

# Dentons Flashpoint

## Daily Global Situation Report

December 3, 2021

# Global Situation Update: December 3, 2021

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## KEY TAKEAWAYS

South African data suggests that risk of infection from the Omicron variant is three times higher than the Delta variant.

OPEC+ agreed to go ahead with a planned oil output increase.

The Lebanese minister who sparked the Gulf-Lebanon crisis with negative comments resigned, opening an opportunity to ease tensions.

# Global Situation Update: December 3, 2021

## WHAT WE'RE WATCHING

**Gambia will hold presidential elections tomorrow. This will be the first presidential elections since the 2016 regional intervention that forced former president Yaya Jammeh to resign. Although peaceful legislative and local elections have been held in the interim, tensions have since risen.**

**President Adama Barrow's desire to run for a full presidential term, after initially pledging to only serve three years, has prompted a breakdown in the ruling coalition. In January 2020, the civil society and opposition coalition "Three Years Jotna" ("Three Years is Enough") held large-scale anti-Barrow demonstrations in Banjul, and the heavy-handed police response raised concerns about a return of autocratic ways used by Jammeh. Barrow is likely to secure a narrow victory. However, the close race is likely to prompt fraud allegations and challenges to the results, elevating the threat of instability.**



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

# Global

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**Globally, confirmed coronavirus cases topped 262.8 million with 5.2 million deaths; almost 7.8 billion vaccine doses have been administered.**

- The WHO urged countries to boost **healthcare capacity** and vaccinate their people to fight a surge in COVID-19 cases driven by the Omicron variant and said **travel curbs** could buy time but alone were not the answer.
- Roche's subsidiary TIB Molbiol has developed three **new test kits** to help researchers detect mutations in the new Omicron variant of coronavirus.
- Moderna could have a **COVID-19 booster shot** targeting the Omicron variant tested and ready to file for US authorization as soon as March.
- COVID-19 vaccines made by Pfizer and Moderna that use **mRNA technology** provide the biggest boost to antibody levels when given 10-12 weeks after the second dose, per new study.

# Markets & Business

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**New stock listings in Hong Kong have slid this year, making it an exception across global markets as concerns persist over the outlook for China's tech sector due to ambiguity over Chinese regulatory actions.**

- **OPEC+** agreed to go ahead with a planned oil output increase, despite the rise of the Omicron variant.
- Chinese ride-hailing giant **Didi Global** plans to withdraw from the New York stock exchange and pursue a Hong Kong listing under pressure from Chinese regulators.
- Alphabet Inc's **Google** announced it is indefinitely pushing back its January return-to-office plan globally amid growing concerns over the Omicron variant and some resistance to company-mandated vaccinations.
- **GE Hitachi Nuclear Energy**, an alliance between **General Electric Co** and **Japan's Hitachi Ltd** will build a small modular nuclear reactor (SMR) with **Ontario Power Generation**, completion expected in 2028.
- US regulators have sued to block **Nvidia's** multibillion-dollar acquisition of UK chip design company **Arm** from **SoftBank**.
- **Citigroup Inc.** has applied for a securities license in China, seeking a bigger presence in the world's second-largest economy.

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# Environment, Sustainability & Governance

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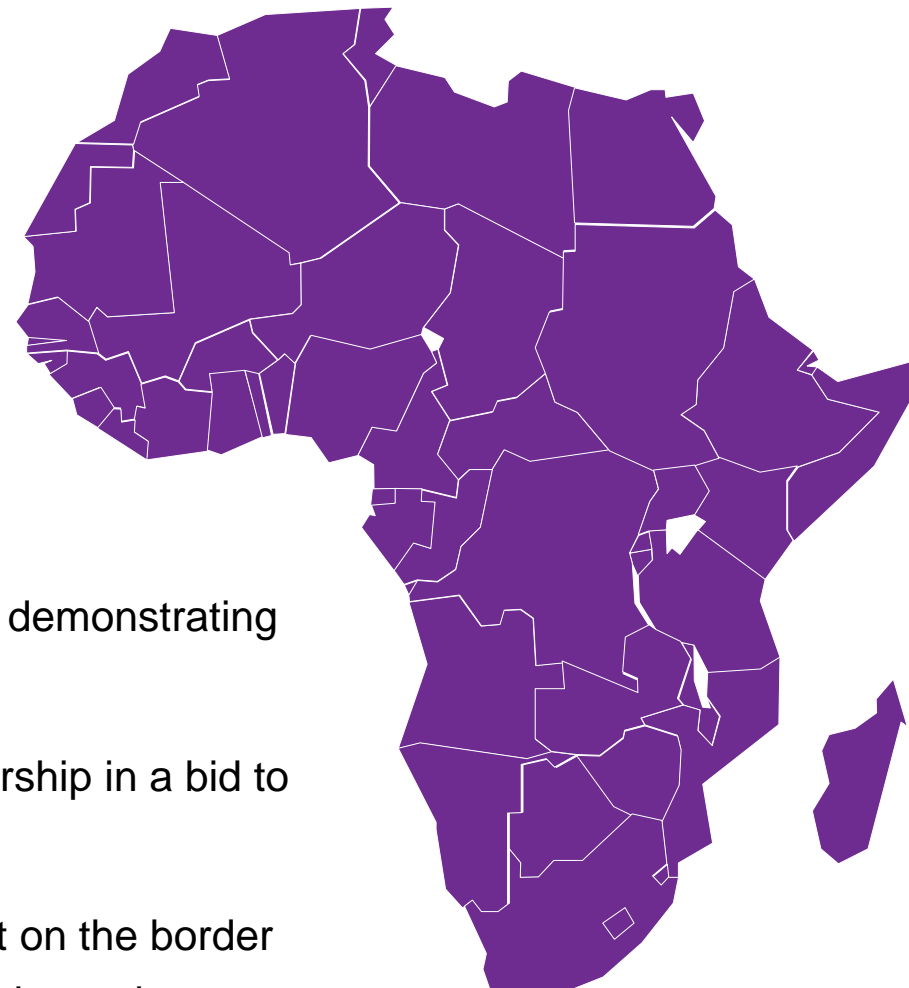
**SoftBank led the latest funding round for sustainability technology company Clarity AI alongside BlackRock, demonstrating increasing interest in reliable sustainability data.**

