

Dentons Flashpoint

Daily Global Situation Report

November 3, 2021

Global Situation Update: November 3, 2021

KEY TAKEAWAYS

Ethiopia declared a six-month state of emergency after Tigrayan forces gained ground and said they are considering a march on Addis Ababa.

Facebook will end the use of its facial recognition system and delete user data.

Today's focus for COP26 switches to the financial world as organizers mobilize private capital towards greener investments.

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

Political parties in Romania are in negotiations to form a new government after a second prime minister-designate in as many weeks failed to secure the required majority in parliament. Romanian President Iohannis is working with the parliament to decide on a new prime minister-designate who will have a mandate to put together a government cabinet.

The months-long political crisis in Romania comes as the country of around 19 million people battles a surge in COVID-19 cases and deaths that has overwhelmed its ailing health care system. Romania has reported new records daily for COVID-19 deaths over the past week, as only 37 percent of adults in the country are fully vaccinated.

Romania's health care sector has historically suffered from high levels of corruption, making it among Europe's worst prepared to handle the largest COVID-19 surge to date.



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Global

The Asian Development Bank is launching a pilot fund of \$2.5 billion to \$3.5 billion, called the Energy Transition Mechanism, that will buy coal power plants in order to shut them down early, taking a new approach to the energy transition.

- The Rockefeller Foundation, the IKEA Foundation and the Bezos Earth Fund launched the **Global Energy Alliance for People and the Planet**, which aims to create 150 million jobs and increase access to clean energy across Africa, Asia and Latin America.
- As part of the “**Green Grids Initiative**,” Britain and India introduced a plan to improve connections between the world's electricity power grids to accelerate the transition to greener energy. Linking the grids would allow parts of the world with excess renewable power to send it to areas with deficits. The initiative is backed by more than 80 countries.
- At COP26, the US launched the **Forest Finance Risk Consortium**. The Consortium will bring together financial institutions and experts in forest monitoring and climate finance disclosure to better assess and disclose exposure to forest-related emissions in investment portfolios.
- The **Glasgow Financial Alliance for Net Zero (Gfanz)** made up of more than 450 banks, insurers and asset managers across 45 countries, committed to deliver as much as \$100 trillion of financing to help economies transition to net zero over the next three decades.

