in the USCC include cryptocurrency, investment advisers, private equity, hedge funds, real estate (22 mentions), and natural resources (gold, wildlife, timber, petroleum etc.)

Moving forward, businesses and private enterprises in the aforementioned industries should have increased awareness of the potential for targeted enforcement of existing anti-corruption and anti-money laundering (AML) laws. Furthermore, businesses should monitor legislative developments in Congress for expanded resources to fulfill the Administration’s anti-corruption agenda. New anti-corruption task forces, including at the Department of Treasury and Department of Commerce, will have increased authority to address what they see as emerging corruption threats both at home and abroad. Initiatives such as the National Cryptocurrency Enforcement Team at the Department of Justice are likely to proliferate across a range of industries, but most prominently in the fields of finance, law, and business registration/professional services.

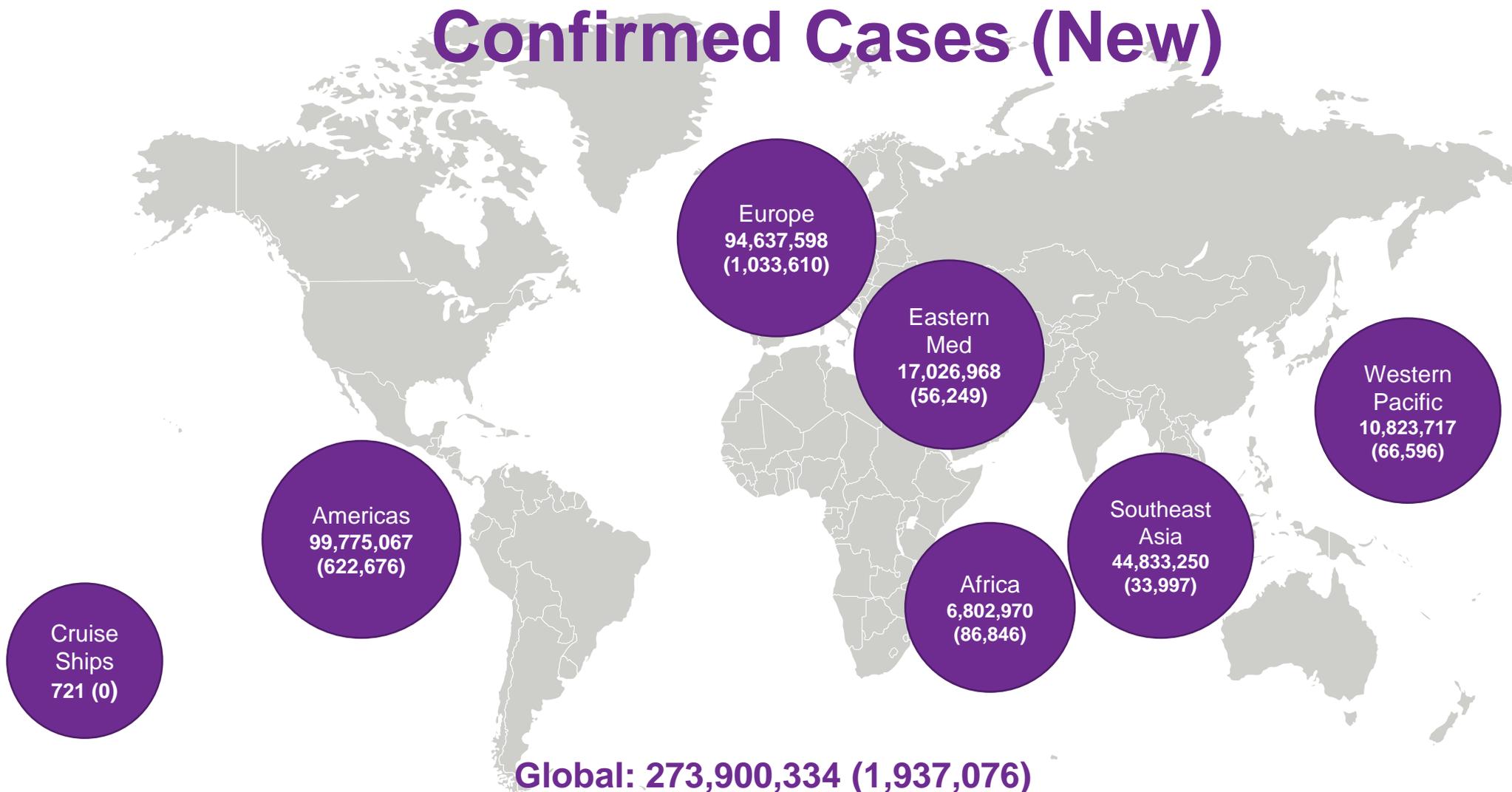
Prospects for Implementation

The US Strategy on Countering Corruption is a recognition by the Biden Administration that the US has a unique responsibility in addressing the global nexus of corruption, kleptocracy, and authoritarianism. Although there are provisions within the document that are able to be enacted by executive action alone, the key metric of progress in anti-corruption efforts will be on Capitol Hill, as lawmakers seek to formalize new and updated transparency measures for doing business in the US, as well as increasing engagement abroad for tackling corruption in foreign governments and entities. Although previous US Administrations have promised to address the rise in illicit financing and proliferation of authoritarian regimes funded by corruption, this White House appears to be taking concrete steps to close loopholes, increase enforcement of existing laws, and pursue a constructivist approach in the fight against global kleptocracy.

