

Dentons Flashpoint

Daily Global Situation Report

December 6, 2021

Global Situation Update: December 6, 2021

KEY TAKEAWAYS

US intelligence believes China intends to establish its first permanent military presence on the Atlantic Ocean in Equatorial Guinea.

Weekend protests against coronavirus restrictions continued in Western Europe amid the spread of the Omicron variant.

Goldman Sachs cut its outlook for US economic growth to 3.8 percent for 2022.

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 6, 2021

WHAT WE'RE WATCHING

Austria is facing political upheaval and mass demonstrations against a proposed vaccination mandate. Immigration hardliner Karl Nehammer will be sworn in as Austrian chancellor today after two previous chancellors from his conservative People's Party recently stepped down. The party is the focus of official investigations into corruption. Government instability will persist, likely resulting in snap elections in 2022.

Over the weekend, 40,000 protestors demonstrated in Vienna against a draft law that would make Austria the first country in Europe to mandate COVID-19 vaccinations for all. Starting in February, the law will formally ask citizens 14 years and older to get vaccinated. Those who do not comply within one month will face reoccurring fines of hundreds of Euros, which can be converted into a prison sentence if the fine is unpaid. Austria has one of the lowest vaccination rates in Europe, and one of the highest rates of infection.



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Global

Globally, confirmed coronavirus cases topped 263.5 million with 5.2 million deaths; almost 7.8 billion vaccine doses have been administered.

- China is threatening countermeasures if the US boycotts the **Beijing Olympics**. The Biden Administration is expected to announce a diplomatic boycott this week, i.e., US government officials will not attend the Beijing Games.
- At least 47 countries are now reporting cases of the **COVID-19 Omicron variant**.
- Johnson & Johnson reported that an independent study found its **coronavirus vaccine** provides a “*substantial*” immune response when used as a booster shot for people who were fully vaccinated with Pfizer-BioNTech’s vaccine.

Markets & Business

According to European Association of Automotive Suppliers, half a million jobs would be at risk under EU plans to effectively ban combustion-engine cars by 2035, a stark warning about the costs of a rapid transition to emissions-free technology.

- Goldman Sachs on Saturday cut its outlook for **US economic growth** to 3.8 percent for 2022, citing risks and uncertainty around the emergence of the Omicron variant.
- **China Evergrande Group** is again on the brink of default, faces the end of a 30-day grace period today, with dues totaling \$82.5 million. Shares fell 12 percent to an 11-year low after the firm said there was no guarantee it would have enough funds to meet debt repayments.
- The **Central Bank of Bahrain** plans to offer a digital Dinar through a digital payments platform.
- **China's central bank** announced it would lower banks' reserve requirement ratio by 0.5 percentage point, replenishing liquidity into the financial system in a bid to support the economy and cut financing costs for businesses.
- **BenevolentAI**, a London-based drug discovery group, has agreed the largest merger with a European SPAC, allowing it to raise €390 million and go public with a €1.5 billion valuation.

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Environment, Sustainability & Governance

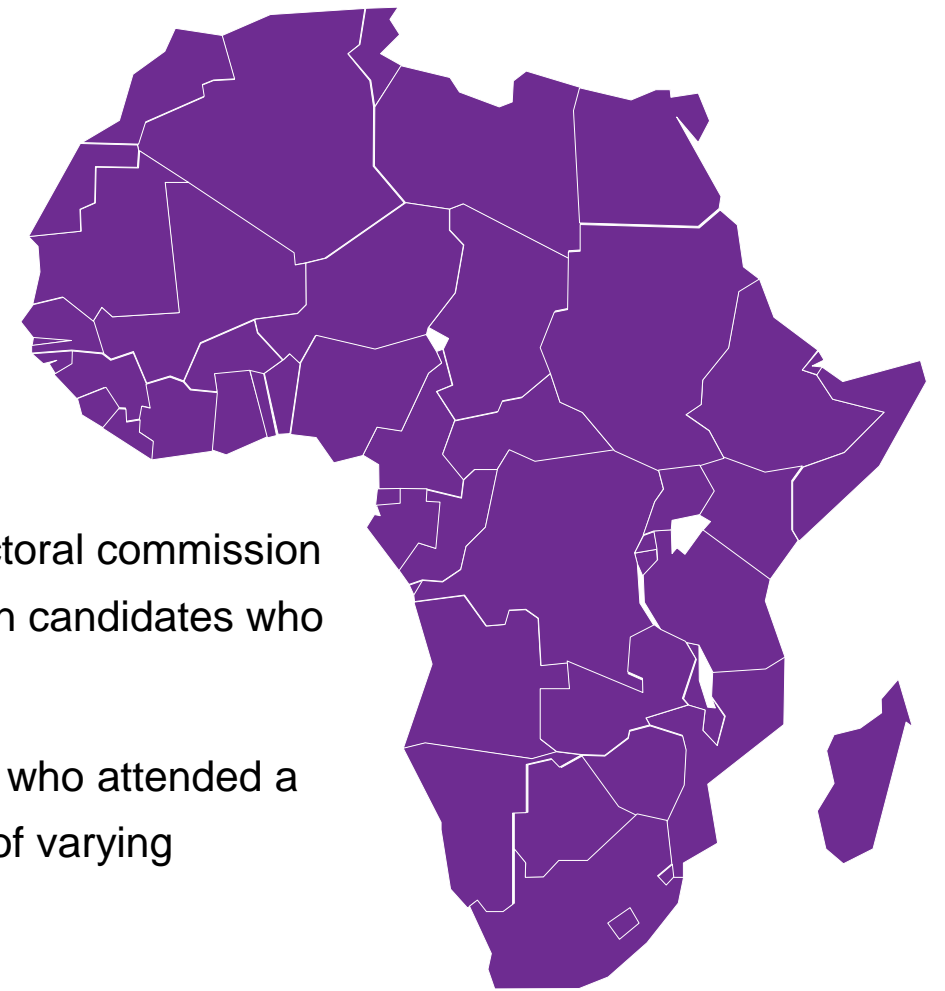
Recycling will not be able to contain a runaway global plastic waste crisis and experts are calling on companies to reduce plastic production and shift more products into reusable and refillable packaging.