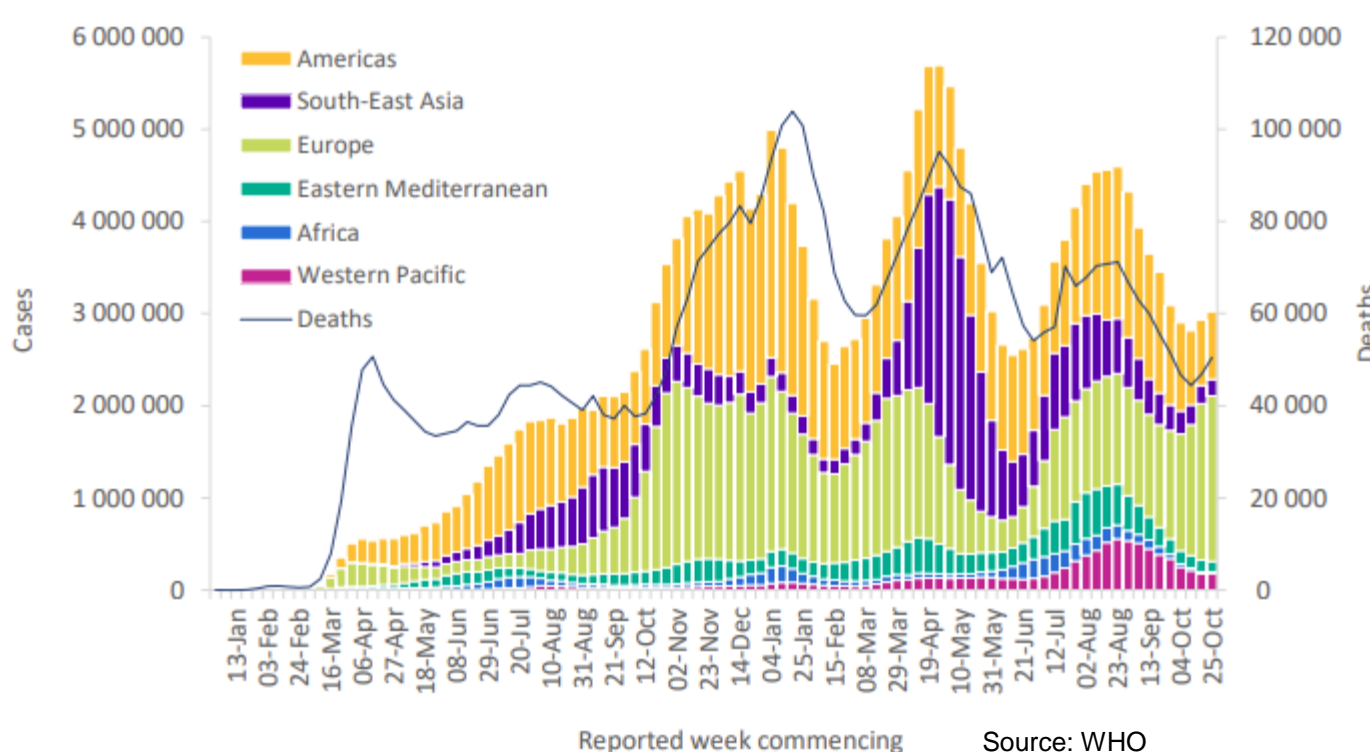
Global

Globally, confirmed coronavirus cases topped 246.9 million with 5 million deaths; almost 6.8 billion vaccine doses have been administered.

During the week 25 to 31 October 2021, a slight upward trend in new weekly cases was observed, with just over 3 million new cases reported.

The European Region reported a 6 percent increase in new weekly cases as compared to the previous week; other regions reported declines or stable trends. New weekly deaths increased by 8 percent as compared with the previous week, with over 50,000 new fatalities.

Figure 1. COVID-19 cases reported weekly by WHO Region, and global deaths, as of 31 October 2021**



Source: WHO

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Markets & Business

US regulators sued to stop the merger of Penguin Random House and Simon & Schuster, saying the publishing monopoly would cause serious harm to authors and consumers.

- The **Dow** closed over 36,000 for the first time due to strong third quarter stock performance.
- **Facebook** parent company Meta will end Facebook's facial recognition system and delete data collected from users.
- Shares in **Tesla** fell after Elon Musk cast doubt on the large order placed by **Hertz**, announced last week.
- **Avis Budget** shares rallied after it announced that it would also move to electrify its fleet.
- Germany's **Lufthansa** posted a return to operating profit in Q3, supported by the easing of travel restrictions and strong demand during the summer season.
- **Microsoft** announced the introduction of the metaverse to its workplace suite Teams, including the ability to appear as avatars and virtually visit workplaces.
- Real estate firm **Zillow** announced an end to home flipping arm, citing difficulties in predicting home prices.
- About 200 contracted factories that make sportswear for **Nike Inc** across Vietnam have resumed operations after months of COVID-19 suspension.
- A \$5 billion "sustainability-linked" bond sold by Israeli **Teva Pharmaceutical Industries** is the largest of its kind but drew immediate questions from some investors about its environmental and social claims.

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Africa

- **South Africa** announced a joint project with the **US** and other partners providing \$8.5 billion to ease the country's transition away from coal and to a “*clean energy economy*.”
- **Ethiopia** declared a six-month state of emergency on Tuesday after Tigrayan forces gained territory and said they are considering a march on Addis Ababa.
- UN Special Representative for Sudan said that multiple venues for mediation are underway in **Sudan**, and that there is hope for a path out of the crisis in “days.”
- The **US** removed **Mali, Ethiopia and Guinea** from a list providing them duty-free customs access, citing human rights abuses.



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How do You Manage Risks?

The coronavirus pandemic has not just added a new layer of risk for business leaders to navigate, but has accelerated drivers of change, including disruptive technologies, political and economic realignments and cultural priorities on equality, justice and conservation, while increasing vulnerabilities that bad actors seek to exploit.