- CEO of electric and fuel cell truck maker Nikola said that supply chain issues have rendered **electric vehicles** more expensive than diesel but estimated that the trend is temporary.
- The United Nations Development Programme aims to almost triple its plastic waste management to 100 cities in India by 2024, to combat the damaging effects of **plastic pollution**.
- Goldman Sachs increased the **diversity quota** for companies in its portfolio, calling for boards to be at least 10 percent female and for companies to have at least one director from a minority ethnic group.
- Swiss chocolate makers Barry Callebaut said improving cocoa farmers' income was crucial to ending child labor in the cocoa supply chain. Barry Callebaut has vowed to eradicate **child labor** from its supply chain by 2025.

# Africa

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- **South African** data suggests that risk of infection from the Omicron variant is three times higher than the Delta variant. The seven-day average of daily cases has risen to more than 4,800 as of this week, compared with just a few hundred cases in the middle of last month.
- **Democratic Republic of the Congo** police opened fire on protesters demonstrating against the central government, injuring two journalists.
- The **Nigerian** government began vaccinating citizens at houses of worship in a bid to ramp up vaccinations as the Omicron variant spreads.
- Witnesses said that **Ugandan** troops have increased their deployment on the border with the **Democratic Republic of the Congo**, a move that both capitals say is necessary to fight Islamist rebels but that has been criticized by Ugandan politicians.



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# Asia

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- **Australia** reported its first community transmission of the Omicron, but authorities held steady on a plan to reopen the economy amid hopes it would prove to be milder than previous strains.
- Nightclubs, cinemas and cafes reopened after more than 100 days in **New Zealand's** capital.
- **South Korea** announced that people visiting restaurants and cinemas and other public spaces will have to show vaccine passes.
- **China's** industry ministry released a five-year plan aimed at the green development of its industrial sectors, vowing to lower carbon emissions and pollutants and to promote emerging industries so as to meet a carbon peak commitment by 2030.
- **Philippine** journalist Maria Ressa will be allowed to travel so she can accept her Nobel Peace Prize in person, per a court order. Ressa is subject to a travel restrictions due to the legal cases she faces in the Philippines.