- South Africans protest against plans by Royal Dutch Shell to do seismic oil exploration they say will **threaten marine wildlife** such as whales, dolphins, seals and penguins on a pristine coastal stretch.
- Thousands of people blocked roads across Serbia in an anti-government protest against two new laws that environmentalists say will let foreign companies exploit local resources. Serbia's government has offered mineral resources to companies including China's Zijin copper miner and Rio Tinto, opposed by environmental activists say the projects **will pollute land and water** in the Balkan nation.
- Activist fund ENKRAFT warned German power supplier RWE risks falling behind in the fast growing and competitive renewables sector if it fails to quickly divest its **brown coal activities**, criticizing management for failing to come up with a rapid solution.
- According to a new report by professional services company Alvarez & Marsal, in the next 12 months, 148 European companies are at risk of being **targeted by activist investors**,. This marks a 10 per cent increase from its last update in April 2021.

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Africa

- Classified American intelligence reports suggest **China** intends to establish its first permanent military presence on the Atlantic Ocean in the Central African country of **Equatorial Guinea**.
- **Gambian** President Barrow has comfortably won re-election, the electoral commission said on Sunday, though he may face a legal challenge from opposition candidates who rejected the results because of unspecified irregularities.
- **Senegal** has recorded its first case of the Omicron variant in a tourist who attended a demonstration in the capital Dakar last month with about 300 people of varying nationalities.



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Africa

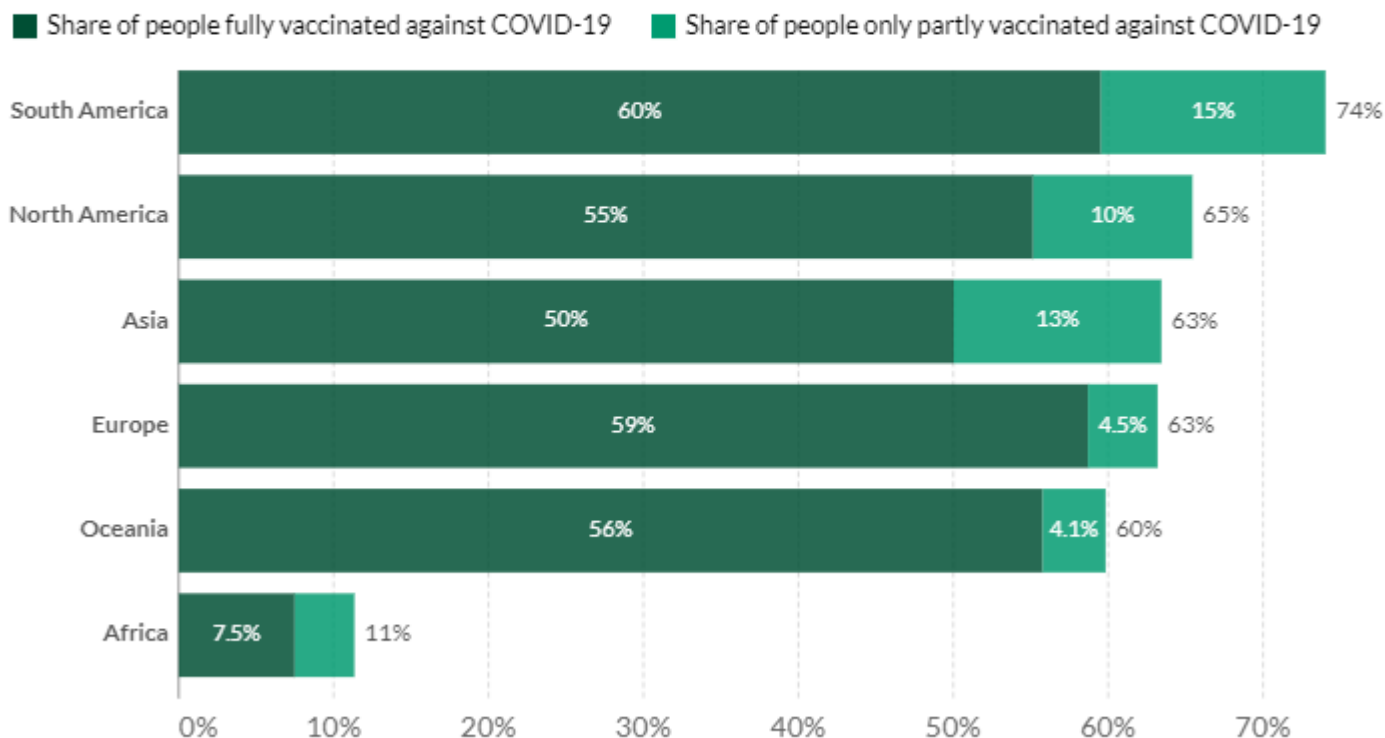
A new report assesses that Africa has little chance of overcoming the COVID-19 pandemic unless 70 percent of its population is vaccinated by end-2022. Only five of Africa's 54 countries are on track to reach a WHO target of fully vaccinating 40 percent of the population by end-2021. The report also finds that only 10 percent of African deaths have been registered.

