

Dentons Flashpoint

Daily Global Situation Report

November 29, 2021

Global Situation Update: November 29, 2021

KEY TAKEAWAYS

COVID-19 variant
Omicron
poses a
“very high”
global risk,
per the WHO

New travel restrictions
are imposed across
the globe, overnight
reversing small gains
for travel and leisure
industry.

France began
repatriating its
nationals from
Ethiopia as fighting
approaches the
capital.

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, Hondurans are counting votes from general elections that may end 12 years of rule by the conservative National Party, which has governed since a 2009 coup. Organized crime and pervasive insecurity are top political issues and the main candidates, left and right wing, all face accusations of either corruption or drug trafficking. The Honduran government is accused of perpetrating disinformation campaigns targeting opposition figures.

US media has framed it as one of the most consequential elections in the Western Hemisphere this year because a fraudulent outcome could lead to civil war and spark new waves of migration. Importantly, China is wooing Honduras so that it ceases recognition of Taiwan. Regardless of who wins the election, weak governance and reduced efforts to combat organized crime will continue to expose businesses to incidental security and serious operational threats.



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Global

Globally, confirmed coronavirus cases topped 259.5 million with 5.1 million deaths; almost 7.4 billion vaccine doses have been administered.

- A new strain of COVID-19, designated by the WHO as a “Variant of Concern” and named **Omicron**, has been identified in South Africa and has already spread to Europe, Asia and North America. The WHO is warning that the variant poses a “*very high*” global risk and is likely to spread internationally. Its characteristics have prompted concern that it may be vaccine evasive.
- Many countries have announced **bans for travelers** from outbreak areas, including South Africa, Botswana, Mozambique, Malawi, Zambia, Eswatini, Zimbabwe, Namibia and Lesotho.
- Per a South African doctor, **symptoms of Omicron** are so far mild.
- Britain said it will convene an urgent meeting of **G7 health ministers** today to discuss developments on the new Omicron coronavirus variant.
- Thermo Fisher Scientific Inc said **its COVID-19 diagnostic tests** can accurately detect the new coronavirus variant Omicron. This is the only COVID-19 diagnostic test authorized by the US Food and Drug Administration and currently in use by health systems.
- Merck & Co updated data from its study of its **experimental COVID-19 pill**, reporting that the drug was significantly less effective in cutting hospitalizations and deaths than previously reported.

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Markets & Business

European stocks rose today while Asian stocks fell, after a sell-off at the end of last week triggered by the Omicron variant, as investors settled in for a prolonged period of uncertainty over the pandemic.

- Chinese regulators are pressing executives of ride hailing giant **Didi Global Inc** to delist from the **New York Stock Exchange** due to concerns about data security.
- **Amazon**, in partnership with **Abu Dhabi Investment Office**, plans to establish a fulfilment center in the UAE by 2024 to be built in accordance with the company's carbon-reduction strategies.
- **OPEC** and its allies have postponed technical meetings to later this week, giving themselves more time to assess the impact of the new Omicron coronavirus variant on oil demand and prices.
- Russia's flagship airline **Aeroflot** reported its first quarterly net profit since 2019 as a recovery of domestic and international traffic accelerated.
- **British Airways** has suspended flights to and from Hong Kong following the quarantining of its flight crew in the city.
- The UN World Tourism Organization said that revenues from **international tourism** could reach \$700-800 billion for 2021, less than half of the \$1.7 trillion recorded in 2019.

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Environment, Sustainability & Governance

Per European Commission President Ursula von der Leyen, high natural gas prices mean green hydrogen produced with renewable energy can already be cheaper than its carbon-emitting alternative.