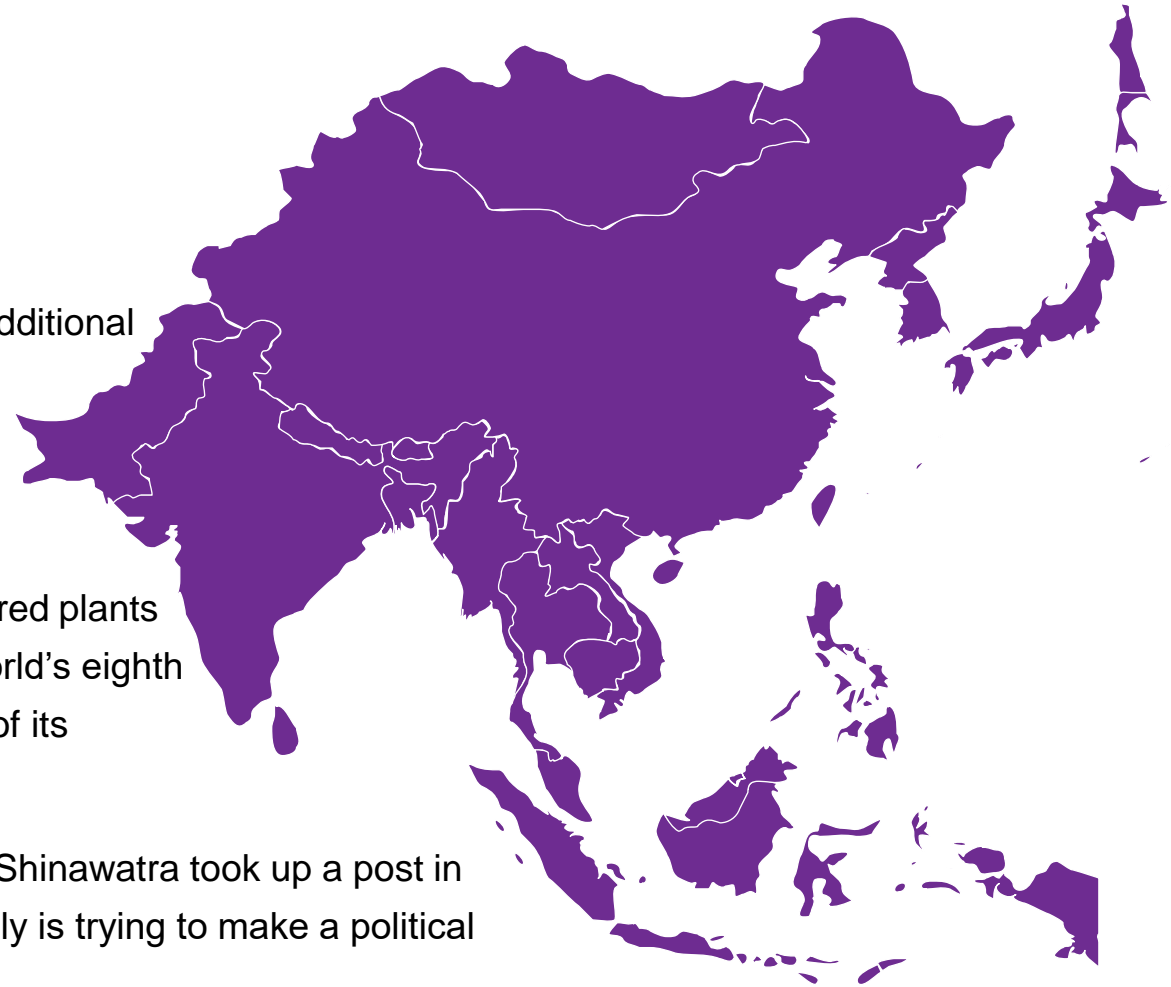
Dentons Intelligence and Security Services Group offers bespoke services to provide business leaders with the intelligence they need to understand and thrive in complex operating environments.

- ❖ due diligence and compliance investigations
- ❖ physical and cyber security assessments
- ❖ country and political risk assessments
- ❖ enterprise risk management and organizational resiliency advice
- ❖ crisis and incident response (physical security breaches and cyber incidents, insider threats and reputational impacts)