Coronavirus Condition Updates

As of 3:29 pm CEST on December 20, 2021

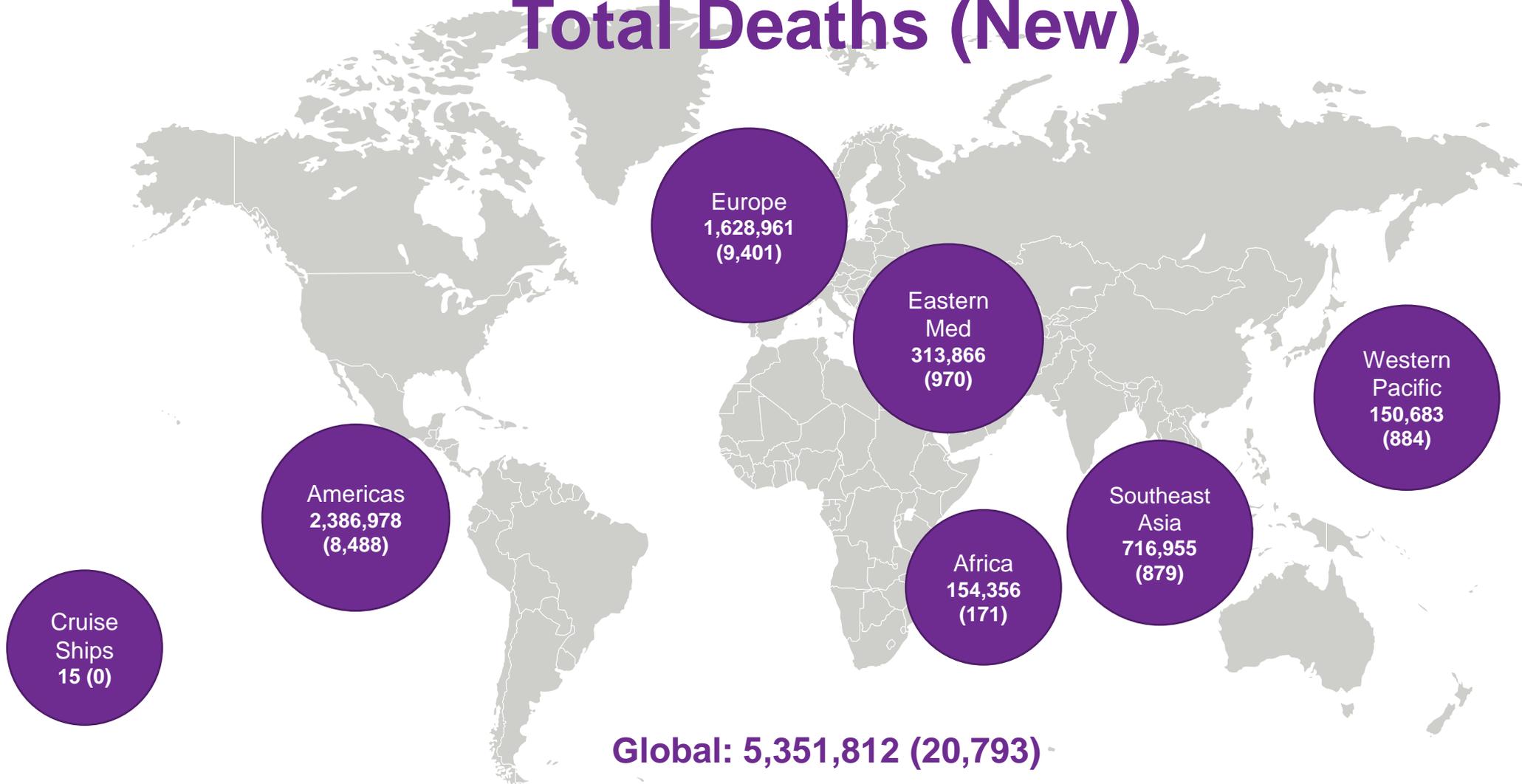
Confirmed Cases (New)



Reflects data as of 3:29 pm CEST on December 20, 2021, with new cases including data from Saturday and Sunday .
Data Source: World Health Organization

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Total Deaths (New)



Reflects data as of 3:29 pm CEST on December 20, 2021, with new cases including data from Saturday and Sunday .
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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