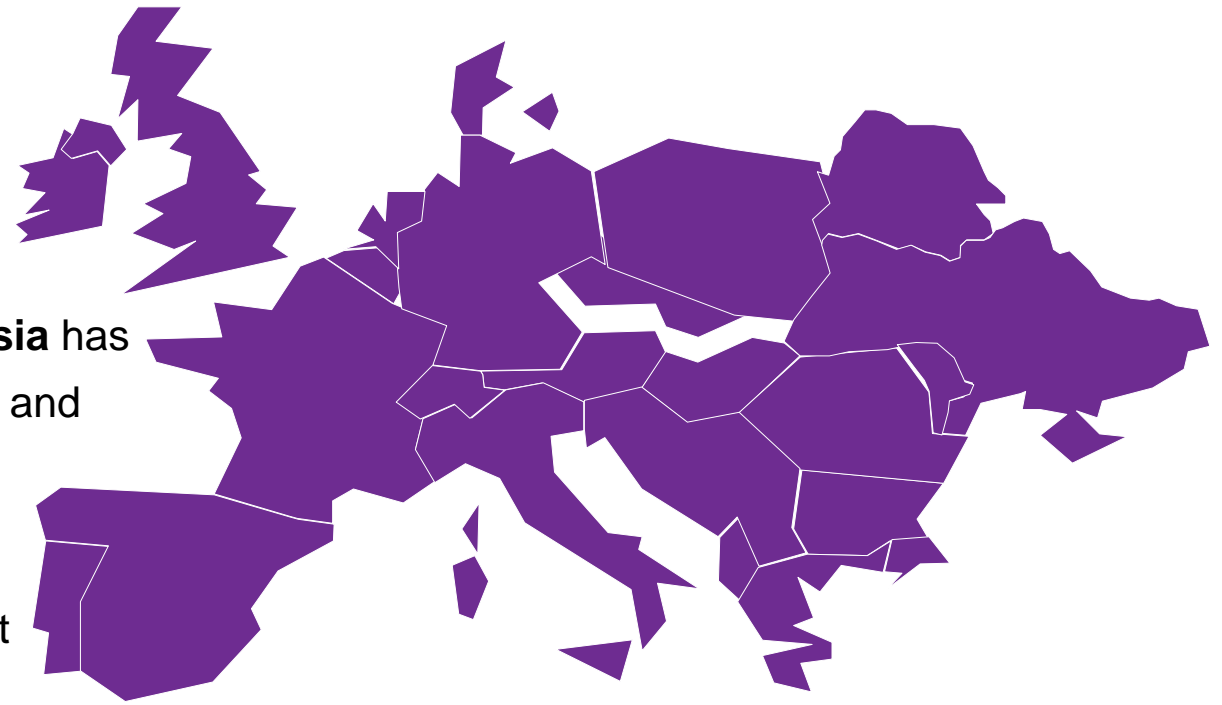




# Europe

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- **Ukraine's** Defense Minister warned parliament that **Russia** has massed more than 94,000 troops near Ukraine's borders and may be gearing up for a large-scale military offensive at the end of January.
- The **EU, UK, Canada and US** imposed sanctions against dozens of individuals and entities in **Belarus** in a coordinated move to escalate punitive action against President Alexander Lukashenko and his government.
- A **European** human rights watchdog preparing "*infringement proceedings*" over **Turkey's** failure to release imprisoned philanthropist, a move that could lead to Ankara's suspension from the Council of Europe. The leader of a Turkish banking association said that banks will support President Erdogan's "new economic model" of low interest rates. Fitch Ratings downgraded its outlook on Turkey to "negative" from "stable" owing to the country's worsening currency crisis.



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# Europe

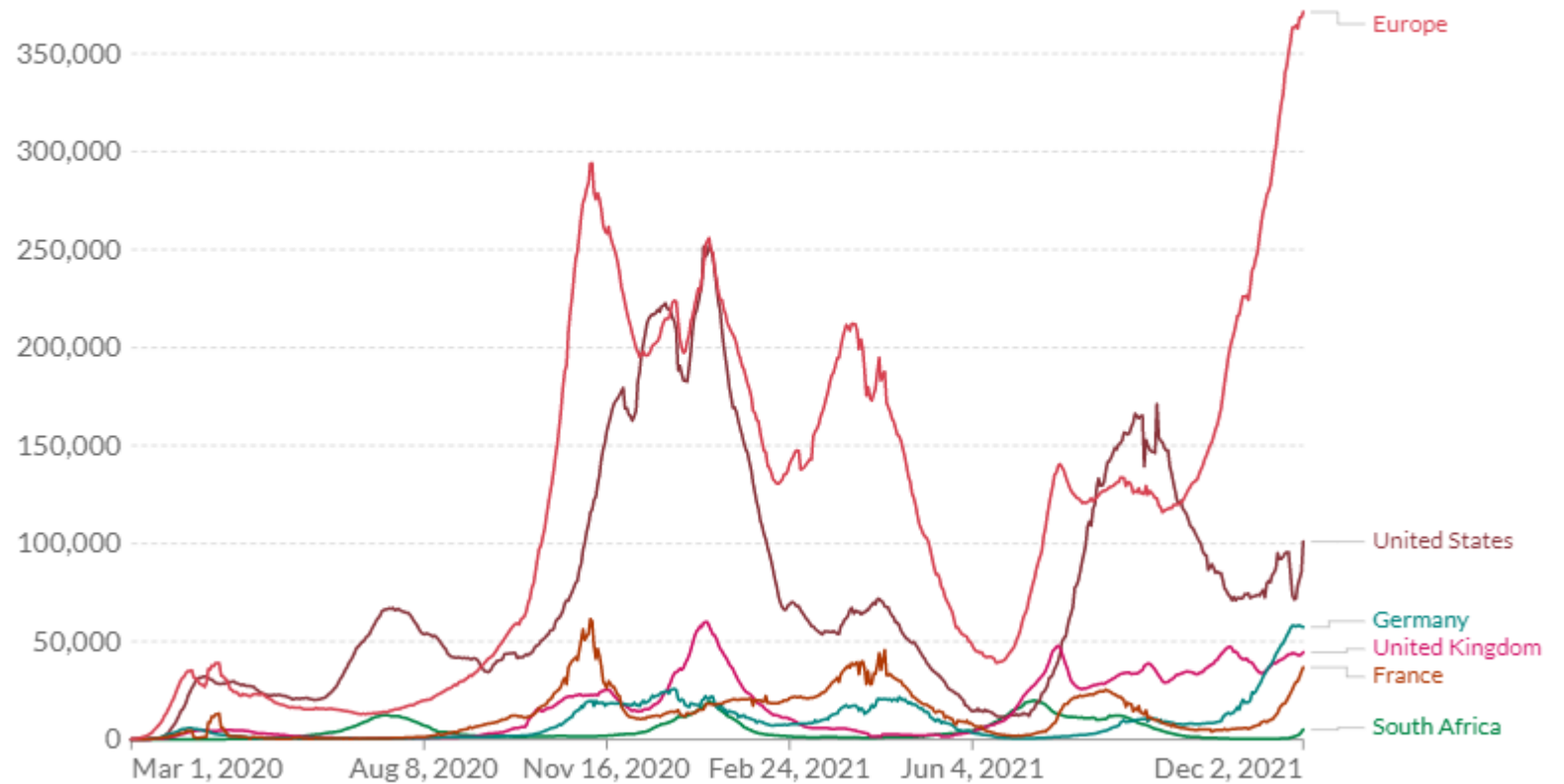
The EU's public health agency assessed that the Omicron variant could be responsible for more than half of all COVID-19 infections in Europe within a few months, but no cases of severe disease had yet been identified in the region.