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

Asia

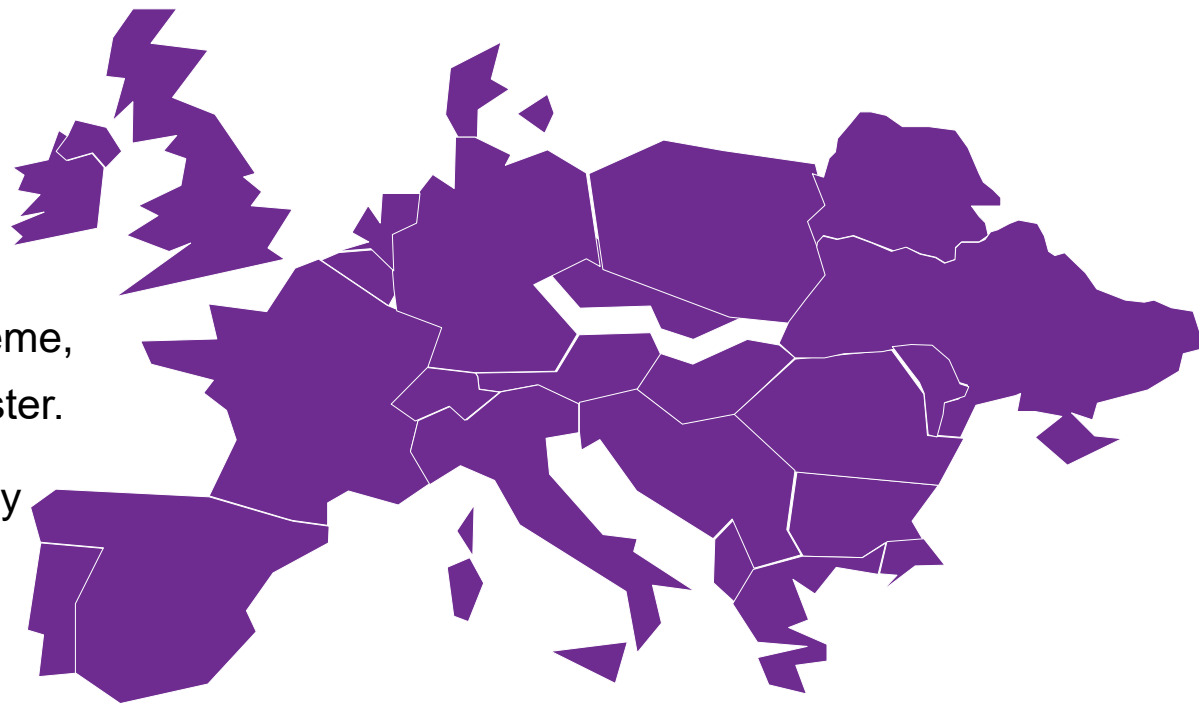
- At COP26, **Japanese** Prime Minister Kishida pledged \$10 billion in additional funds for climate financing for developing countries.
- **UK** Prime Minister Johnson said that **China** is being pushed to move up its target date to begin cutting emissions from 2030 to 2025.
- **Indonesia's** finance minister said the country could phase out coal-fired plants by 2040 if the country gets sufficient financial aid; Indonesia is the world's eighth biggest greenhouse gas emitter, with coal accounting for 65 percent of its energy mix.
- The youngest daughter of **Thailand's** former prime minister Thaksin Shinawatra took up a post in Thailand's largest opposition party, sparking speculation that the family is trying to make a political comeback.
- The **Chinese** government, long concerned about the political impact of food security, advised citizens to stock food supplies and basic goods in case lockdowns and supply chain disruptions over the winter lead to shortages. China's COVID-19 cases spiked to a near three-month high and tighter curbs to contain the spread are expected in Beijing ahead of a key gathering of the highest-ranking members of the Communist Party next week.



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Europe

- The **EU** announced a new public-private investment scheme, worth €1 billion, to bring green technologies to market faster.
- **Spain** adopted an **EU** copyright rule that allows third-party news sites, paving the way for Google News to return.
- The likely next **Czech** finance minister said that the new government would not adopt the euro.
- *Financial Times* data analysis shows that **Russia** has recorded 753,000 excess deaths during the pandemic, one of the highest in the world and over double the official death toll.
- Hundreds of demonstrators have blocked traffic in the **Ukrainian** capital Kyiv, protesting coronavirus restrictions and mandatory vaccinations, even as case numbers continue to climb.
- **Romania and Bulgaria**, two European countries with some of the lowest vaccination rates on the continent, reported on Tuesday their highest daily death tolls from covid-19 during the pandemic.



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Middle East



- The Taliban banned the use of foreign currencies in **Afghanistan**.
- **Bahrain's** foreign ministry urged its citizens to leave **Lebanon** immediately, marking a worsening of the broader Gulf-Lebanon rift. **Yemen's** Saudi-backed government also recalled its ambassador to Beirut.
- Pro-government forces in central **Yemen** are preparing for a possible siege of Marib city by Houthi fighters.
- The **US and UAE** announced a funding channel for helping agriculture become more resilient to climate change at COP26.
- Four Palestinian families in the Sheikh Jarrah neighborhood of **Jerusalem** rejected an offer that would have delayed their eviction by Jewish settlers, calling it an “*unjust agreement*.”

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Americas

- The **Ecuadorian** president announced that the marine reserve surrounding the Galápagos Islands will be expanded by 50 percent.
- A series of mining protests in **Peru** is shaking the country's markets, creating test for President Pedro Castillo, who came to power in July. As the world's second largest producer of copper, international industries are watching the protests for their impact on copper exports.
- **Bolivian** highlands are experiencing record levels of UV exposure due to low cloud cover linked to climate change.
- **Canada's** Liberal government, despite opposition at home from the country's powerful energy industry, plans to aim for still deeper reductions in carbon emissions, per Prime Minister Trudeau. Trudeau has already committed Canada to reducing emissions by between 40 percent and 45 percent below 2005 levels by 2030.