Share of people vaccinated against COVID-19, Dec 5, 2021

Our World in Data

Alternative definitions of a full vaccination, e.g. having been infected with SARS-CoV-2 and having 1 dose of a 2-dose protocol, are ignored to maximize comparability between countries.

[+ Add country](#)



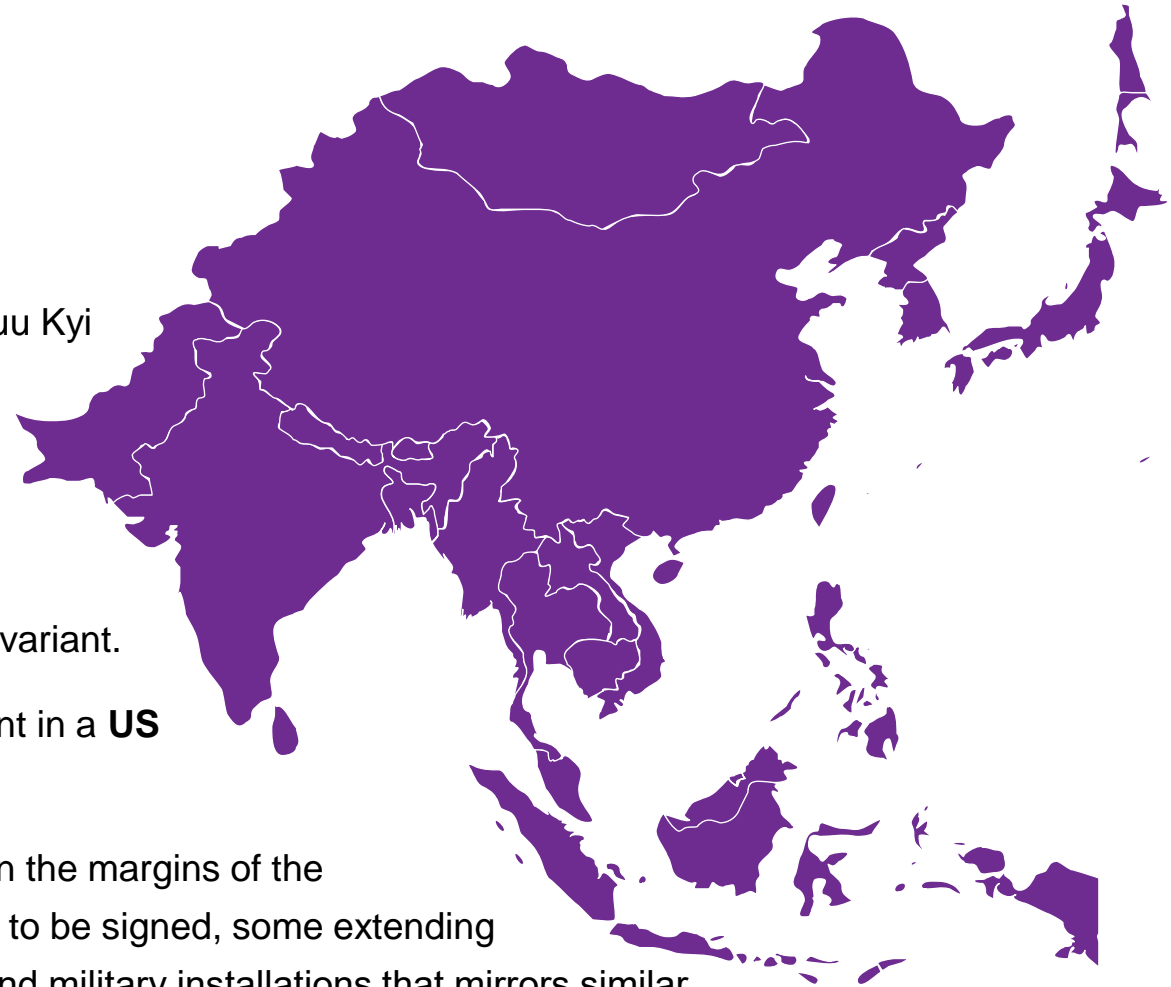
Source: Official data collated by Our World in Data. This data is only available for countries which report the breakdown of doses administered by first and second doses in absolute numbers.