- The Bank of Japan announced that 43 financial institutions qualified to receive **loans** under a new scheme aimed at promoting activities to **combat climate change**.
- Australia's banking regulator released its final **guidance for banks, insurers and pension funds** to manage financial **risks associated with climate change**, stopping short of imposing new rules.
- BP announced plans to set up a large-scale **green hydrogen production plant** in northeast England, generated with wind, water and solar energy to aid Britain's move away from fossil fuels.
- Nissan Motor Co announced it will spend 2 trillion yen (\$17.59 billion) over five years to accelerate **vehicle electrification** to catch up with competitors.
- **Climate activists** blocked access to some Amazon depots in Europe on Black Friday, saying the firm was a symbol of overconsumption.

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Africa

- The **South African** government denounced new travel bans on the country as unfair and potentially harmful to its economy - saying it is being punished for its scientific ability to identify coronavirus variants early.
- **France** began repatriating its nationals from the **Ethiopian** capital Addis Ababa over the weekend, amid spreading fighting. The **US** advised nationals to depart the country on commercial flights.
- **Sudan's** military leader has overhauled top intelligence positions, dismissing at least eight general intelligence officers and replacing the head of military intelligence.
- Protesters burned tires and looted a government building in **Burkina Faso's** capital over the weekend after police fired tear gas to disperse a march against the state's failure to stop a wave of violence by Islamist militants.



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Asia

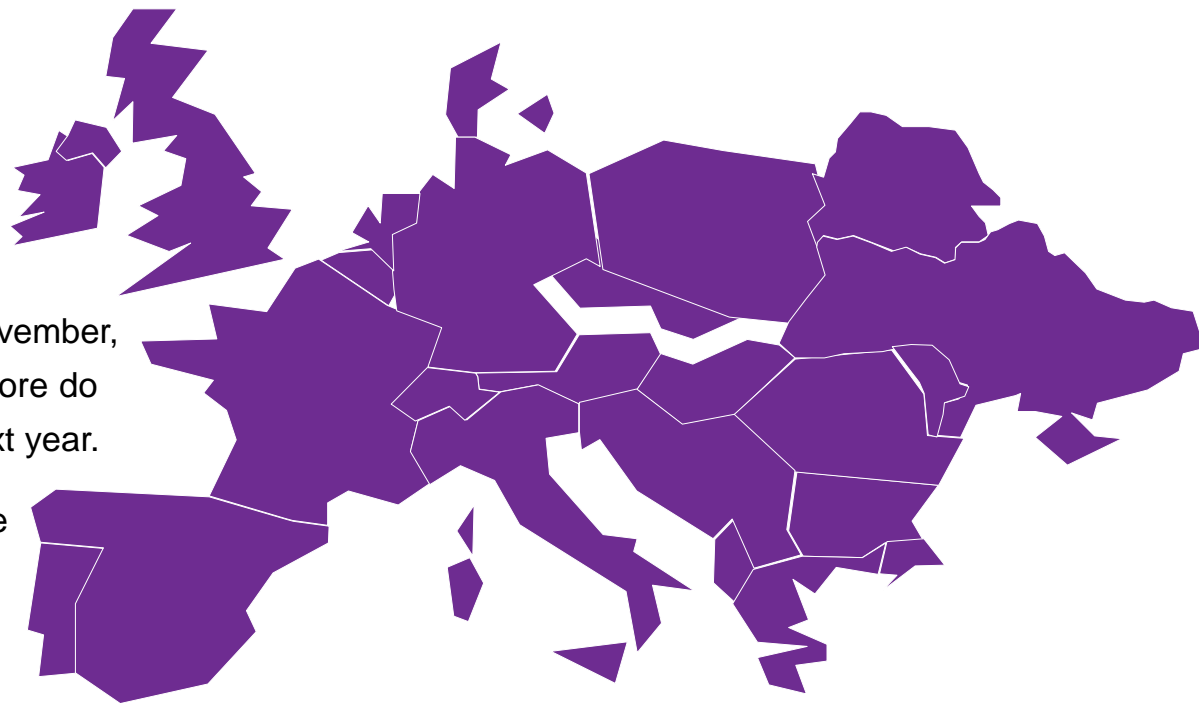
- **China** could face more than 630,000 COVID-19 infections a day if it dropped its zero-tolerance policies by lifting travel curbs, according to a study by Peking University.
- **Taiwan's** air force scrambled again on Sunday to warn away 27 **Chinese** aircraft that entered its air defense zone, the latest increase in tensions across the Taiwan Strait.
- **Japan** has banned entry of all foreigners due to spread of the Omicron variant.
- The **Philippines** put **Austria, Czech Republic, Hungary, the Netherlands, Switzerland, Belgium** and **Italy** on its travel "red list" in addition to seven southern African countries, banning the entry of travelers from these countries.
- **Australia** announced it would delay the reopening of its international border by two weeks due to the Omicron variant.
- **India** has ordered COVID-19 testing at airports for all arrivals from 'at-risk' countries.