## Daily new confirmed COVID-19 cases

7-day rolling average. Due to limited testing, the number of confirmed cases is lower than the true number of infections.

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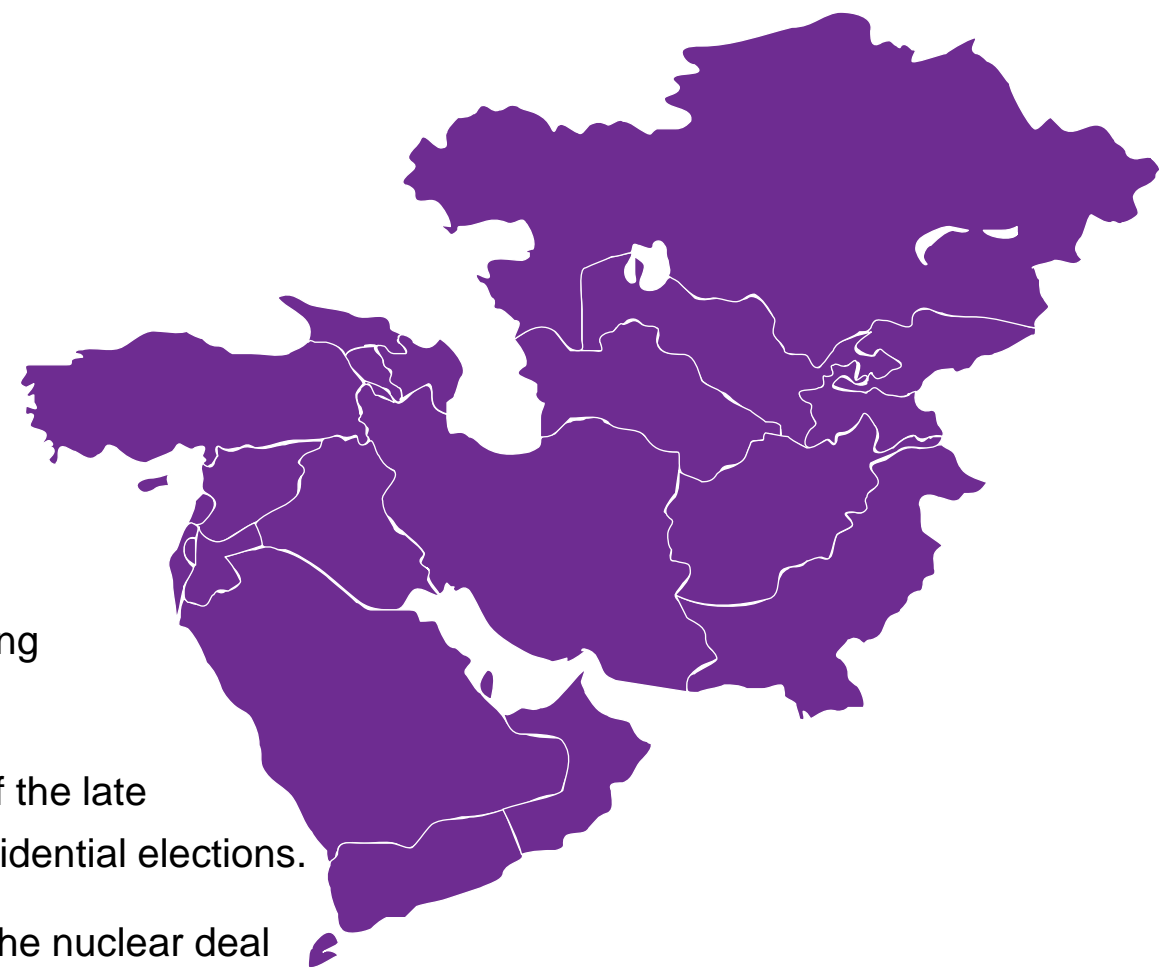
Source: Johns Hopkins University CSSE COVID-19 Data