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Asia

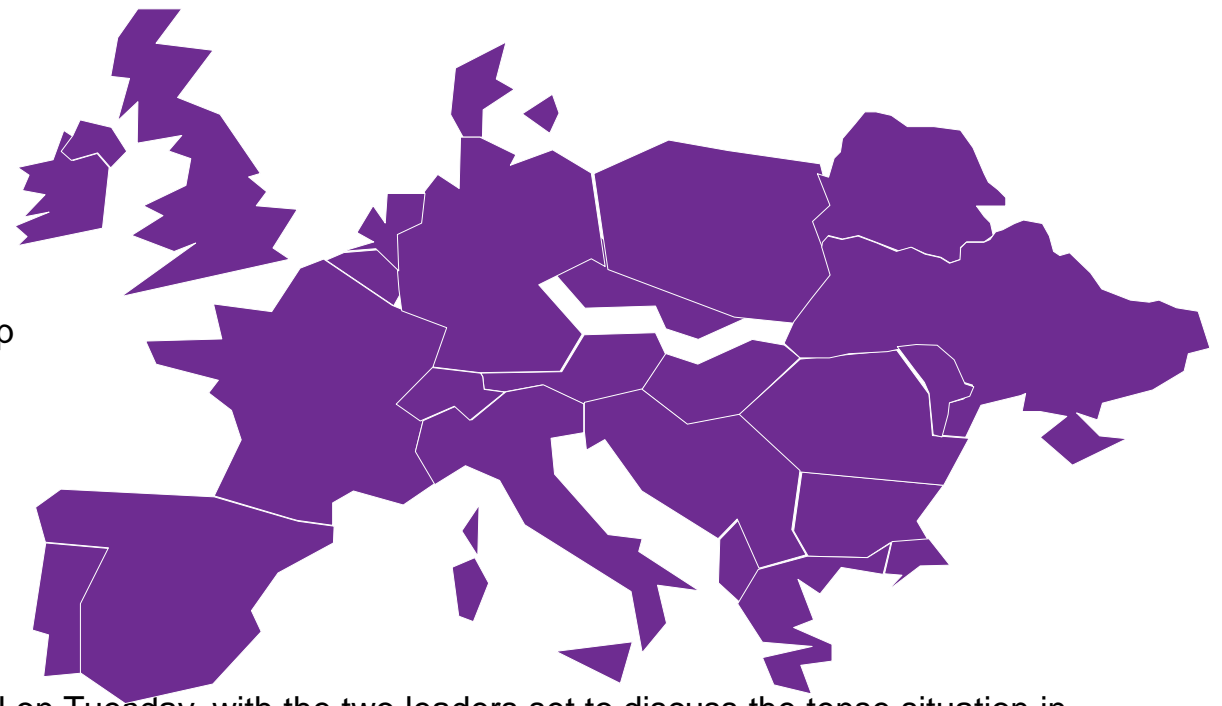
- A court in military-ruled **Myanmar** jailed deposed leader Aung San Suu Kyi for four years on charges of incitement and breaching coronavirus restrictions, in a case that critics dismissed as a farce. President Win Myint was also sentenced to four years.
- **Japanese** voters' support for Prime Minister Kishida increased after his government enforced tighter border controls against the Omicron variant.
- **Thailand** has detected its first case of the Omicron coronavirus variant in a **US** citizen who had travelled to the country from **Spain** late last month.
- **Indian** Prime Minister Modi will meet with **Russian** President Putin on the margins of the Indian-Russia Annual Summit, where 10 bilateral agreements are set to be signed, some extending defense ties, including using logistics facilities at each other's ports and military installations that mirrors similar pacts India has signed with the **US** and several American allies.
- **Russia** and the Association of Southeast Asian Nations (**ASEAN**) have concluded their first joint naval exercise over the weekend. The three-day exercise off the coast of Indonesia's Sumatra island aimed at increasing interoperability between the ASEAN member states and the Russian navy in the strategic maritime area. amid rising tensions between major powers in the South China Sea.