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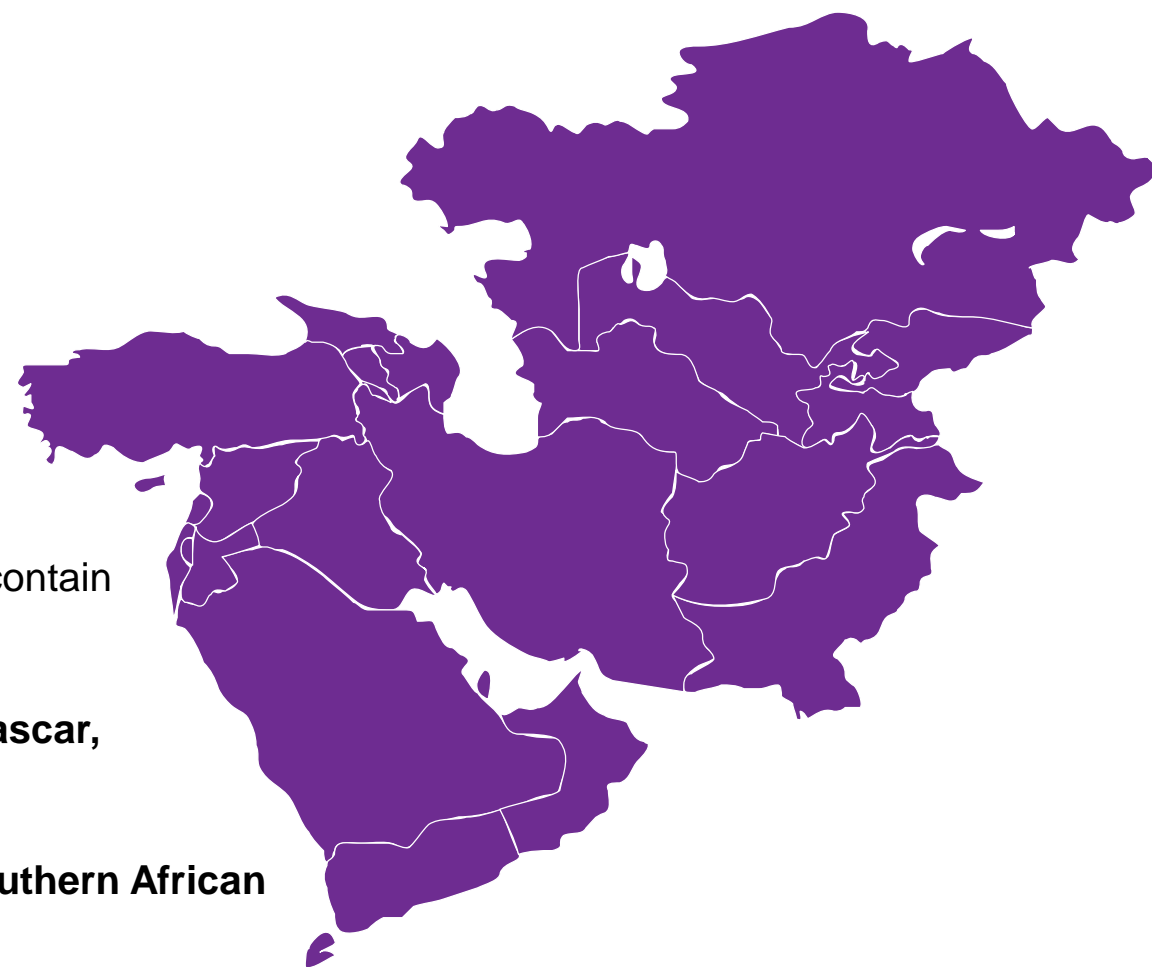
Europe