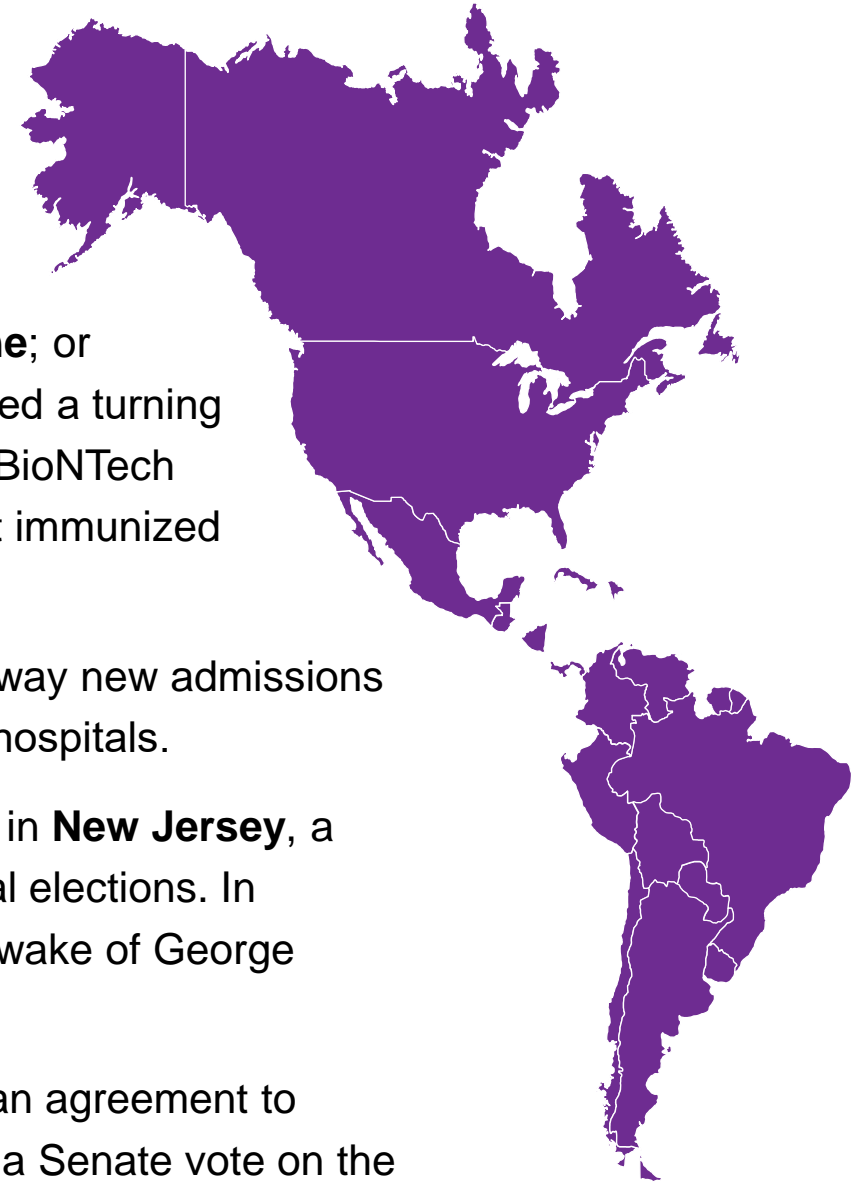


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Americas: US

- Across the nation, 222 million have received at least one dose of the **vaccine**; or 66.9 percent of the total population. President Biden said the US has “reached a turning point in our battle against COVID-19,” following CDC approval of the Pfizer-BioNTech vaccine for 5-to-11-year-olds, clearing the way for millions of **children** to get immunized against the virus.
- **Colorado’s** governor signed an executive order enabling hospitals to turn away new admissions as they deal with a surge of coronavirus cases that has strained the state’s hospitals.
- Republicans won **the Virginia governor's election** and may also have one in **New Jersey**, a warning that Democrats are in trouble heading into next year's congressional elections. In **Minnesota**, Minneapolis voters rejected a proposal for disbanding police in wake of George Floyd murder.
- Senate majority leader Schumer (D-NY) said the Democrats have reached an agreement to lower the price of some **prescription drugs**. Senate Republicans called for a Senate vote on the **National Defense Authorization Act**, saying it was delayed by Democrats’ focus on other spending packages.