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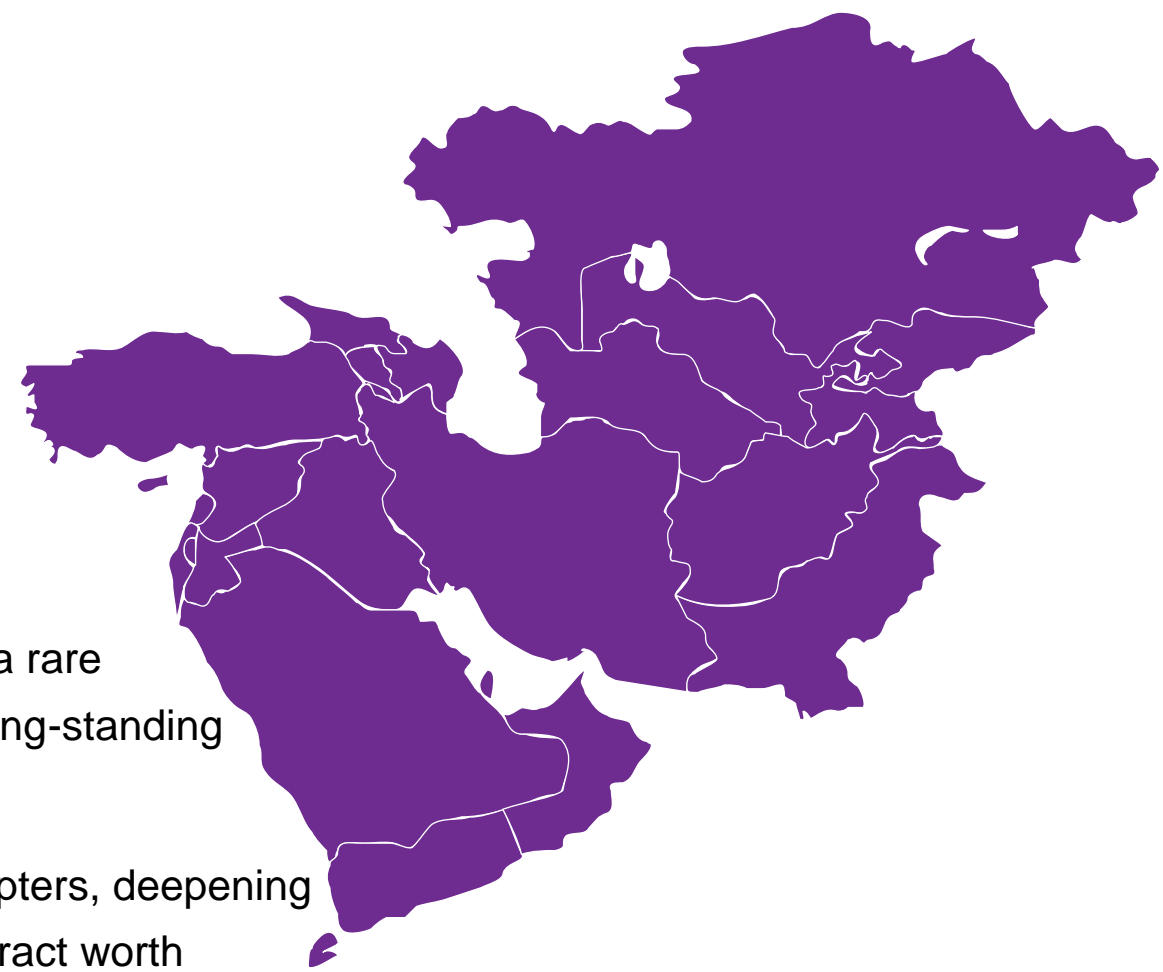
Europe

- Weaker demand from abroad drove a much bigger than expected drop in **German** industrial orders, including cars, in October, clouding the growth outlook for manufacturers in Europe's largest economy.
- **EU** states spent nearly 200 billion euros (\$225 billion) on defense in 2020, the most since records began in 2006, but joint investment by governments fell, per the European Defense Agency.
- **US** President Biden and **Russian** President Putin will hold a video call on Tuesday, with the two leaders set to discuss the tense situation in **Ukraine**. More than 94,000 Russian troops are believed to be massed near Ukraine's borders. Biden has rejected Russian demands for security guarantees in the region.
- Over the weekend, protesters in **Belgium, Austria and the Netherlands** took to the streets to rally against coronavirus restrictions and vaccine mandates. While the protests were mostly peaceful, the protest in Brussels outside the headquarters of **European Union** institutions turned violent, with police using tear gas and water canons.
- In the **UK**, starting on Tuesday, passengers will need to show proof of a negative pre-departure COVID-19 test, regardless of their vaccination status. Arriving passengers are required to take a PCR test within two days of their arrival and must self isolate until they receive a negative result. Danish health authorities reported a jump in cases of the Omicron variant that they said points to community spread in **Denmark** and probably elsewhere in Europe.



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Middle East



- **France and Saudi Arabia** agreed to do more to help the **Lebanese** population, work to solving a diplomatic row between Beirut and the Gulf states and jointly push to get the government there running.
- **UAE** national security adviser met his **Iranian** counterpart in a rare visit to Iran in a diplomatic move aimed at overcoming their long-standing differences and increasing co-operation.
- The **UAE** ordered 80 Rafale fighter jets and 12 military helicopters, deepening economic and political ties with **France** through an arms contract worth 17 billion euros (\$19.20 billion).
- General Abdel Fattah al-Burhan said **Sudan's** military will exit politics after elections scheduled for 2023 the deposed former ruling party would have no role in the transition.