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# Middle East

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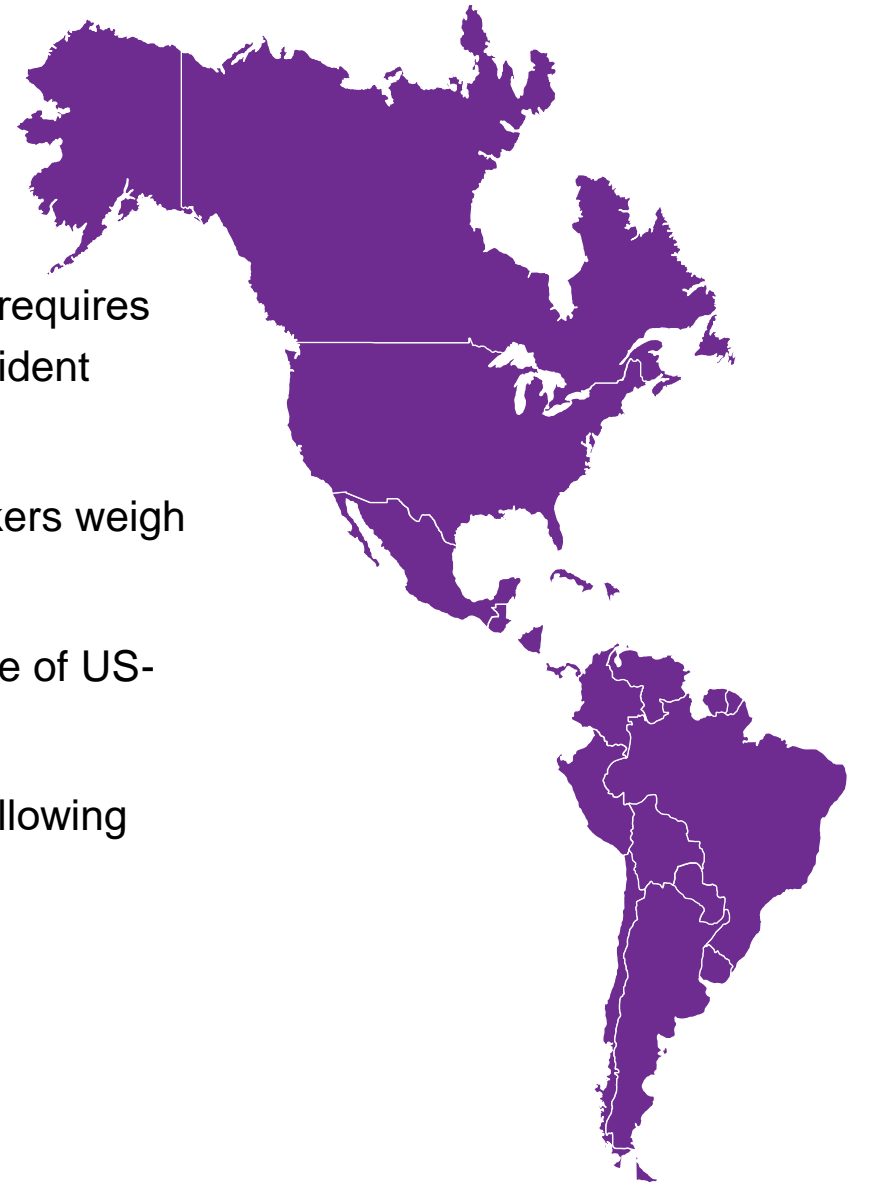
- **Afghanistan's** Taliban government released a decree on women's rights which said women should not be considered "property" and must consent to marriage but failed to mention female access to education or work outside the home.
- Activist groups called on the UN to create a new panel investigating human rights abuses in the **Yemeni** war.
- A **Libyan** court overturned a lower court ruling blocking the son of the late Libyan dictator Moammar Gadhafi from running in upcoming presidential elections.
- **Iran** and the **US** appeared pessimistic about prospects to revive the nuclear deal as talks in Vienna progressed.
- The **Lebanese** minister who sparked the Gulf-Lebanon crisis with negative comments about **Saudi Arabia's** involvement in the war in Yemen resigned. Minister Kordahi's resignation comes ahead of a visit by **French** President Macron to Saudi Arabia tomorrow. Macron backs Prime Minister Najib Mikati's government and had taken the lead among the international community in helping the former French protectorate.