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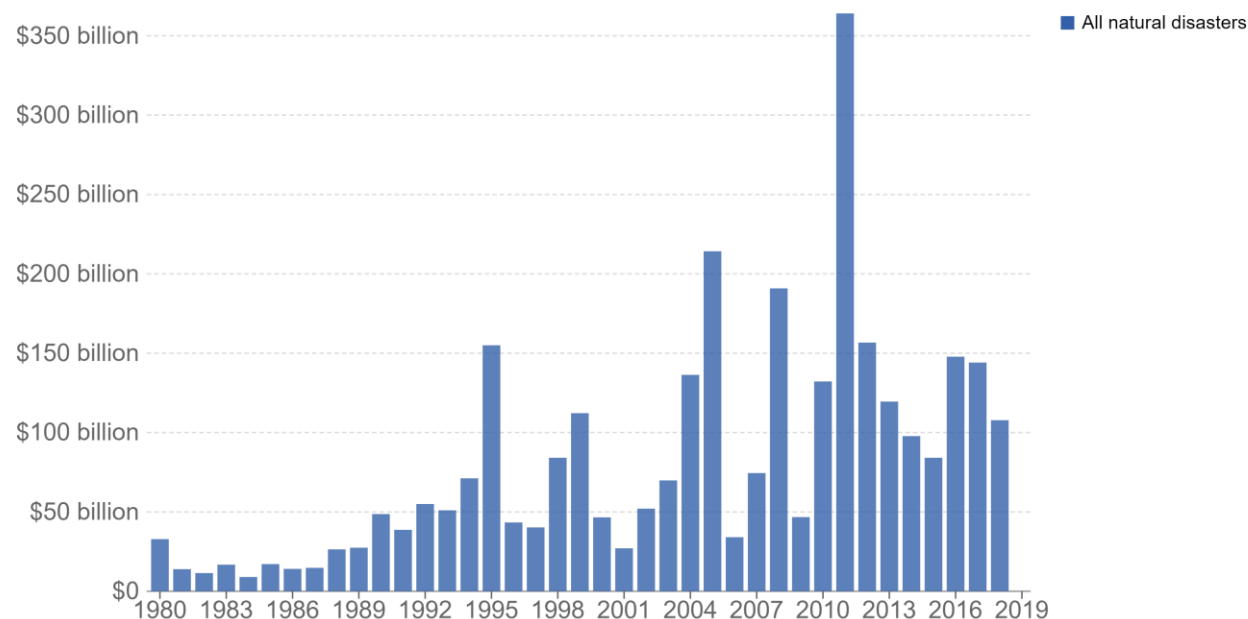


Visualizing Risk: Monitoring Tools Map Climate Risks

As a rising number of extreme climate events underscore the growing risks of fires, floods, and other dangers linked to a changing climate, predictive modeling tools are also expanding to help governments, businesses, and the public map risks. Even as world leaders converge on Glasgow in an effort to limit the worst impacts of climate change, many analysts are calling for increased attention to policy that adapts to the climate impacts that are already here. As both the private and public sector begin to take the risks of climate-related events more seriously, the climate risk forecasting industry is growing rapidly. Using earth observation data, machine learning, and analysis of historical data, climate risk models seek to map risks of flood, fire, or extreme heat. These tools can give governments and the public time to act proactively in disaster management. For the private sector, climate risk modeling could eventually become a routine aspect of pricing for real estate assets and a method for companies to systematically monitor risks to personnel and property.

Global damage costs from natural disasters, All natural disasters, 1980 to 2019

Total economic cost of damages as a result of global natural disasters in any given year, measured in current US\$. Includes those from drought, floods, extreme weather, extreme temperature, landslides, dry mass movements, wildfires, volcanic activity and earthquakes.



Source: EMDAT: OFDA/CRED International Disaster Database, Université catholique de Louvain – Brussels – Belgium
OurWorldInData.org/natural-disasters • CC BY

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Visualizing Risk: Monitoring Tools Map Climate Risks



Last month, Terrafuse AI launched the latest addition to the growing global toolbox of climate mapping technology: Wildfire AI, which describes itself as the first forecasting tool that leverages daily climate intelligence and predictive modelling to assess wildfire risk in California. As increased wildfire risk creates challenges for both homeowners and the insurance industry, Wildfire AI seeks to model daily risk as well as create a risk score that looks at annual probabilities. For example, in 2020, wildfires burned through over \$12 billion in insured properties in California. By quantifying the likelihood of wildfire risk, the mapping tool could impact housing and insurance pricing, as well as create a basis for data-driven public policy on wildfire risk.

Terrafuse AI was able to raise \$4.5 million in a first round of funding last year, according to CEO Hunter Connell. Terrafuse is only the latest mapping tool to launch in the climate risk industry, which has an estimated market value of about \$40 billion, according to an estimate by venture capital firm Draper Esprit.

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Visualizing Risk: Monitoring Tools Map Climate Risks

2021 Incident Archive

A summary of all 2021 incidents, including those managed by CAL FIRE and other partner agencies.