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Americas

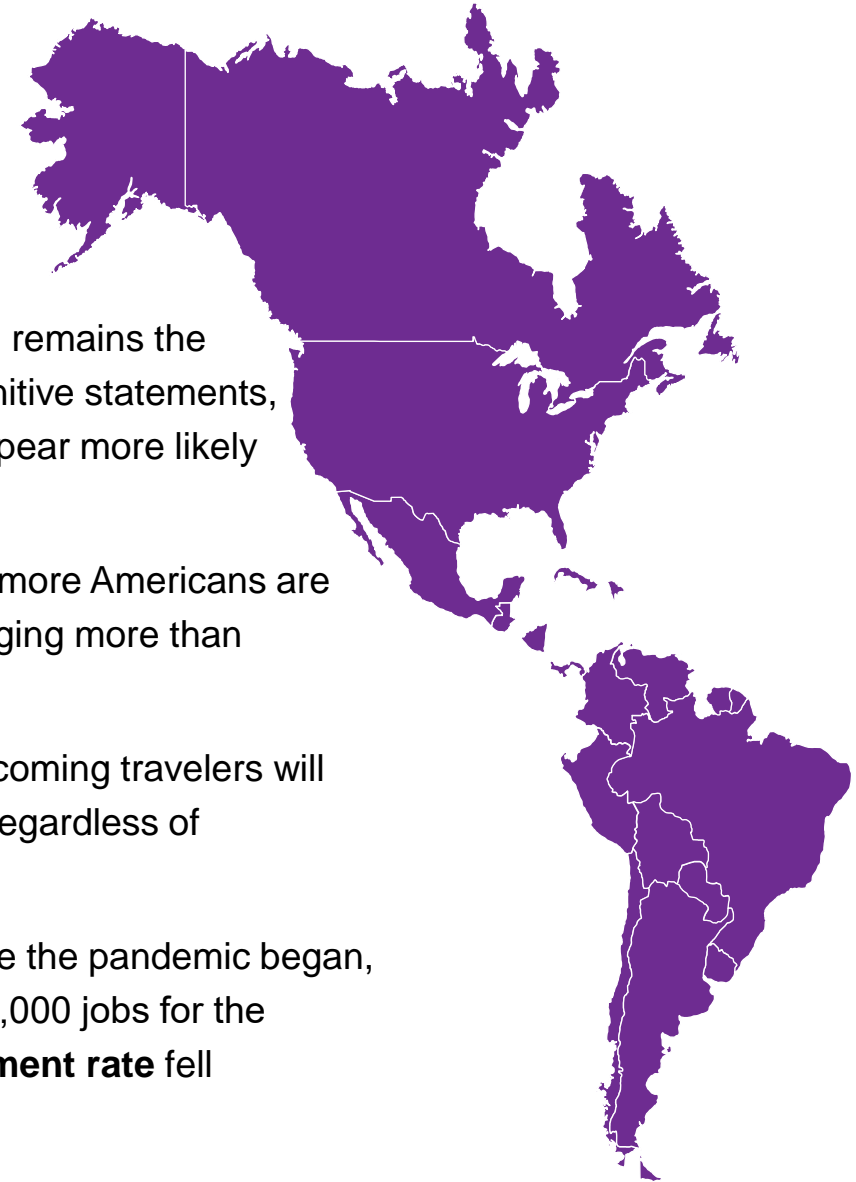
- The mayor of Rio de Janeiro canceled New Year's Eve celebrations after **Brazil** confirmed the first known cases of the Omicron variant.
- Julio Borges, the politician who serves as foreign minister for **Venezuela's** US-backed interim government, is leaving his post, further weakening the opposition just weeks after it was routed in regional elections.
- The government of incoming **Honduran** president Xiomara Castro does not plan to establish diplomatic ties with **China**, an official stating that the government will prioritize **US** relations, signaling a reversal of her pre-election stance.



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Americas: US

- The **Omicron variant** has spread to about one-third of US states, but the Delta version remains the majority of COVID-19 cases nationwide. Noting that it is still too early to make any definitive statements, Dr. Fauci suggested that early evidence suggests that the Omicron variant does not appear more likely to cause severe illness
- Demand for coronavirus **vaccines** has spiked in the United States in recent weeks, as more Americans are eligible for booster shots and concerns grow over the omicron variant. The US is averaging more than 100,000 **new coronavirus cases** each day for the first time in two months.
- Tighter rules for entry into the US for **international travelers** go into effect today. All incoming travelers will need to show proof of a negative COVID-19 test taken within a day of their departure, regardless of vaccination status.
- **US job growth** slowed in November while the unemployment rate fell to its lowest since the pandemic began, painting a complex picture of the labor market's recovery. The economy added just 210,000 jobs for the month, a steep drop-off from the 546,000 positions created in October. The **unemployment rate** fell significantly, dipping 0.4 percentage points to 4.2 percent.
- US Defense Secretary Austin assessed Chinese military flights near **Taiwan** look like "*rehearsals*" though he did not indicate that he expected Beijing actually to carry out such operations.



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Omicron Variant Prompts Updated Travel, Vaccination and Testing Policies

By Anni Coonan

The spread of the newly-identified Omicron variant, which possesses a significant number of mutations, and which early South African data suggests may evade some immunity, has prompted governments throughout the world to implement new COVID-19 regulations to counter a potential new wave of infections. Last week, President Biden unveiled a set of new regulations aimed at increasing vaccinations, tightening travel rules, and improving testing. The rules represent increased efforts to counter a potentially serious new variant, but also demonstrate the ceiling of President Biden's coronavirus strategy in the current climate.

Announced Thursday, the White House's updated Omicron strategy included three main pillars: vaccination, testing and travel. On the vaccine front, the plan reiterates recent CDC guidance instructing all adults to receive a booster, expands access to boosters for children at pharmacies, plans several public outreach campaigns to increase information about and access to boosters, and calls on employers and schools to provide time off for vaccination. For testing, the plan announces that insured Americans will be reimbursed for rapid tests, which have become expensive, and will provide 25 million free tests to uninsured Americans. These testing efforts have been questioned by some

health experts who question whether making tests reimbursable will actually increase access for Americans who do not want to jump through hoops with their insurance companies; on the other hand, the large government order and potential increase in demand from the prospect that tests could be reimbursable are expected increase demand enough for manufacturers to ensure production and drive down costs. Finally, Biden's plan introduces tighter travel protocols, requiring all inbound international travelers to procure a negative test within one day of arrival (up from the previous requirement of three days), and extends the mask mandate for travel through March 18. The updated testing rules

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follow bans on travel from many countries where the Omicron variant was detected early, which block travel from many southern African countries and have prompted criticism from the region and the WHO which called the bans discriminatory.