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# Americas

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- The **US** will restart the Trump-era “stay in Mexico” immigration policy that requires asylum seekers to await hearings in **Mexico** after a court overturned President Biden’s cancellation of the policy.
- **Peruvian** authorities will question President Castillo as opposition lawmakers weigh an impeachment process over the promotion of some military officers.
- **Mexican** officials called a **US** tax credit that would incentivize the purchase of US-made cars “*discriminatory*” and said that they may respond with tariffs.
- The **Brazilian** Senate approved raising the government’s spending cap, allowing President Bolsonaro to increase welfare spending.



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# Americas: US

- California, Colorado, Hawaii, Minnesota and New York have reported cases of the **Omicron variant**. The Minnesota case is the first instance of community spread.
- President Biden announced new actions to combat the coronavirus in the US, including a nationwide campaign encouraging **vaccine boosters** for 100 million Americans, an expansion of **at-home tests** with costs covered by insurance and tighter **restrictions on international travel**.
- The Senate passed a **bill to fund the government** through mid-February, averting the risk of a shutdown after overcoming a bid by some Republicans to delay the vote in a protest against vaccine mandates.
- The Biden administration plans to launch an initiative at the Summit for Democracy to establish a code of conduct for coordinating **export-licensing policies for surveillance tools** and other technologies to counter authoritarian governments using them against political dissidents, journalists, foreign government officials and human rights activists.



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# Dispatch from Moscow: Ukraine, NATO, and US-Russia Strategic Security Risks

*By Alexander Lucacii*

***Top US national security officials are warning of an imminent Russian invasion of Ukraine, as intelligence indicates that Moscow is continuing to build up significant military infrastructure capacity on its Western border.***

Speaking at the NATO Ministerial in Latvia, Secretary of State Antony Blinken said that although the US does not know whether President Putin has made the decision to invade, any military incursion into Ukraine would be met with “high-impact economic measures.” President Putin further escalated tensions, calling for international legal guarantees regarding Moscow’s security from NATO and the ability to maintain a sphere of influence along Russian borders with eastern Europe. NATO-Russian relations have dipped to perhaps their lowest point in recent history, with both sides alleging that the other is in violation of various “red lines” including the alliance’s eastward expansion and repeated Russian incursions into Ukraine’s eastern territory. It remains

unclear, apart from sanctions, how Brussels and Washington would enforce deterrence or support Ukraine in the case of an invasion, given that Kyiv is not a member of NATO. In the meantime, Moscow and Kyiv are preparing their respective pretexts for military action in the Donbass so as to be able to shift the blame for the impending conflict onto one another.

The prospect of a renewed, escalating conflict in eastern Ukraine would have massive political and economic ramifications for Europe and the US. As the threat to Kyiv increases, so will the appetite in the US Congress to re-apply sanctions to Nord Stream II, the nearly-complete natural gas pipeline that would allow Moscow to bypass Ukraine in exporting energy to the EU. President Biden waived Congressional sanctions earlier this year that would have stopped the project in its tracks in exchange for a vague commitment from Germany to resist Russian efforts to use energy as a political weapon. Fast forward six months, and it now appears both Democrats and Republicans on the Hill are ready to override President Biden’s waiver by introducing NDAA amendments that would re-instate sanctions on Nord Stream II.

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# Dispatch from Moscow: Ukraine, NATO, and US-Russia Strategic Security Risks

This, in turn, would apply additional pressure to European energy futures and natural gas contracts, at a time where supply chain disruptions have already caused prices to spike across the continent. If Congress does end up re-applying sanctions, Washington will likely need to provide some form of economic assurance or energy alternatives to Germany and the European Union, an important test for trans-Atlantic alliances.

Moscow is facing several other key geopolitical challenges that may influence its near term decision-making. To Russia's south, the Armenian-Azerbaijan conflict over Nagorno-Karabakh has flared up again, with President Putin forced to mediate and prevent a wider escalation of hostilities. In Belarus, Russia's closest ally, President Aleksandr Lukashenko's regime is struggling under the weight of a new and enhanced coordinated sanctions campaign led by the US. Within Russia, inflationary pressures, a weak ruble, and the threat of the Omicron COVID-10 variant have contributed to an uncertain economic outlook, especially in a country with relatively low vaccination rates. Furthermore, if Omicron continues to disrupt global markets at scale, Russia's economy will be particularly vulnerable to the effects of lower international demand for hydrocarbons and other commodities.