- Consumer-price inflation in the **eurozone** likely hit a record high in November, but many economists think that might mark a peak for now, and therefore do not expect the European Central Bank to raise its key interest rate next year.
- **Czech** President Zeman appointed the leader of a center-right alliance Petr Fiala as prime minister. Fiala leads a bloc of five center and center-right opposition parties that won an election in October, ousting the incumbent premier Andrej Babis and his allies.
- **EU** ministers meeting in Calais called for a new agreement with the **UK** to tackle the surge of migrants trying to cross the Channel to England from France in small boats.
- The **UK and EU** barred travel from **South Africa, Zimbabwe, Namibia, Mozambique, Malawi, Lesotho, Eswatini and Botswana** on Friday in response to the emergence of the Omicron variant. The **UK, Austria, Belgium, Italy, Germany, Netherlands, Denmark, Portugal and Switzerland** have reported finding cases when testing travelers.
- The **UK** plans to expand boosters to all adults and announced mandatory self-quarantine for all travelers.
- Several thousand people protested in Prague against anti-coronavirus restrictions on Sunday as many **Czech** hospitals halted non-urgent procedures in the face of one of the world's fastest rates of new infections.



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Middle East



- Nuclear talks between world powers and **Iran** resume today in a last ditch effort to salvage a 2015 nuclear deal, but few expect a breakthrough.
- **Israel** is planning to close its borders to all foreigners in order to contain the spread of the COVID-19 variant Omicron.
- **Saudi Arabia** halted flights from and to **Malawi, Zambia, Madagascar, Angola, Seychelles, Mauritius and the Comoros Islands**.
- **Bahrain and the UAE** have banned entry to travelers from 10 **southern African countries**.
- **Iranian** security forces used tear gas and batons during clashes with protesters demonstrating in the city of Isfahan in support of farmers angry over water shortages.
- **Lebanese** protested across the country, burning tires and blocking roads in protest at the country's economic meltdown, days after the Lebanese pound sank to new lows.