While the rules are expected to curb transmission and encourage vaccination somewhat, the new regulations also show the limits of what the Biden Administration is willing and able to do. The Biden Administration has long touted vaccinations as the exit ramp from the pandemic, but their earlier efforts to increase vaccination have been stymied: just last week, a federal judge in Missouri filed an injunction blocking Biden's vaccine mandate for healthcare workers, while a federal judge in Kentucky blocked a mandate for government contractors, both scheduled to come into effect this week; meanwhile, Democratic swing vote Sen. Manchin (D-WV) said he would support a Republican effort to prohibit the mandates, ensuring that the measure could be passed by the Senate. Although Congressional measures would likely ultimately be voted down by the House or vetoed by the President, the legal and legislative uncertainty is a significant stumbling block for

Biden's plans: while the rules remain up in the air, employers are unlikely to push employees to comply with a mandate that may become moot any day, and President Biden is unlikely to issue new mandates that will immediately be slapped down by federal courts or Republican legislators. The limited efficacy of vaccine mandates is reflected in the US' vaccination trends: while almost 60% of adults are now fully vaccinated, the rate has remained mostly plateaued since the summer, reflecting a combination of resistance, lack of access, and lack of urgency. While new efforts to expand access and boosters will likely help, vaccine mandates appear to be a less clear-cut path out of the pandemic than previously thought.

During the announcement of new measures, President Biden also promised no new lockdowns - while some countries have reintroduced curfews and lockdowns, the US as a whole has been resistant to returning to shelter-in-place orders or the level of social-distancing regulations present during the early days of the pandemic in 2020. At this point in the pandemic, new lockdowns would be so politically unpopular and economically undesirable

Omicron Variant Prompts Updated Travel, Vaccination and Testing Policies

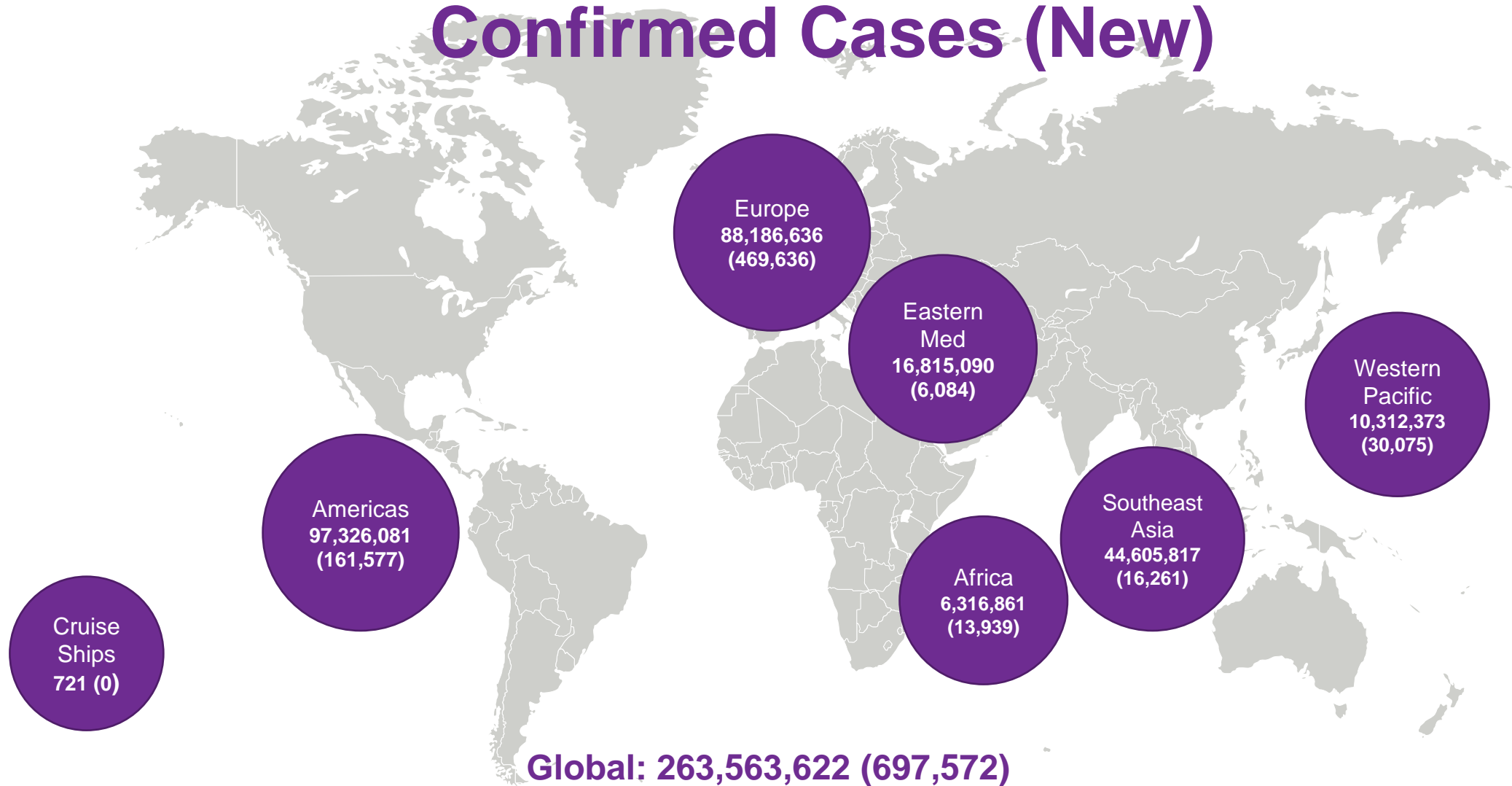
(likely tanking the strong economic rebound that President Biden has listed as one of his key accomplishments in office) that they are essentially not an option. While new Omicron-related policy changes certainly reflect a heightened level of concern at the government level, the content of the new changes also demonstrates that the scope of the White House's options for policy responses has narrowed as vaccine mandates have stalled and restrictive lockdowns remain politically impossible.