Despite President Biden's desire for a "stable and predictable" relationship with Russia, the prospects of an improved bilateral dynamic appear to be fading quickly. A prescheduled meeting between Secretary of State Blinken and his Russian counterpart yesterday concluded after only half an hour, leading analysts to believe that there was a breakdown in communication over the issue of Moscow's military buildup on the Russian-Ukrainian border. Furthermore, sources indicate that the White House is considering shuttering American diplomatic operations in Moscow even further, given the administrative and logistical constraints of working with an already skeletal crew on a massive embassy compound. The Kremlin recently placed harsh restrictions on the number and type of US diplomats allowed in the country, while also limiting the amount of time existing diplomats can remain in Russia. As a result, the Biden Administration will need to decide if, or how, they will respond in this diplomatic tit-for-tat. Should Moscow decide to invade Ukraine, there is a possibility that any diplomatic or political "strategic stability" will shrink to zero while also elevating severe security and economic disruption risks for Europe.

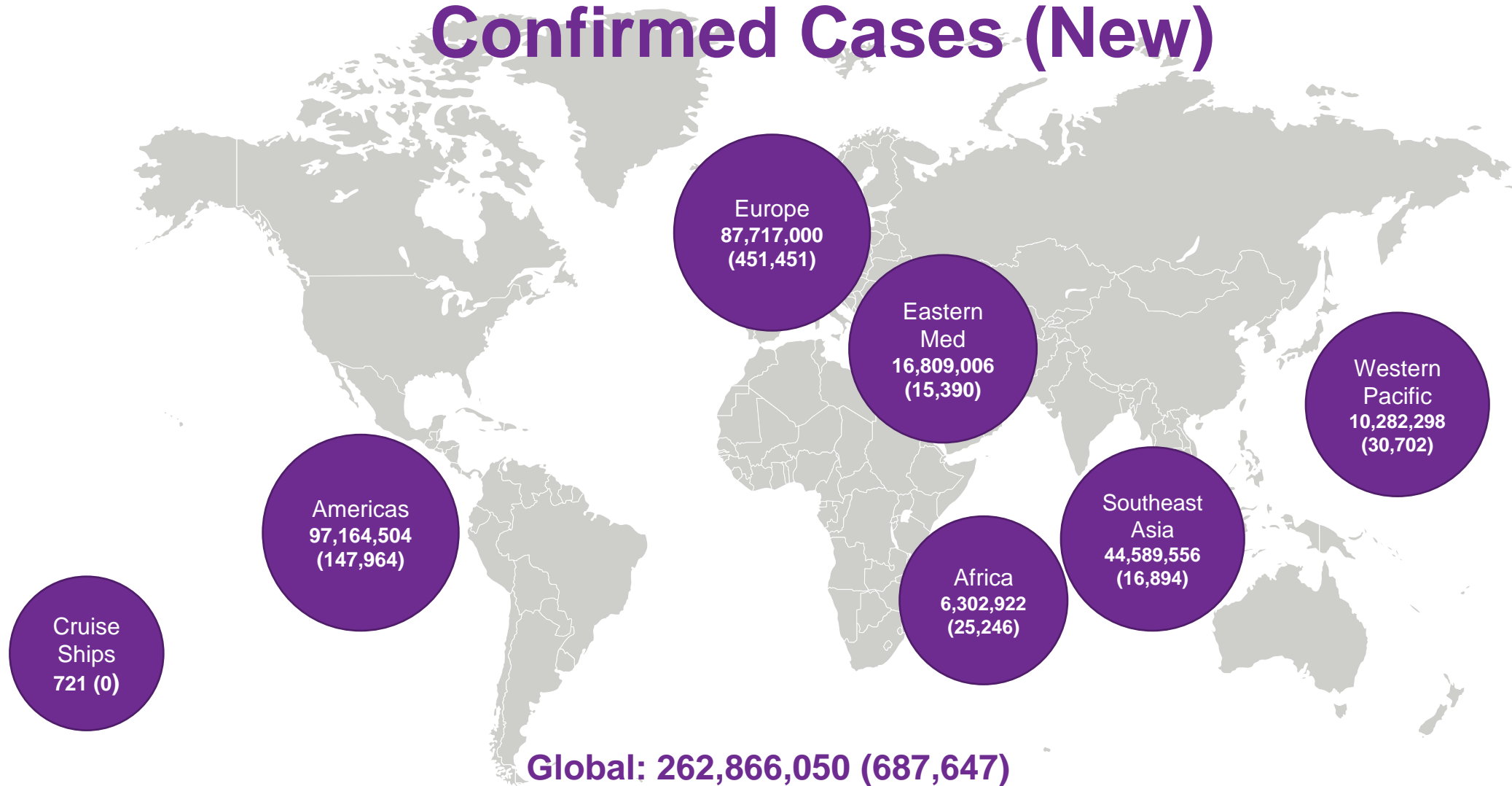
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# Coronavirus Condition Updates