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Americas

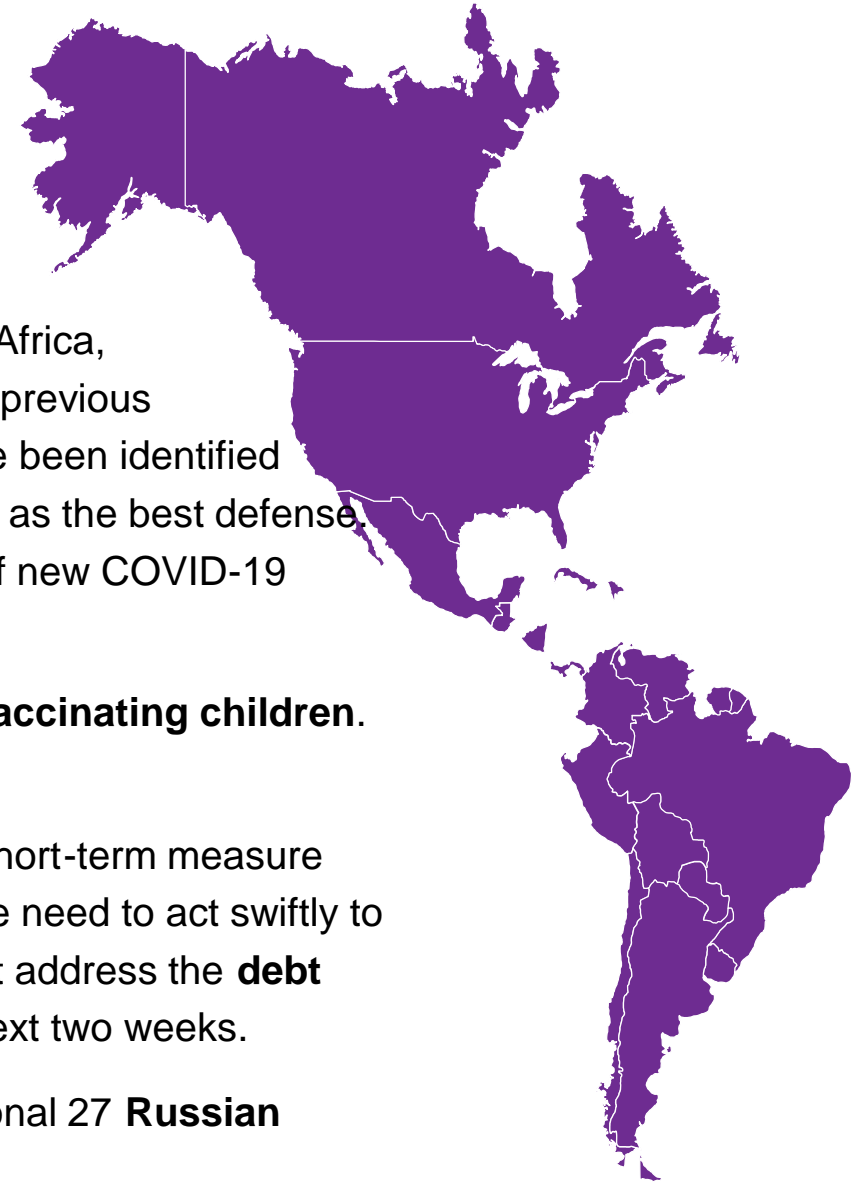
- **Honduran** presidential candidate Xiomara Castro headed for a landslide win in Sunday's election, declaring victory as supporters celebrated the left's return to power 12 years after her husband was ousted in a coup.
- **French** officials held crisis talks with **Guadeloupe** officials, as Paris tries to defuse tensions after more than a week of unrest stemming from its handling of the COVID-19 pandemic there. Paris stated it is willing to discuss autonomy for the French Caribbean territory if it is in the interests of the people who live there.
- **Canada's** official environment watchdog criticized the Liberal government of Prime Minister Justin Trudeau for incoherent and poorly designed efforts to slow climate change. The first case of Omicron has been detected in Ontario.
- Britain's Prince Charles flew to **Barbados** as the Caribbean nation prepared for a celebration today the founding of a republic, cutting imperial ties some 400 years after **English** ships first arrived.



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Americas: US

- On Friday, the White House barred all foreign nationals who have been in South Africa, Zimbabwe, Namibia, Mozambique, Malawi, Lesotho, Eswatini and Botswana the previous 14 days. The CDC stated that no cases of new **COVID-19 variant Omicron** have been identified in the US to date. The White House announced plans to focus on **booster shots** as the best defense. New York declared a **state of emergency** in response to a cold-weather surge of new COVID-19 infections and the threat of the omicron variant.
- Louisiana, Alabama and Mississippi have fallen behind the rest of the nation in **vaccinating children**. These same states also rank low in vaccination rates for adolescents and adults.
- Congress returns after the Thanksgiving break, facing the Friday expiration the short-term measure that **funds federal agencies and initiatives**, meaning the House and the Senate need to act swiftly to adopt another spending fix or risk a major disruption. Additionally, Congress must address the **debt ceiling**, or Washington will experience an economy-crippling default within the next two weeks.
- In an on-going dispute over diplomatic representation, the US expelled an additional 27 **Russian** diplomats in a tit-for-tat measure.