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Coronavirus Condition Updates

As of 4:57 pm CEST on December 3, 2021

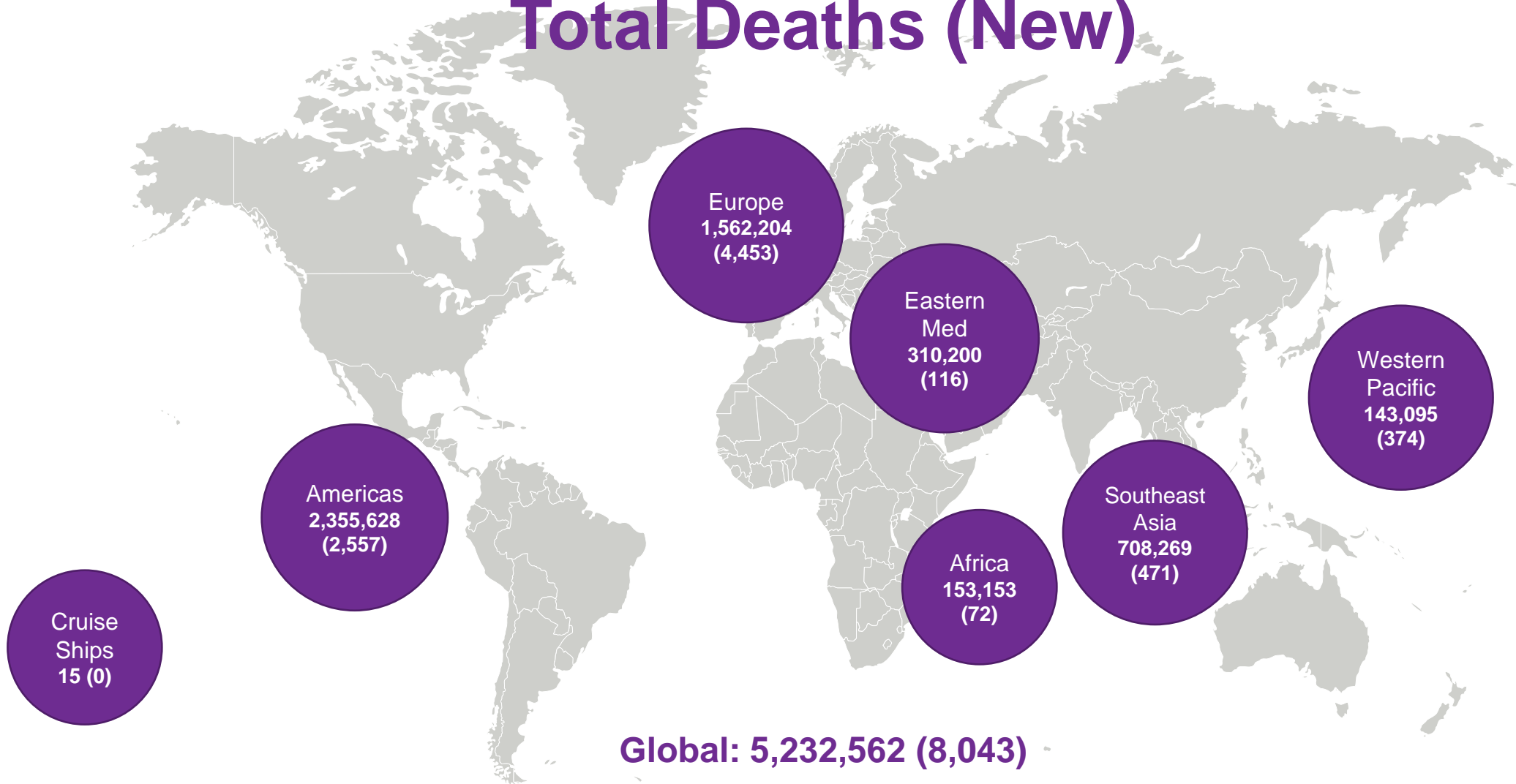
Confirmed Cases (New)



Reflects data as of 4:57 pm CEST on December 3, 2021.
Data Source: World Health Organization

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Total Deaths (New)



Reflects data as of 4:57 pm CEST on December 3, 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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