2,495,889 Acres
Estimated Acres Burned



8,239 Incidents
Number of Incidents



3 Fatalities
Confirmed Loss of Life



3,629 Structures
Structures Damaged or Destroyed

2020 Incident Archive

A summary of all 2020 incidents, including those managed by CAL FIRE and other partner agencies.



4,257,863 Acres
Estimated Acres Burned



9,917 Incidents
Number of Incidents



33 Fatalities
Confirmed Loss of Life



10,488 Structures
Structures Damaged or Destroyed

Source: Cal Fire

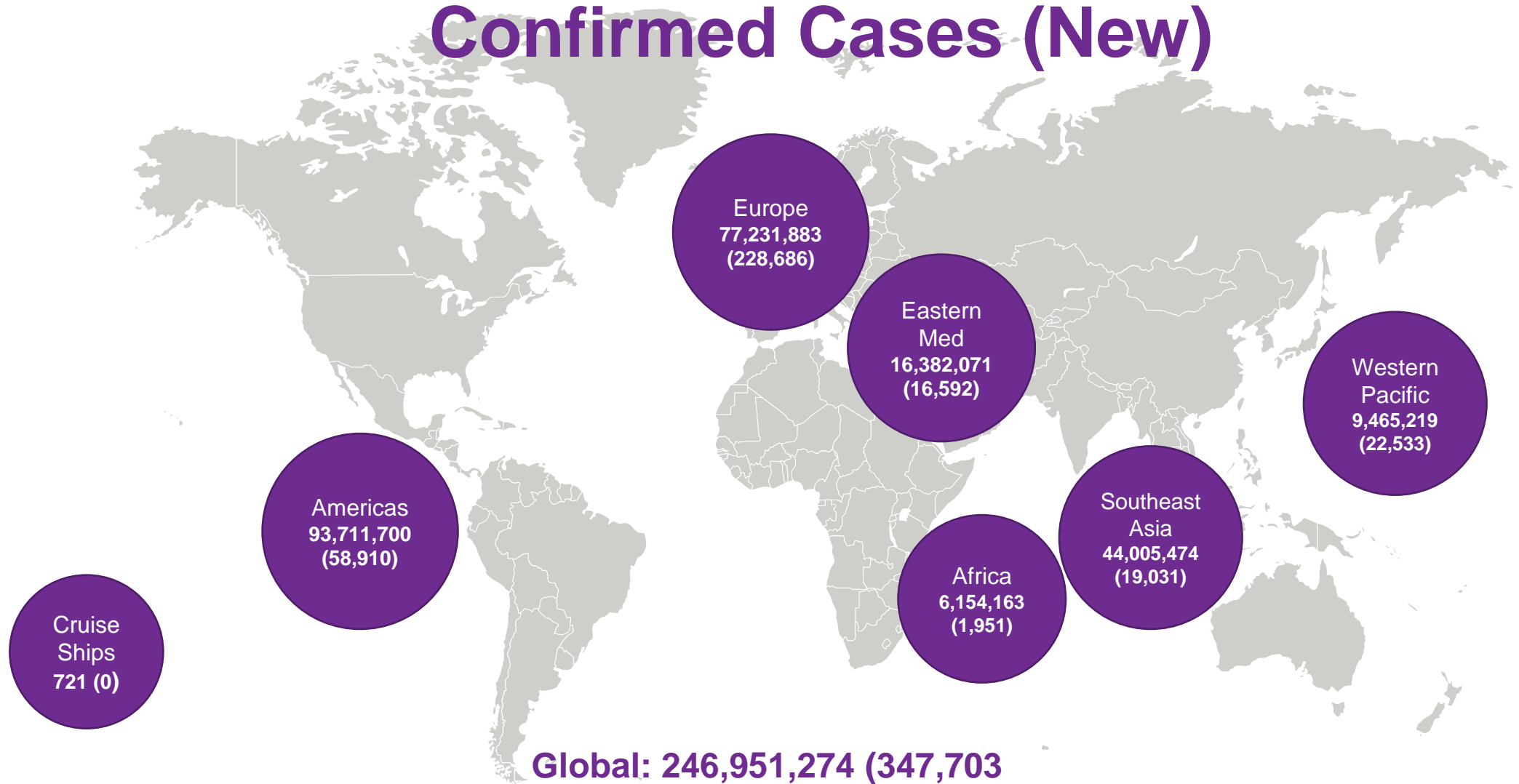
As California’s fire season draws to an end (there are still seven active fires in the state), 2021 saw less damage than the record-breaking fire season of 2020. Still, several major fires caused major damage across the state, driving home the persistent risk of wildfires in a growing number of areas across the country. Terrafuse AI said that its predictions changed rapidly within a few days of growth in the case of the Caldor Fire, reflecting the difficulty of giving advance warning far ahead of wildfire breakouts. However, by incorporating wind patterns and other real-time weather conditions, mapping tools like Wildfire AI are able to assess climate risk more directly than drought or other maps that just examine broad climate trends.