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Emerging and Existing Hotspots: 6th Round of JCPOA Re-Entry Negotiations

By Alex Lucaci

“The key sticking points for this round of negotiations are the same as prior to Raisi’s election in June: the sequencing of US/EU sanction removal with Iran’s return to the nuclear constraints outlined in the JCPOA”

Today, US, EU, and Iranian negotiators will meet in Vienna for the sixth round of negotiations for re-entering the Iran nuclear deal, otherwise known as the Joint Comprehensive Plan of Action (JCPOA). The talks had been postponed after the Iranian presidential elections in June of this year, with Tehran claiming that newly-elected President Ebrahim Raisi needed time to get his government off the ground. Raisi, a controversial, conservative cleric who previously served as head of the Iranian judiciary, is expected to ask his team to take a harder line with European and US diplomats, particularly on the issue of sanctions removal. The Biden Administration, for its part, has previously indicated a willingness to return to the terms of the 2015 deal, including the lifting of non-JCPOA related sanctions. However, the key sticking points for this round of negotiations are the same as prior to Raisi’s

election in June: the sequencing of US/EU sanction removal with Iran’s return to the nuclear constraints outlined in the JCPOA. The issue of timing and coordinating re-compliance is likely to remain the intractable problem when Iranian and US diplomats arrive again in Vienna.

An additional area of concern is Iran’s advancing nuclear program, which has begun enriching uranium to 60 percent, up from 20 percent in April of this year. Although many analysts believe that the leap in enrichment is a deliberate tactic from Iran to increase negotiating leverage and bargain for greater levels of sanctions relief, Iran’s nuclear program is dangerously close to 90 percent enrichment, at which point the program would have no conceivable civilian purpose other than weapons-grade fuel. Furthermore, the Biden Administration has hinted that they may believe Iran has

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Emerging and Existing Hotspots: 6th Round of JCPOA Re-Entry Negotiations

passed the “*point of no return*,” in that the nuclear knowledge Tehran has acquired over the last six months may be irreversible, therefore rendering the original terms of the JCPOA insufficient. If this is the case, there may not be a deal to be struck in Vienna, which poses a series of uncomfortable questions for the EU and US, as well as for Russia and China. Given that, outside of the nuclear portfolio, Beijing and Moscow have divergent interests than the US vis-à-vis Iran, the Biden Administration may be forced to take unilateral action against Iran should mutual re-compliance with the JCPOA be out of reach. According to European diplomats and former US officials, this may take several different forms, including sanctioning Iranian oil sales to China, launching covert operations to sabotage Iranian nuclear sites, as well as supporting Israeli military action against nuclear facilities. While this may resemble a pre-JCPOA status quo, the fact that Iran’s nuclear program is far more advanced than it was 10 years ago means that the Biden Administration has very little room for error should a crisis emerge in the Persian Gulf.

Despite these challenges, both Washington and Tehran by and large believe that it is in their interests to arrive at some sort of