As of 5:51 pm CEST on December 2, 2021



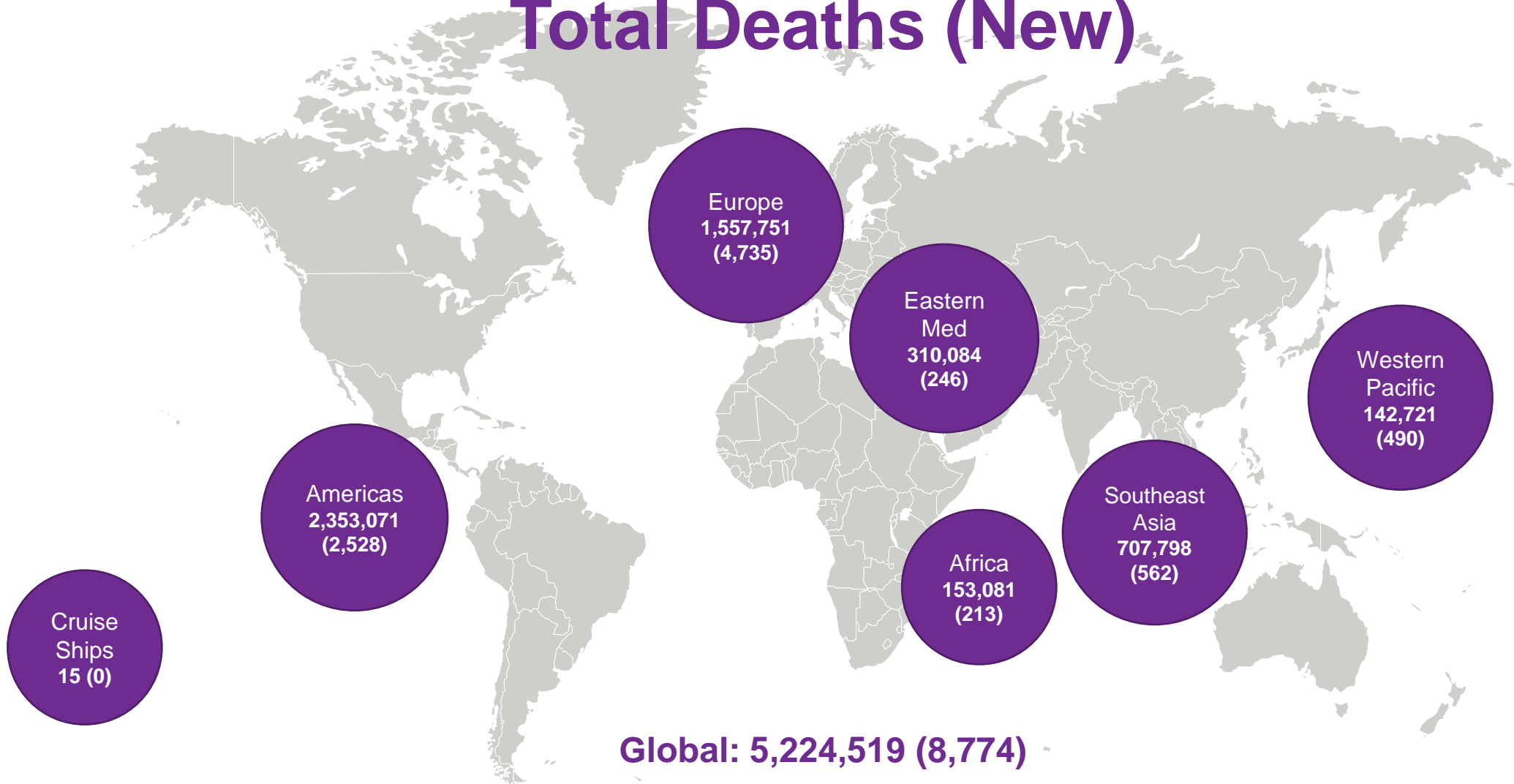
# Confirmed Cases (New)



Reflects data as of 5:51 pm CEST on December 2, 2021.  
Data Source: World Health Organization

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# Total Deaths (New)



Reflects data as of 5:51 pm CEST on December 2, 2021.  
Data Source: World Health Organization

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# Contacts

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*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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