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Coronavirus Condition Updates

As of 5:40 pm CEST on November 2, 2021

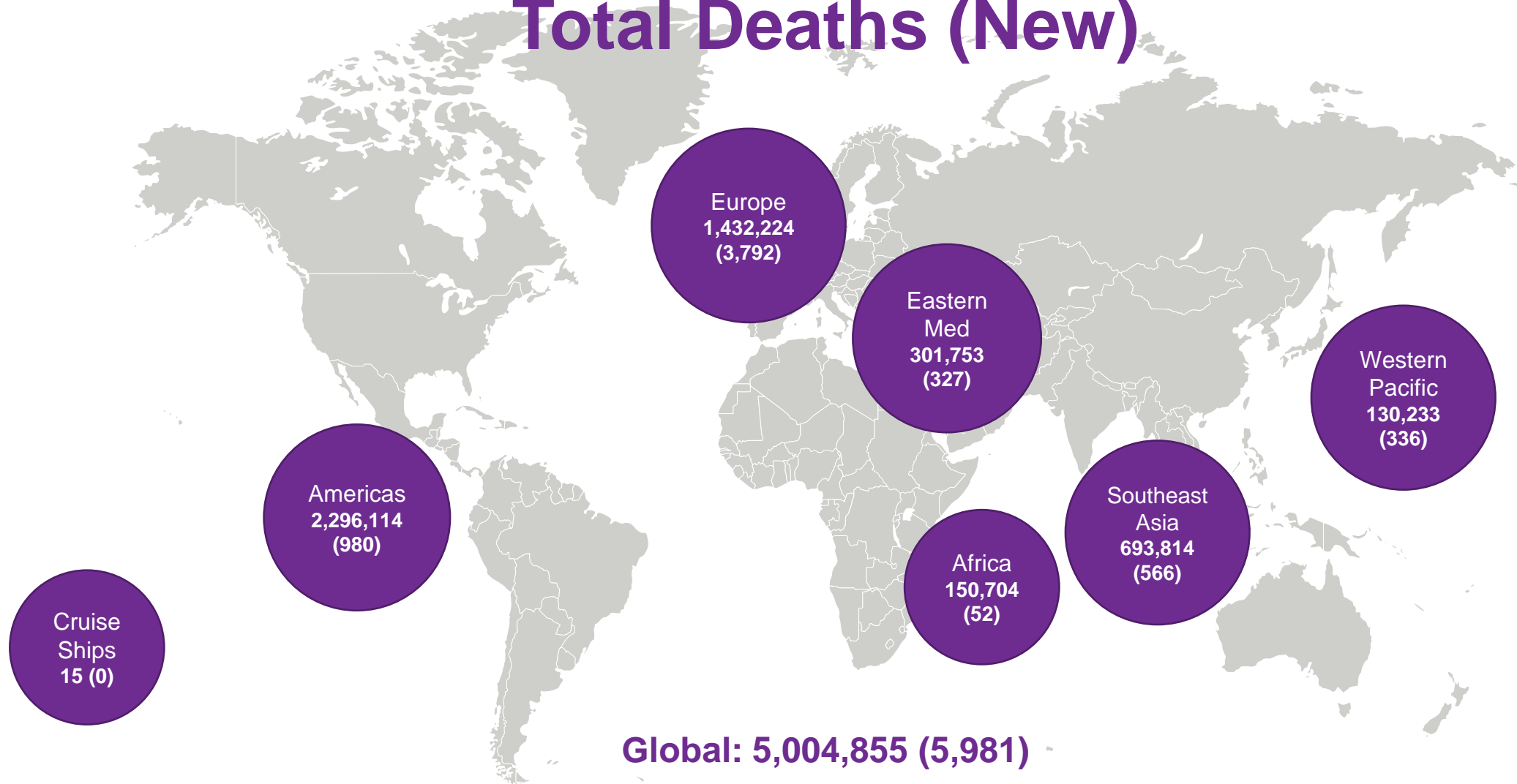
Confirmed Cases (New)



Reflects data as of 5:40 pm CEST on November 2, 2021.
Data Source: World Health Organization

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Total Deaths (New)



Reflects data as of 5:40 pm CEST on November 2, 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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