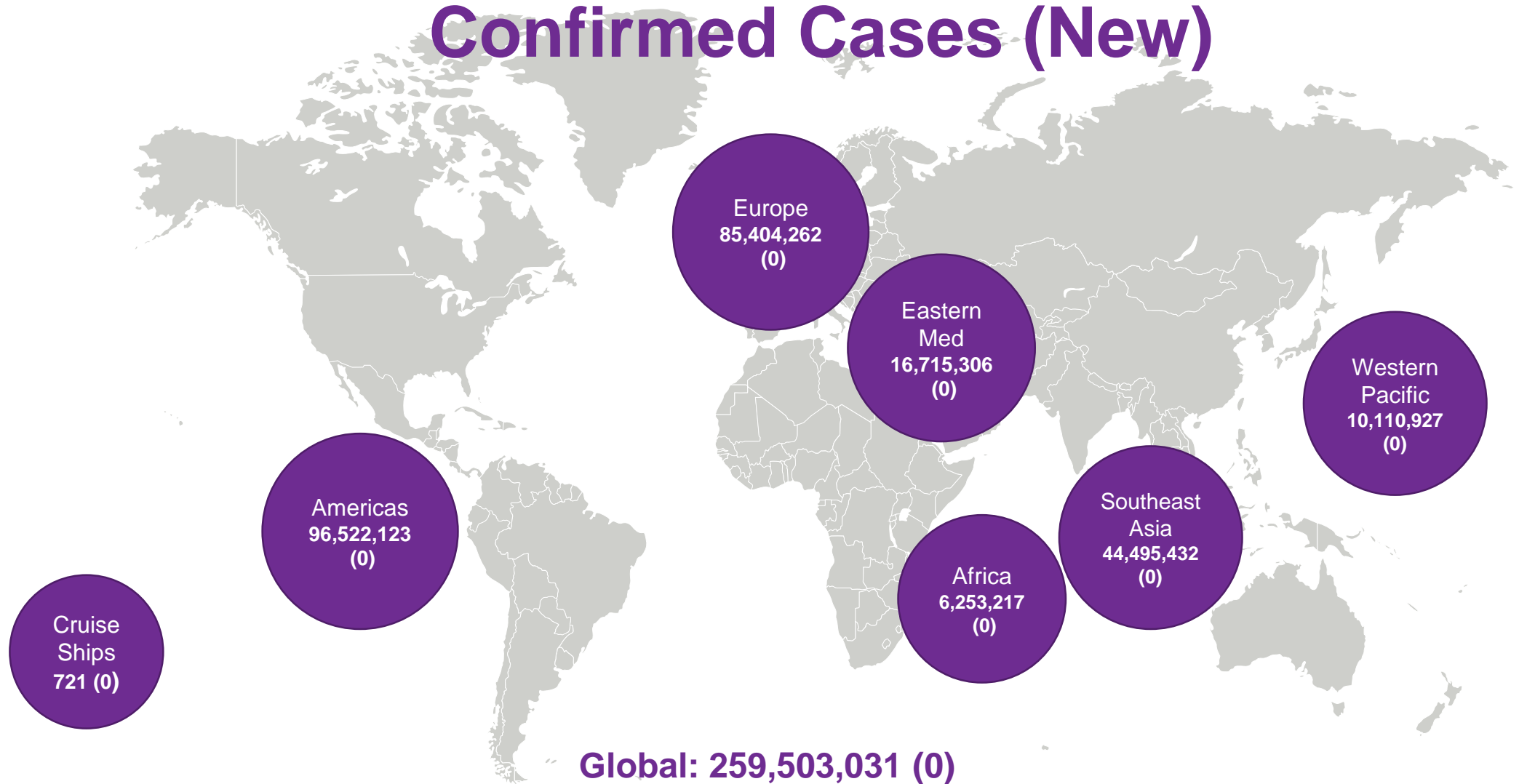
agreement. For Tehran, the primary motivator is an economy crushed by the weight of international sanctions and the continuing fallout from the COVID-19 pandemic, while the US continues to seek a strategic stability in the Middle East with a contained Iranian nuclear program. The Biden Administration is keen to build on the progress of the Abraham Accords, which normalized relations between Israel, Bahrain, and the UAE. Furthermore, back-channel diplomatic progress has been made between Tehran and Riyadh, with Iraq acting as a mediator to address points of concern. Despite the initial regional skepticism over the JCPOA, there appears to be broad recognition that a US-backed deal that constrains Iranian nuclear ambitions is better than no deal at all. Should a deal be struck in Vienna, the next question is how all relevant parties address other forms of Iranian malign regional behavior. Until then, the US appears to be focused on placing 2015-era limits Tehran’s nuclear program to the greatest extent possible.

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Coronavirus Condition Updates

As of 6:21 pm CEST on November 26, 2021

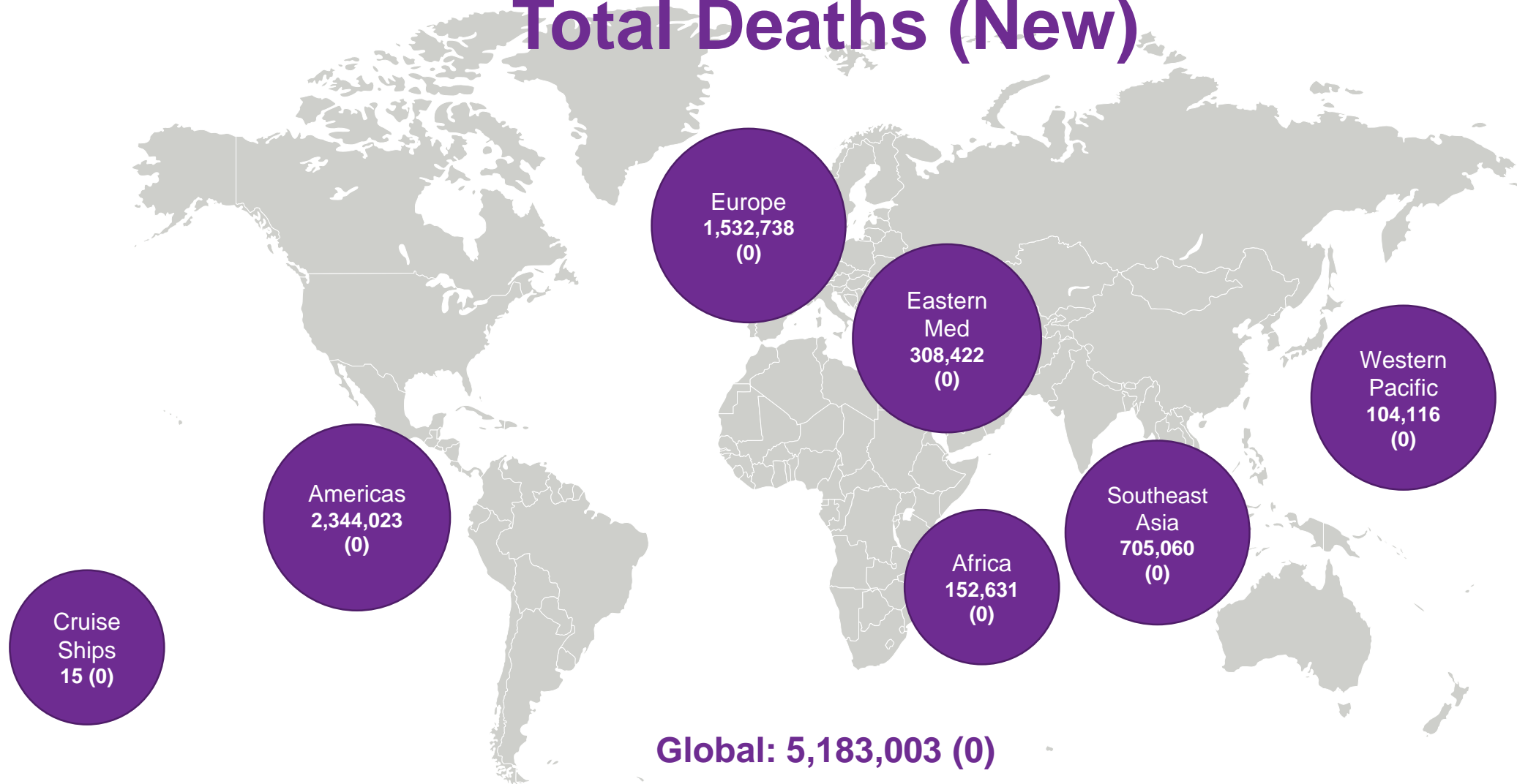
Confirmed Cases (New)



Reflects data as of 6:21 pm CEST on November 26, 2021.
Data Source: World Health Organization

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Total Deaths (New)



Reflects data as of 6:21 pm CEST on November 26, 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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Karl Hopkins

Partner and Global Chief Security Officer
Dentons
Washington, DC

D +1 202 408 9225
karl.hopkins@dentons.com

Melissa Mahle

Senior Analyst
Dentons
Washington, DC

D +1 202 408 6383
melissa.mahle@dentons.com